

Citywide Business Plan 2021 Update

Wednesday, October 20, 2021
Office of Management and Budget



CITY OF
KANSAS CITY,
MISSOURI

FINANCE DEPARTMENT

2021
Update

Submitted
CITYWIDE
BUSINESS PLAN



CITY OF
KANSAS CITY,
MISSOURI

FINANCE

Citywide Business Plan

The official blueprint to guide the City's policy and financial decisions

- The plan's three components:
 - The **City's Strategic Plan**, including the mission, vision, values, goals, objectives, and strategies
 - A **Financial Strategic Plan**, containing financial objectives
 - A **Five-Year-Planning Model** that provides *baseline* and *balanced* scenarios to evaluate financial and operational alternatives through the planning and budget process



Citywide Business Plan

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- Goals, objectives and strategies remain the same as 2020 given COVID, no change in elected officials and leadership changes
 - **Institute external and internal facing systems for transparent progress reports**
- **Focus on the Five-Year Financial Plan given volatility caused by COVID**
- Establish a method for capital project prioritization for the GO Bond plan

Citywide Business Plan

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Tracking

Each element assigned an owner

Each objective has a Measure of Success

Plan progress and Measures of Success tracked separate systems

No outward visibility

No easy way to summarize issues for such a large and far-reaching plan

Citywide Business Plan

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Criteria For New System

Easy to use

Effective

Affordable

Centralized

Status
visualization

Data
visualization

Outward-
facing

Citywide Business Plan

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Next Steps

- Identify and procure new plan management system
- Identify stakeholder departments and assign ownership
- KPI evaluation to ensure all objectives have relevant Measures of Success
- Develop clear and consistent resident engagement plan, including
 - In-person meetings
 - Surveys
 - Social media
- Have new system implemented by FY 2022-23

Citywide Business Plan

Five-Year Financial Plan

Baseline Scenario	“Known knowns” e.g. wages and benefits, current debt service, inflationary growth, projected change in revenue
Balanced Scenario	Changes to programs and service levels, funding sources, and new initiatives designed to achieve a structurally balanced budget

Citywide Business Plan

Five-Year Financial Plan

General Fund – Baseline

Assumes FY 2021-22 Adopted Budget with the following conditions:

- No new employees through the forecast period
- Employer contributions to health insurance increase 5.0% per year
- Pension contributions reflect actuarial assumptions with a 3% annual increase beginning in FY 2023-24
- Salary increases for all employees at 2% with Fire at 3% based on historical data
- No new debt issued
- Slow recovery of economy in FY 2022-23 requiring continued subsidy of the Convention and Tourism Funds and Parking Garage Funds

Citywide Business Plan

Five-Year Financial Plan

General Fund Revenue - Baseline

Fiscal Years Ended 2022 - 2027 Financial Plan

Scenario Description: Baseline

	2022 adopted	2022 estimate	2023	2024	2025	2026	2027
GENERAL FUND							
Revenue							
Earnings Tax	\$269,390,884	\$269,390,884	\$276,125,656	\$283,028,798	\$290,104,517	\$297,357,130	\$304,791,059
Sales Tax	-	-	-				
Local Use Tax	48,903,000	48,903,000	49,881,060	52,375,113	54,993,869	57,743,562	60,630,740
Property	68,219,747	68,219,747	69,584,142	70,975,825	72,395,341	73,843,248	75,320,113
Utility Franchise	104,970,000	104,970,000	102,870,600	100,813,188	98,796,924	96,820,986	94,884,566
All Other	108,470,366	114,820,774	115,162,361	115,521,293	115,897,301	116,290,125	116,699,514
Redirections	(23,412,800)	(23,412,800)	(25,590,100)	(26,409,900)	(26,211,800)	(26,070,600)	(26,069,900)
Transfers In	24,596,995	24,596,995	21,096,995	21,518,935	21,970,807	22,432,792	22,905,145
Total Revenue	\$601,138,192	\$607,488,600	\$609,130,714	\$617,823,251	\$627,946,960	\$638,417,243	\$649,161,236

Citywide Business Plan

Five-Year Financial Plan

General Fund Revenue - Baseline

Major General Fund Revenue Sources (in millions)

