

Resolution 230129

Violence Prevention Funding

Finance Department – February 8, 2023

Resolution 230129

- Directs the City Manager to present a funding plan for the Blueprint for Violence Prevention
 - From unappropriated fund balance of the General Fund
 - \$30 million
- Cautions
 - Fund Balance Policy
 - Annual budget and planning processes
 - Consider with other priorities
 - Five Year Financial Plan
 - Structural imbalance
 - Starting from historically high revenue
 - Recession
 - Existing spending on violence prevention efforts
 - Potential credit rating implications

General Fund - Fund Balance

| | | |
|---|----------------|----------------|
| Balance as of Year Ending 4/30/22 | \$ 177,359,411 | \$ 177,359,411 |
| Reserve for Encumbrances and Reappropriations | \$ 18,030,918 | \$ 18,030,918 |

Current Year Operations:

| | Current Budget | Second Quarter | Difference |
|---|-----------------------|-----------------------|----------------|
| Revenues | \$ 587,520,837 | \$ 651,174,177 | \$ 63,653,340 |
| Expenditures | \$ (561,023,114) | \$ (561,737,370) | \$ (714,256) |
| Transfers In | \$ 22,079,242 | \$ 21,765,415 | \$ (313,827) |
| Transfers Out | \$ (70,387,571) | \$ (74,220,666) | \$ (3,833,095) |
| Estimated Fund Balance Year Ending 4/30/23 | \$ 173,579,723 | \$ 232,371,885 | |

General Fund - Fund Balance Target (Adopted Budget)

\$ 95,568,038

General Fund – 2nd Quarter

Fiscal Years 2024 - 2028 Financial Plan

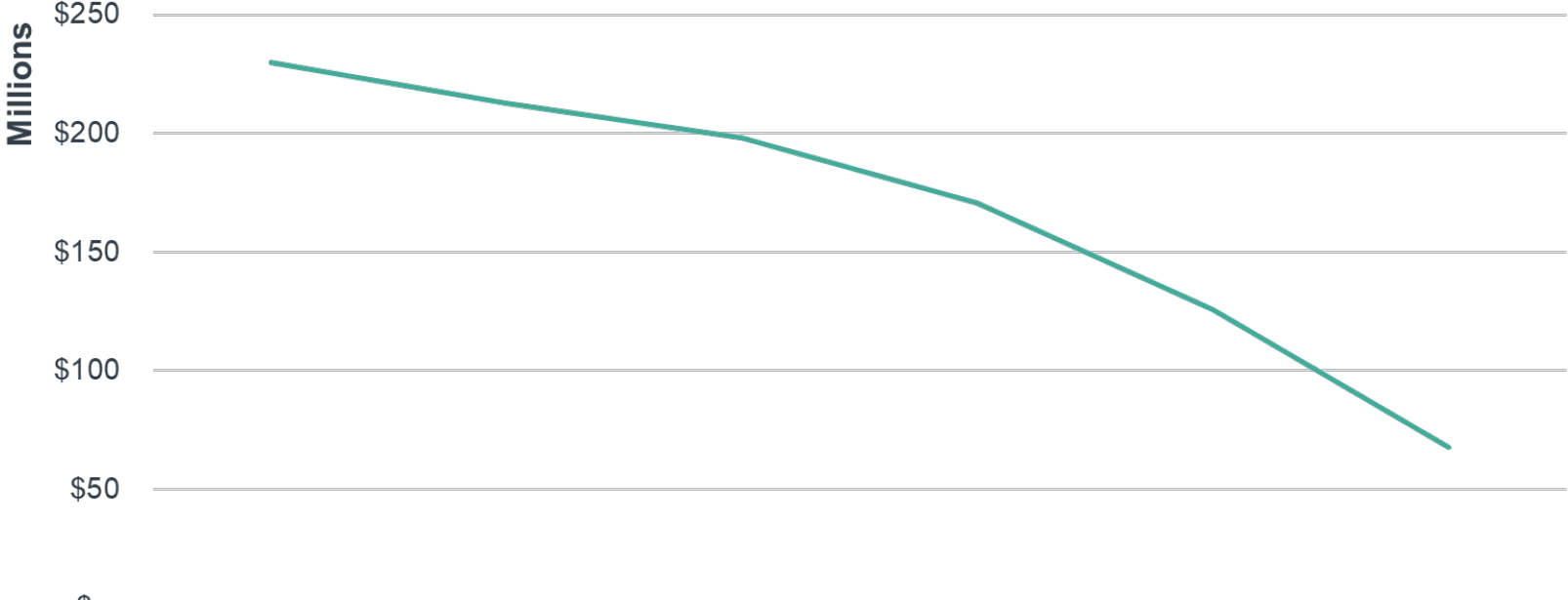
Scenario Description: Baseline

| | 2022 actuals | 2023 adopted | 2023 Estimated | 2024 | 2025 | 2026 | 2027 |
|--|-----------------|-----------------|-------------------|-----------------|-----------------|-----------------|-----------------|
| GENERAL FUND | | | | | | | |
| Total Revenue | \$682,181,522 | \$608,979,161 | \$675,085,390 | \$646,550,272 | \$657,474,156 | \$668,630,104 | \$680,033,013 |
| Total Expenditures | \$557,456,336 | \$609,007,005 | \$636,104,092 | \$663,757,019 | \$672,051,371 | \$695,898,342 | \$725,348,375 |
| Reserves - General Fund | | \$177,359,412 | | | | | |
| Encumbrances and Reappropriation | | \$18,030,918 | \$234,371,627 | \$217,164,880 | \$202,587,665 | \$175,319,428 | \$130,004,066 |
| <i>percent of operating expenditures</i> | | 32.9% | 40.8% | 36.5% | 33.5% | 27.9% | 20.1% |
| Total Operating Surplus/(Loss) | | \$ (27,844) | \$ 38,981,298 | \$ (17,206,747) | \$ (14,577,215) | \$ (27,268,237) | \$ (45,315,362) |

