

Minutes for Kansas City Neighborhood Advisory Council on 1/27/2004

*** Budgetary Meeting ***

KCNAC members in attendance: Jay Stock, Lynda Callon, Rodney Sampson, Forestine Beasley, Cynthia Canady, Steve Eklund. Greg Hugeback. Dennis Carroll, and Bruce Pennington were not present. City staff in attendance: David Reynolds, Councilwoman Deb Hermann, Terri Wolfe (Council Aide), Troy Schulte, Renea Nash.

Meeting called to order at 3:45pm.

Lynda thanked Troy for coming out during his busiest time of the year; he said he was glad to take the time. Lynda brought up the “inordinate amount of baffling and bullshit” going on, and the example of the Liveable Neighborhoods program that got shuffled from department to department before it finally got canned. It serves as an example of how hard it is to get anything changed in the City, but once a program is gone, it will likely never come back; that’s just traditionally how it works. Jay stressed that the Council was not trying to attack Troy; Troy said they are trying to get department heads to identify which programs they are willing to close, and what impact that will have in the community as a whole. He liked Lynda’s example. **They are always trying to ‘whittle out’ what is core services and what isn’t, and he believes that is the same thing that KCNAC is trying to do.** The one department he doesn’t have that problem with is NCSO; Les is very forthright about these sorts of issues. NCSO has been a ‘dumping ground’ for programs that no one else seemed to want, and at the same time basic support/services has been cut.

Jay asked about why the process works the way it does; Troy said that is because **departments are unwilling to identify programs they are willing to cut, so budget is boxed into a corner of “spreading the pain around”; they’ve done this for twenty years now.** Things like retirement incentives just take the tops off of programs, and isn’t a strategic way to utilize City resources. Park maintenance, street maintenance, leaf & brush pickup have all been cut for years; because of the City’s collective inability to make a decision, it’s hard to figure out what to do with the budget. Lynda lamented the intricacies and redundancies which make it so difficult for anyone to understand the budget; “call a spade a spade”.

Colleen Low now works in the Budget office, moved up from NCSO. **They are working on several changes with this year’s budget: a more activity-based budget with dollar amounts instead of line items,** for example. The current format has been the same for about 30 years. Troy also credited the new City Manager with having a very forthright approach, identifying things clearly and taking a more interactive approach by getting input from the neighborhoods and citizens.

Animal Control is down to so few employees now that Lynda has streets in her neighborhood where the Post Office will not deliver because of the multiple packs of dogs, and one of their mail carriers got bit. Now everyone on those streets has to go to the post office itself to pick up their mail. She made the example of someone getting bit by a dog and not being able to afford medical care, so they rack up a \$800 medical bill after sitting 12 hours in the emergency room at TMC, because the City saved money by not hiring another dog catcher.

Jay brought up the fact that Codes Enforcement is going down \$500k while the Fire Department gets a \$7M increase, when many of the fires that become calls for service come from abandoned houses in the first place! Troy said that framing the discussion more as an investment may be productive; he heard in the Neighborhood Development committee meeting where they explained how much valuation was increased based on the work of the Codes inspectors. This made a linkage not just between Codes and the neighborhoods, but Codes as a source of investment in the City's future. **He said that the City tends to make short-term decisions without regard for the long-term consequences of those decisions.** Lynda pointed out that all of the decisions are made in isolated circumstances, and you cannot follow the effect from point A to point B.

Troy brought up that many of these decisions stem from the City Manager's decision 20 years ago when the Reagan Administration ended revenue sharing. The City Manager believed that revenue sharing would not be permanently gone, so some one-time expenditures were made using reserve funds to keep basic services like street lighting, building demolition (which had previously been funded by the federal government). Revenue sharing never came back, and there's been a structural imbalance ever since. Even in good years, there has been a need to cut basic services, even while we layer on additional services on the top: additional police officers, additional firefighters, salary increases for both cost of living and equity (at one point this reached 10% per year, or \$20M/annually). Salary and benefit costs are over 60% of the general fund budget.

So how do we make good long-term decisions when we are saddled with all the mess that has been inherited for a lot of bad decisions in the past? It's great to say that employees get a 4% raise, but revenues are only growing by 1% this year. So 60% of the budget will grow at 4%, while revenues grow at 1%, and **as a result on an annual basis the City starts to make pennywise, pound-foolish decisions to keep up.** Neighborhood Preservation is not a matter of "people should just keep up their property", but it should be viewed as a reinvestment toward the future, even though this would make Budget's job a lot harder. **It starts to frame the issue in terms of the down-stream ramifications of policy decisions.** An example is when a Circuit Court judge made a decision that the City could start trying drug cases in City Court, instead of Jackson County. Some of the expenses of trying these cases were covered by a grant that was received, but no one accounted for the costs of Legal Aid attorneys, MCI staff and housing, etc. **Every time one of these matters comes up, the City has had to neglect infrastructure;** for 30 years it has been this way and we see what the result is. The City can't afford to fund everything. Another example is the NP cars; they did an analysis on the rotating lease and found that if they did a lease-purchase, at the end of three years they would own the cars with only 15-17k miles on them. But they decided they couldn't afford the \$80k difference between the two programs, so they're locked into three years of pound-foolish decisions for pinching pennies. If they had gone the other way, then in Year 4 they would not have had to pay anything for those vehicles.