	Previous 7 Year Average FY 2012-2018	FY 2018-19 Actual	FY 2019-20 Actual	FY2020-21 Actual	Average Change FY 2019-2021	FY 2021-22 Budget	FY 2022-23 Estimate	Change from FY 2021-22 to FY 2022-23	Model Growth Rate Assumption
Earnings Tax	5%	\$277.3	\$257.8	\$288.3	4%	\$269.4	\$276.1	\$6.7	2.5%
Property Tax	3%	\$63.9	\$64.4	\$68.9	4%	\$66.6	\$67.9	\$1.3	2%
Use Tax	7%	\$39.6	\$37.9	\$50.7	13%	\$48.9	\$49.9	\$1.0	2%
Service Charges	9%	\$45.6	\$58.1	\$52.6	5%	\$45.5	\$56.4	\$10.9	1%
Licenses & Permits	2%	\$29.5	\$31.3	\$28.6	0%	\$35.7	\$30.2	(\$5.5)	0.5%
Utility Taxes	2%	\$107.0	\$103.0	\$96.9	-3%	\$105.0	\$102.9	(\$2.1)	-1%

(Amounts displayed are gross receipts)

Citywide Business Plan

Five-Year Financial Plan

General Fund Expenditures - Baseline

Major General Fund Expenditures (in millions)

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Actual	Average Change FY 2019-2021	FY 2021-22 Budget	FY 2022-23 Estimate	Change from FY 2021- 22 to FY 2022-23	Model Growth Rate Assumption
Salaries	\$295.8	\$295.2	\$292.1	-1%	\$293.9	\$304.8	\$10.9	2.0% (3.0% for Fire)
Health Insurance	\$51.1	\$54.5	\$54.9	4%	\$59.3	\$60.7	\$1.4	5.0%
Pension	\$67.1	\$70.7	\$76.3	7%	\$80.4	\$82.0	\$2.9	Actuarial Required Amount, then 3.0%
Operating	\$103.2	\$101.7	\$97.6	-3%	\$114.8	\$107.6	-\$7.2	2.0%
Debt Service	\$10.4	\$9.5	\$11.3	5%	\$9.7	\$9.7	\$0.0	Based on Debt Schedules for Existing Debt
Transfers Out	\$73.7	\$53.2	\$101.5	31%	\$65.7	\$60.3	-\$2.6	Normalizing in FY 2023-24

Citywide Business Plan

Five-Year Financial Plan

General Fund Expenditures - Baseline

Fiscal Years Ended 2022 - 2027 Financial Plan

Scenario Description: Baseline

	2022 adopted	2022 estimate	2023	2024	2025	2026	2027
GENERAL FUND							
Expenditures by Type							
Salaries	293,899,541	228,952,601	304,804,374	315,308,021	322,948,052	330,780,901	338,811,622
Insurance-Health	59,279,853	51,799,921	60,733,249	63,769,911	66,958,407	70,306,327	73,821,644
Pension	80,350,628	114,311,261	81,957,641	84,416,370	86,948,861	89,557,327	92,244,046
Operating	91,379,397	87,288,065	93,280,651	95,223,613	97,209,303	99,238,766	101,313,083
Other Operating	14,023,079	16,581,730	14,303,541	14,589,611	14,881,404	15,179,032	15,482,612
Contingent Appropriation	5,672,441	5,372,441	6,091,307	6,178,233	6,279,470	6,384,172	6,491,612
Debt Service	9,669,201	9,669,201	9,669,201	9,163,151	9,211,323	8,675,541	6,431,951
Capital Improvements	-	-	-	-	-	-	-
Transfers Out	65,657,777	65,205,649	60,306,669	50,761,442	51,847,296	52,922,535	65,064,037
Total Expenditures	\$619,931,917	579,180,869	\$631,146,632	\$639,410,352	\$656,284,115	\$673,044,601	\$699,660,608