Five Year Financial Plan

Increasing use of available fund balance

Estimated General Fund Balance



| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| — Fund Balance | \$229,935,90 | \$212,729,15 | \$198,151,94 | \$170,883,70 | \$125,568,34 | \$67,907,372 |

Five-Year Financial Plan

Historic Revenue Levels

Is this sustainable?

| | FY 2018-19 Actual | FY 2019-20 Actual | FY 2020-21 Actual | FY 2021-22 Actual | FY 2022-23 Adopted | FY 2022-23 2Q Estimate |
|-------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|---------------------------|
| Earnings+ | \$277.3 | \$257.8 | \$288.3 | \$318.0 | \$276.1 | \$310.0 |
| Sales^ | \$250.9 | \$255.2 | \$224.2 | \$293.0 | \$297.7 | \$322.3 |
| Property | \$148.2 | \$156.1 | \$171.2 | \$182.7 | \$182.4 | \$182.8 |
| Hotel/Motel | \$27.1 | \$25.1 | \$9.7 | \$22.1 | \$21.5 | \$30.7 |
| Restaurant | \$29.1 | \$28.4 | \$21.3 | \$30.2 | \$27.2 | \$31.3 |
| Local Use | \$43.2 | \$41.3 | \$55.6 | \$60.6 | \$55.0 | \$66.0 |
| Utility | \$107.0 | \$102.9 | \$96.9 | \$100.9 | \$102.9 | \$99.5 |
| Licenses/Permits | \$52.6 | \$55.5 | \$43.9 | \$55.9 | \$58.4 | \$54.4 |

+ Earnings Tax 2019 filing extension lowers FY 2019-20 and increases FY 2020-21 by \$32.8 million due to timing. Earnings Tax 2020 filing extension lowers FY 2020-21 by \$7.5 million and FY 2021-22 will be higher by that amount due to timing related to extension.

1. Dollar amounts are in millions and rounded to the first decimal
2. Chart represents gross Citywide revenue across all funds

^ New Fire Capital Sales Tax added \$22.6 million in FY 2021-22 Actual

Additional City Funding Needs

- City Hall Improvements - \$90 million
 - \$4 million in planned debt service in FY24 Submitted Budget to leverage \$40 million
 - \$50 million still needed
- World Cup - \$10 million
- Barney Allis Plaza – General Fund subsidy will be required to service future debt
- Municipal Jail
- Enterprise Resource Planning (ERP) Software – Up to \$20 million

Credit Rating Implications

- Credit positives
 - Improved and sustained fund balance
 - One-time uses of fund balance for capital projects (instead of debt)
- Credit negatives
 - Use of fund balance to deal with ongoing structural imbalance
 - Priority Based Budgeting
 - Additional programs will add to structural imbalance

Current Spending on Violence Prevention

| Department | Program | Budget |
|--|---------------------------------|----------------------|
| Health | Aim4Peace | \$ 894,539 |
| Health | Violence Prevention | \$ 421,269 |
| Health | Mental Health Initiatives | \$ 635,000 |
| Health | Safety Net Providers* | \$ 3,216,066 |
| Housing | Office of Unhoused Solutions | \$ 1,258,282 |
| Mayor's Office | Youth Employment | \$ 654,221 |
| Municipal Court | Triage Center | \$ 1,000,000 |
| Municipal Court | Specialty Courts | \$ 455,173 |
| Parks and Recreation | Youth Services | \$ 490,935 |
| Police Department | Youth Outreach | \$ 1,787,085 |
| Police Department | Dedicated to community issues** | \$ 4,678,763 |
| Police Department | Crisis intervention team** | \$ 550,228 |
| | | \$ 16,041,561 |
| | | |
| | | |
| * Only a portion of this should be considered and more information is needed from Health I have currently included as 10% of what is passed through to the safety net providers | | |
| ** Source is KCPD's 1/21/22 Letter RE the Requested Budget and Community Policing Fund | | |
| | | |

Blueprint Initiatives for Local Government

Additional funding
needed for some items

- Map existing violence prevention programs and services
- Access to affordable, mixed rate housing
- Reform TIF policies to prevent exploitation of blight
- Invest in public libraries, parks, and community centers in CD 3 and 5 – partnership with KC Public Library and Parks Sales Tax (no General Fund)
- Increase trash/bulky items within certain neighborhoods – especially CD 3 and 5
- Inclusion of residents and graduates of local schools in impacted areas in workforce for City-funded projects
- Invest in neighborhood associations
- Adopt/enforce policies that regulate the sale of alcohol
- Revise zoning ordinances that market gun shows in and around impacted neighborhoods
- Provide funding for neighborhood-level community workers

Blueprint Initiatives for Local Government

Additional funding
needed for some items

- Expand outreach to connect at risk youth and adults to resources
- Promote the development of small businesses within impacted neighborhoods
- Invest in quality early childcare – possible State funding?
- Ensure that staff within the City reflect the demographics of the community
- Invest in youth employment programs – additional funding (\$500k added in FY24 Submitted Budget)
- Contract with businesses that pay at least \$15/hour
- Customer service and police training focused on implicit bias and emphasizing dignity and respect
- Require trauma-informed care training for certain staff

Alternatives

- Start funding Blueprint initiatives/program
 - \$1 to \$2 million in FY24?
- Develop and fund priorities for FY25 and beyond
 - Priority Based Budgeting as a guide