Deb Hermann stressed that the discussion about the City's policies needs to not end when the budget discussion is over; people have to hold the City accountable. Perhaps Mark Funkhauser should do an audit based on people's concerns. Troy Schulte gave an example of a day when he got Les to make \$25,000 in concessions and the EDC approved a project worth \$14M. As the City Manager has said, the only reason we have to give 23-year TIFs is because we've neglected infrastructure for 100 years already. The City is responsible for major infrastructure like water mains, boulevards, etc. Developers are responsible for things like the residential streets, water and sewer lines, etc.

Shoal Creek Parkway is an example of a project being done by a TIF that probably should have been made an investment beforehand. Then it would have been free-and-clear when the traffic brought the developers in.

Jay made the point that the Council only can respond to what is presented to them; if the developer shows up with pretty pictures and a plan for a TIF project, and no one else shows up, and then the project is likely to be approved. There is a difficulty getting advance notice of projects however; the “emergency ordinances” also don’t help this process anyway.

They then got down to the budget discussion. Troy Schulte thanked everyone for the chance to get honest feedback; he feels a little disconnected at times on the 13th Floor.

Out of the total budget, about \$80M is considered “discretionary” (not including Fire), and \$45M of that is Finance, City Planning & Development, City Manager’s Office, Council Offices, etc. There is really only about \$35M in flexible resources. Jay asked about the Police portion of the Budget; Troy said that 20% which is mandated by State Law is not included, no. Jay was asking specifically about the additional 4%, or approximately \$36M, which is not mandated. Troy said that the non-Public Safety, or Discretionary, portion of the total budget is about \$160M; that does include the extra Police funds and the Fire Department. Deb Hermann said that the Council last year and the year before avoided making hard decisions, leaving them with no reserve or a nominal amount, and everything is already at a bare-bones minimum. With a \$35M shortfall and only \$30M available for cutting, where does that leave us? The budget has to be approved in the next 30-60 days, and it has to be balanced. There is no choice on that last.

Lynda brought up several cases of lack of stewardship; a guy from Parks & Recreation named Brian who can’t sleep at night because he sleeps so much during the day; the guy who passes out on West Pennway at 10am, and wakes up at 3pm to go home; another person at Parks & Recreation is running a rug cleaning business out of the community center, and will lock up the center to go do her private business during the day of she doesn’t have staff.

Jay asked about whether Public Safety (Fire and Police) has had to make corresponding cuts like the other departments. Troy said that they have not had to make those sorts of across-the-board cuts in the last couple of years; for all the wrong reasons, if they bring up public safety and say there are other ways to do things or even slow the rate of growth of their budgets, they get accused of being against public safety. Lynda brought up a report she saw from another City where they have embraced Community Policing to the point where they can reduce the number of police officers and spend less time on enforcement, with more time and energy being spent on prevention. She would like to see the City Manager or the City Auditor look at best practices for these types of departments; the departments themselves may not be the best judges for their own practices. Jay asked about why the officers are retired at 55, and then new young guys are put in desk jobs downtown with a squad car parked outside Headquarters.

Deb Hermann said that one of the problems with Kansas City is that it is expected (for example) that snow removal will happen within 2 hours on residential streets; lots of cities don’t even plow residential streets. Lynda said that the people from snow removal refuse to give an honest answer about the problem, but will dance around it. Lynda said that there’s no reason to plow her street; it’s a dead end street with 3 houses, and one of them has a \$3000 snow blower that he never gets to use because the City will send multiple plows out. Troy brought up an example: Snow Removal is going from \$1.6M to \$1.2M but actually getting a \$150k increase; the discrepancy comes from the practice of charging 20 maintenance workers against the snow removal account. When snow removal’s budget was cut without removing those workers, they ran out of money (about \$1M in real funds) before the snow ever fell in ’03-’04. Lynda

brought up a steeply inclined street in Volker where they have arranged with Public Works to get a certain amount of salt dropped off, and they take care of it themselves. Rodney brought up that the City used to not only plow main arteries and side streets, but the sidewalks were cleared! People felt this was a bad decision to do in the beginning; Jay brought up the downstream costs of not plowing.

Lynda and Jay both brought up the flawed process of examining the budget from year to year; something other than just a flat 10% across the board. Jay brought up that the 10% was not cut from every department; if NCSD needs to be cut because of budget constraints, then the Fire Department needs to look at not retiring firefighters at age 44 and giving automatic 4% cost of living increases. Deb Hermann brought up the police retirement fund, and how it increases each year. Jay Stock replied that all that change did was raise actuarial rates all across the City.

Meeting adjourned at 5:40pm.