Citywide Business Plan

Five-Year Financial Plan

General Fund Expenditures - Baseline

Fiscal Years Ended 2022 - 2027 Financial Plan

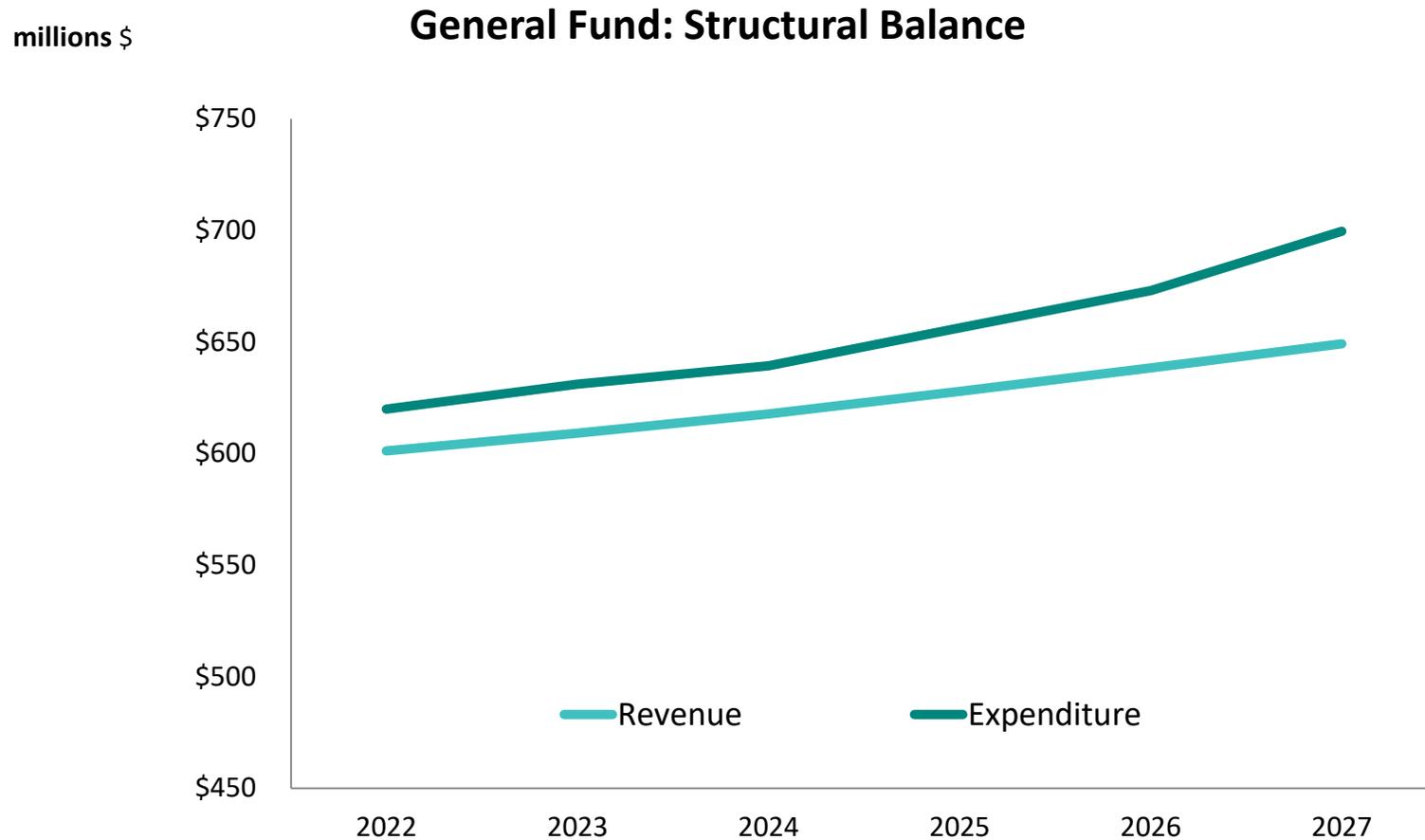
Scenario Description: Baseline

	2022 adopted	2022 estimate	2023	2024	2025	2026	2027
GENERAL FUND							
Expenditures by Program							
General Government	67,969,476	68,649,317	69,475,409	71,061,539	72,688,368	74,357,132	76,069,114
Police	244,644,969	248,518,272	248,933,630	255,260,698	261,772,886	268,476,560	275,378,340
Fire	179,207,372	122,102,389	188,445,138	197,593,423	203,893,301	210,403,438	217,131,258
Public Works	26,842,536	28,577,120	27,506,662	28,201,018	28,916,261	29,653,152	30,412,484
Neighborhoods and Health	20,268,145	31,086,480	20,718,615	21,190,849	21,675,211	22,172,070	22,681,812
Contingent Appropriation	5,672,441	5,372,441	6,091,307	6,178,233	6,279,470	6,384,172	6,491,612
Debt Service	9,669,201	9,669,201	9,669,201	9,163,151	9,211,323	8,675,541	6,431,951
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Citywide Business Plan

