



Office of the Mayor

Mark Funkhouser

29th Floor City Hall
414 E. 12th St
Kansas City, Missouri 64106-2778

(816).513.3500
(Fax) (816) 513.3518

DATE: February 10, 2011
TO: City Council Members
FROM: Mayor Mark Funkhouser
SUBJECT: Comments on Proposed FY 2011-12 Budget

This is the fourth budget I've worked on as Mayor, and the second budget we've received from Acting City Manager Troy Schulte.

I would like to thank Mr. Schulte and the budget staff for what is a fiscally responsible budget that focuses on my priorities and the priorities that matter most to Kansas City families: basic services and public safety.

As I said at my All Souls "State of the City" speech last month, if you don't take care of the money, you can't take care of the people. This budget is further evidence that over the last three years, we have taken care of the money, and therefore the people.

While lowering our direct property tax rate, we have built our fund balance to its largest point in a decade. We have improved and stabilized our bond rating. We have honored the policies we approved regarding the use of TIF and other development incentives.

It hasn't been easy. For the past two years, we eliminated positions and laid people off. As a result, our employees have been compelled to do more with less. We've asked them to do so even as we have frozen salaries, taking away our most direct way to reward good work.

Rather than bemoan their plight and get by on minimum effort, our employees are more engaged and enthusiastic than ever. They understand the challenge of improving services and what is at stake. If we fail to change the perception of Kansas City's municipal government, we will continue to lose residents and businesses to our suburban competitors and our city will decline.

Those improvements are evident in our recent outstanding snow response. With targeted spending, Stan Harris, Greg Bolon and staff from Public Works, Parks and Recreation, and Water Services have shown that Kansas City can deliver as well as, or better than, our

suburban competitors on the most basic city service. And quality basic services are what our residents want, first and foremost, from their city government.

Our discipline and perseverance over the past three years have paid off. The improvement in our professionalism has become apparent to our residents, judging by the most recent quarterly citizen satisfaction survey. That survey shows statistically significant improvement in several of the management categories, including the quality of city services, as well as the overall image of the city.

This budget has addressed the structural imbalance that in years past was a habitual flaw. Real expenses and fixed operational costs are budgeted and matched with revenues. The General Fund reserves are budgeted above 8 percent, compared to about 5 percent when my administration began and under 3 percent as recently as 2003.

This budget has preserved funding for basic services and addressed our shared priorities – code enforcement, street maintenance, 311 Action Center, city communications, solid waste collection, and economic development.

I agree with the majority of the budget submitted to me. I have several recommendations.

We Need To Add More Police Officers

Insuring the safety of our residents is the most important function of city government. We need to work toward the goal of having an officer in each of our neighborhoods.

We Need To Increase Our Reserve Fund

We need to increase the reserve fund after having spent extraordinarily large amounts on significant snow events in 2011.

We Need To Eliminate Direct City Funding for Stadiums

Kansas City needs to concentrate on what matters most to our residents: basic services and public safety. We need to *eliminate* direct city funding to the Jackson County Sports Complex. Kansas City residents no longer have the luxury of helping Jackson County meet its bills.

What to add?		
Item	Amount	Notes
40 police officers	\$2,000,000	
Increase Reserve Fund	2,500,000	Replenish the reserve fund after spending extraordinarily large amounts on significant snow events
Total	\$4,500,000	

Where to cut?		
Item	Amount	Notes
Jackson County Sports Complex Authority	\$2,000,000	This is an obligation of the Jackson County government, not Kansas City
Expand City's Health Trust to include Police	2,500,000	To save health insurance costs
Total	\$4,500,000	

In addition, we need to address long-term financial challenges facing the city, including long-term liabilities of our pension systems. I propose a blue-ribbon commission to study the city's pension systems and provide recommendations. I recommend that the City Manager hold the change to the 401A defined contribution pension program for newly-hired management class employees until after receiving the recommendations from the blue-ribbon commission.

We also need to reform the city's revenue structure, regardless of the results of the e-tax vote in April. I recommend the City Manager expedite the RFP process of the New Revenue System and provide the Mayor and Council options to upgrade the City's aged revenue-collection system.

Again, because of the fiscal discipline we've employed with taxpayer dollars, Kansas City is well positioned for the economic recovery.