Five-Year Financial Plan

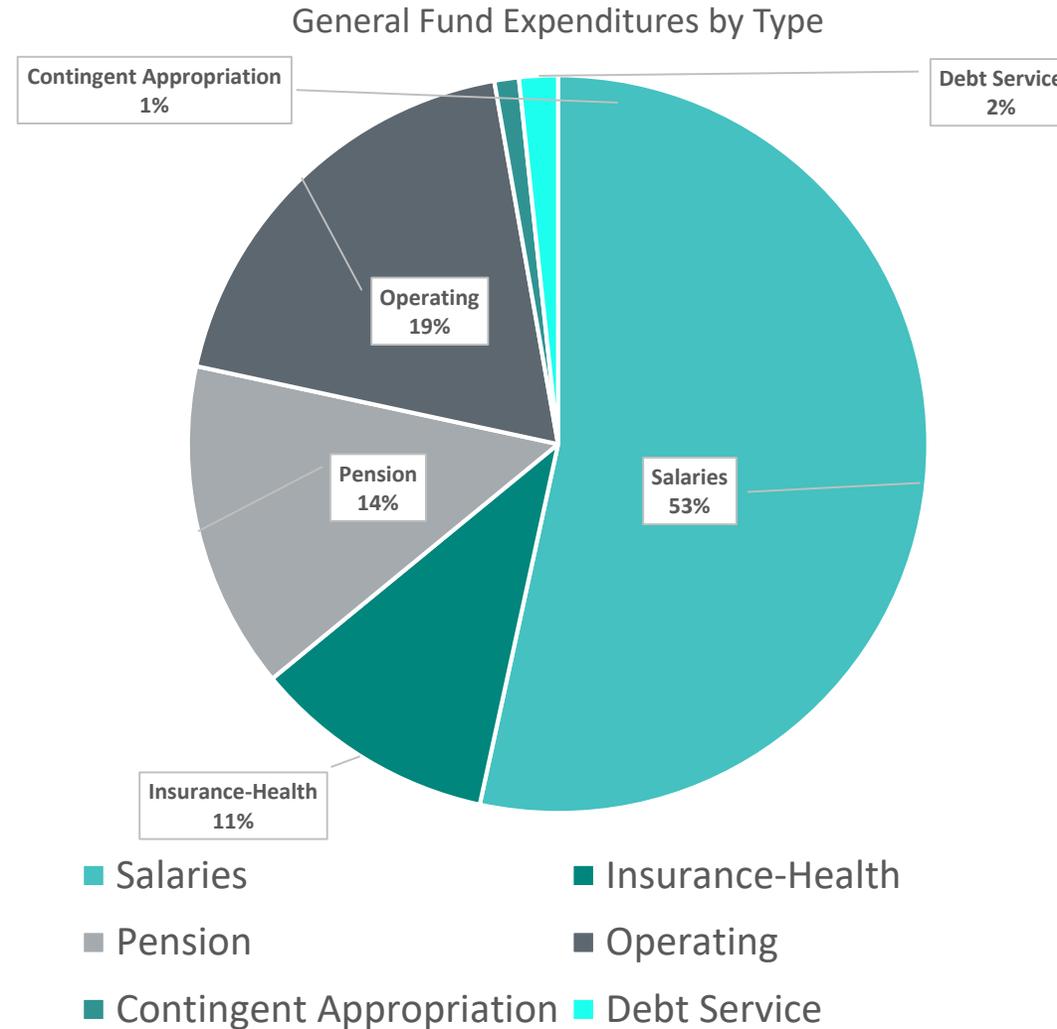
General Fund - Baseline



Citywide Business Plan

Five-Year Financial Plan

General Fund - Baseline



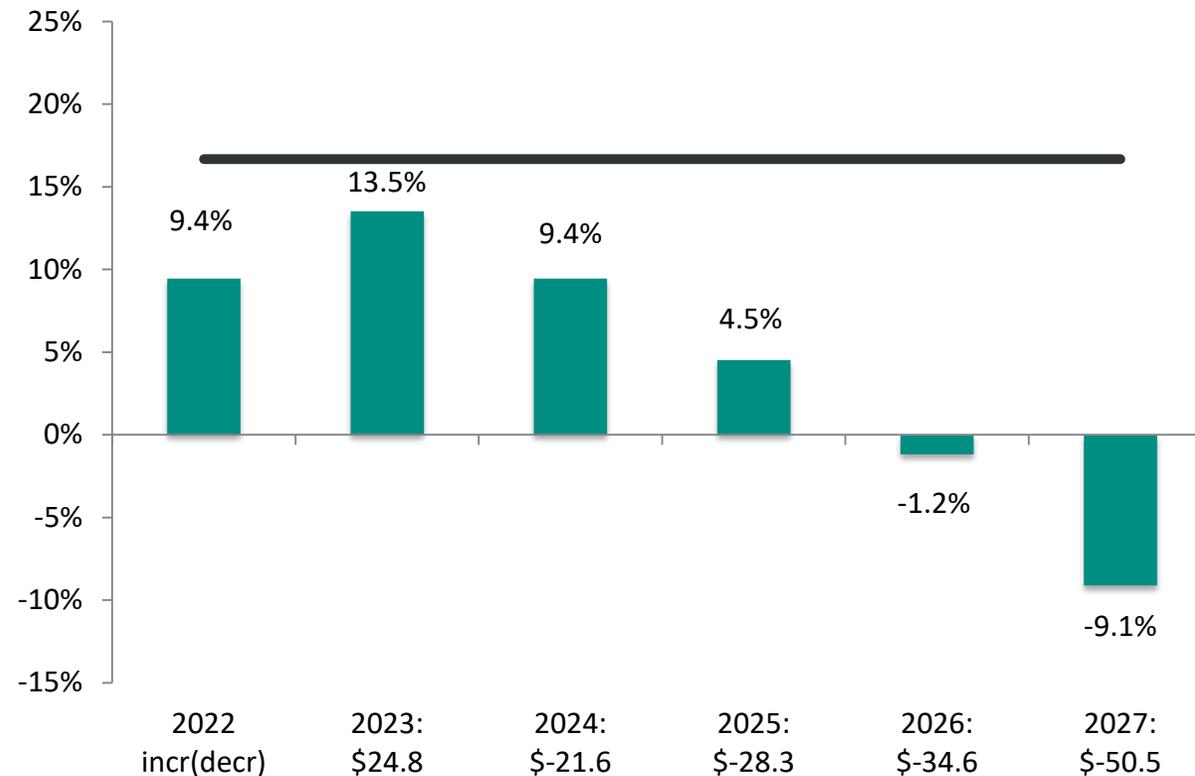


Citywide Business Plan

Five-Year Financial Plan
General Fund - Baseline

General Fund: Reserves *as a percent of operating expenditures*

City Policy = two months' expenditures



Citywide Business Plan

Five-Year Financial Plan

General Fund - Balanced

Fiscal Years Ended 2022 - 2027 Financial Plan

Scenario Description: *Balanced*

	2022 adopted	2022 estimate	2023	2024	2025	2026	2027
GENERAL FUND							
Revenue							
Earnings Tax	\$269,390,884	\$269,390,884	\$276,125,656	\$283,028,798	\$290,104,517	\$297,357,130	\$304,791,059
Sales Tax	-	-	-				
Local Use Tax	48,903,000	48,903,000	49,881,060	52,375,113	54,993,869	57,743,562	60,630,740
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Utility Franchise	104,970,000	104,970,000	102,870,600	100,813,188	98,796,924	96,820,986	94,884,566
All Other	108,470,366	114,820,774	115,162,361	115,521,293	115,897,301	116,290,125	116,699,514
Redirections	(23,412,800)	(23,412,800)	(25,590,100)	(26,409,900)	(26,211,800)	(26,070,600)	(26,069,900)
Transfers In	24,596,995	24,596,995	21,096,995	21,518,935	21,970,807	22,432,792	22,905,145
Total Revenue	\$601,138,192	\$607,488,600	\$609,130,714	\$617,823,251	\$627,946,960	\$638,417,243	\$649,161,236

Citywide Business Plan

Five-Year Financial Plan

General Fund - Balanced

Fiscal Years Ended 2022 - 2027 Financial Plan							
Scenario Description: <i>Balanced</i>							
	2022 adopted	2022 estimate	2023	2024	2025	2026	2027
GENERAL FUND							
Expenditures by Type							
Expenditures by Category							
Salaries	293,899,541	228,952,601	304,804,374	315,308,021	322,948,052	330,780,901	338,811,622
Insurance-Health	59,279,853	51,799,921	60,733,249	63,769,911	66,958,407	70,306,327	73,821,644
Pension	80,350,628	114,311,261	81,957,641	84,416,370	86,948,861	89,557,327	92,244,046
Operating	91,379,397	87,288,065	93,280,651	95,223,613	97,209,303	99,238,766	101,313,083
Other Operating	14,023,079	16,581,730	14,303,541	14,589,611	14,881,404	15,179,032	15,482,612
Op Scenario: American Rescue Plan Revenue Replacement	-	-	(22,015,918)	(21,587,100)	-	-	-
Op Scenario: Operational Reductions and Revenue Enhancement	-	-	-	-	(27,009,008)	(34,732,178)	(49,394,450)
Contingent Appropriation	5,672,441	5,372,441	6,091,307	6,178,233	6,279,470	6,384,172	6,491,612
Debt Service	9,669,201	9,669,201	9,669,201	9,163,151	9,211,323	8,675,541	6,431,951
Capital Improvements	-	-	-	-	-	-	-
Transfers Out	65,657,777	65,205,649	60,306,669	50,761,442	51,847,296	52,922,535	65,064,037
Total Expenditures	\$619,931,917	579,180,869	\$609,130,714	\$617,823,251	\$629,275,107	\$638,312,423	\$650,266,158



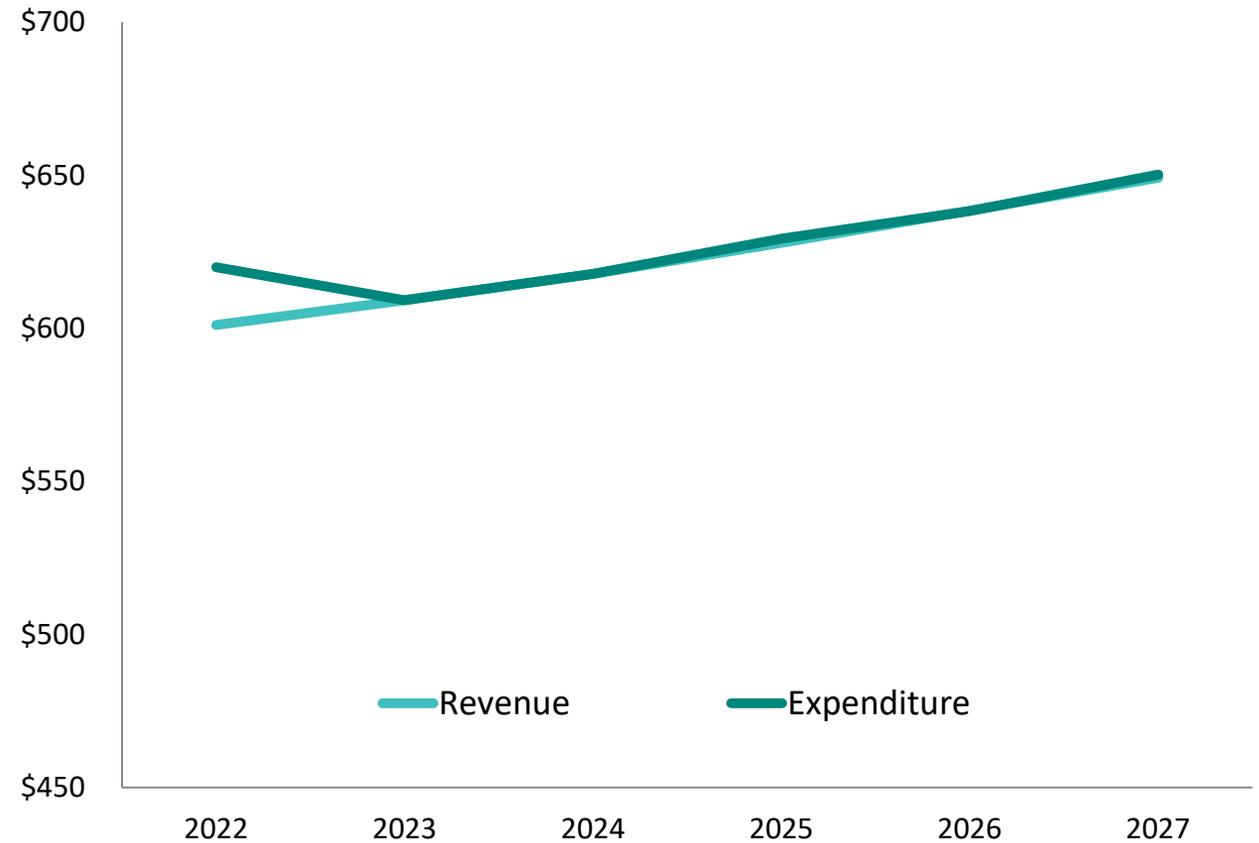
Citywide Business Plan

Five-Year Financial Plan

General Fund - Balanced

millions \$

General Fund: Structural Balance

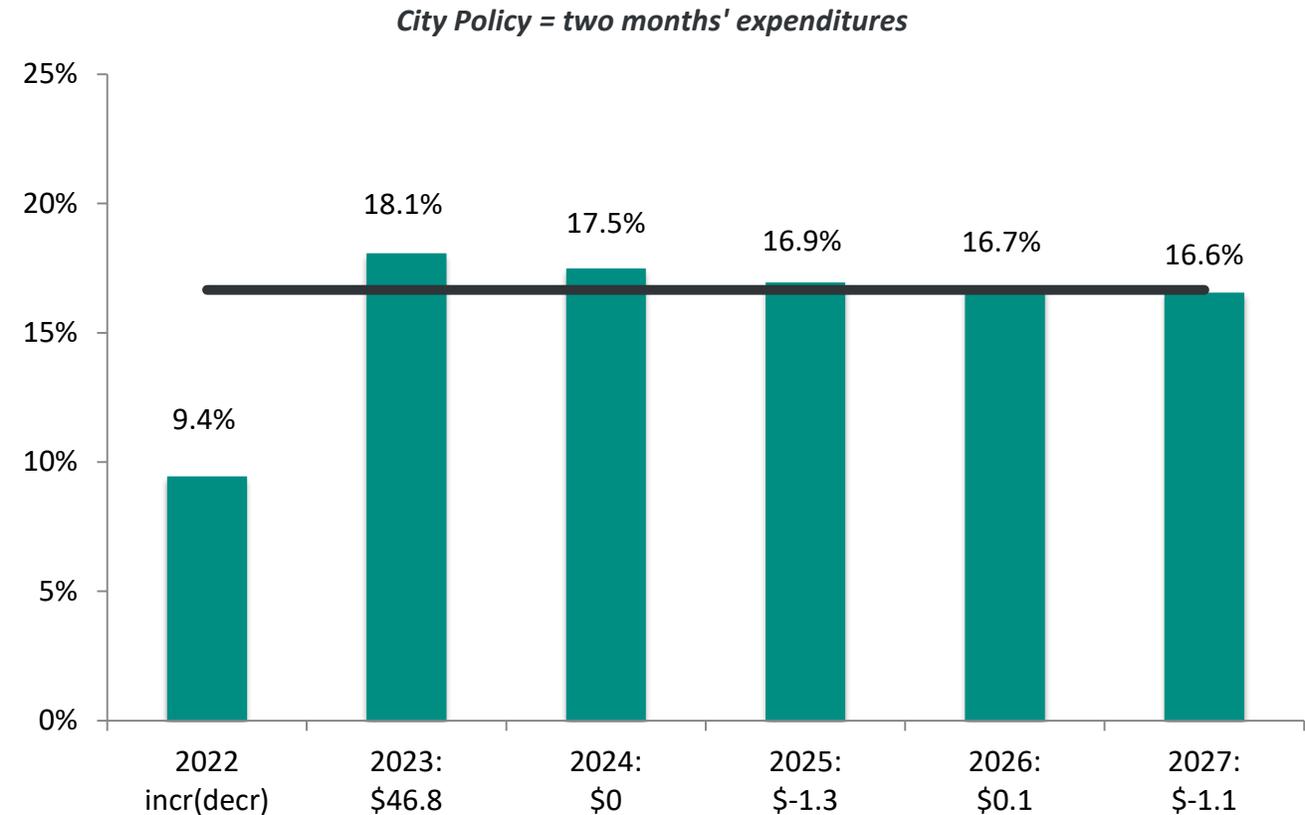




Citywide Business Plan

Five-Year Financial Plan
General Fund - Balanced

General Fund: Reserves *as a percent of operating expenditures*



Next Steps

- Weeks of 10/20/21 and 10/27/21
 - Continued discussion on GO Bond capital plan
 - Update on system to manage internal/external reporting for transparency
 - Five-Year Financial Plan
- Code requires passage by 11/1/21
 - Baseline for Submitted Budget



Questions?