

To: <deb_hermann@kcmo.org>
cc:
From: Steven Glorioso <s_glorioso@hotmail.com>
Date: 02/23/2009 09:54:34 AM
Subject: RE: Budget

Thanks for your thought response. I am available if you wish to discuss what might work on a ballot issue. For example, the Parks have wanted to sell surplus park property for years but didn't think the voters would approve. I say this is the only time it might work---present the voters with a choice to sell some property instead of closing swimming pools, etc.

Regarding the jail, I was at party last night with sanders and he said he will take at least half the MCI guards. If wayne can use those remaining jail personnel instead of private guards it should all work.

I will keep this confidential.

You and wayne presenting a united front would be a fantastic move to get something passed and keeping the mayor at bay with his new blatant political strategy designed by Roe---"me against the world".

Steve

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Subject: Re: Budget
To: s_glorioso@hotmail.com
From: Deb_Hermann@kcmo.org
Date: Mon, 23 Feb 2009 09:02:56 -0600

Steve,

Please keep this email confidential. We have to manage the message and I don't have it all figured out but would not want it to appear that I think I do. Thanks,

Deb

Councilwoman Deb Hermann
1st District at-large
816-513-1624

Steve,

Please know that we are working very hard on the budget and I do agree that Wayne's budget puts forward some good ideas. We have an \$87 million problem with very little fat left in the budget.

1. We are considering everything short of layoffs including furloughs and will include some of these solutions. Unfortunately, many of these do not address the structural imbalance that exists and will only put us back in the same place next year.
2. According to PFM we need an additional \$25 million per year to continue services at the present level. (The \$25 million was determined before the economic meltdown.) We do need to get something on the ballot and are working to do that. I am not real sure what it will look like but it will be coming.
3. Absolutely, As you know, we have that albatross around our neck called Hancock, but we

are looking at every possibility.

4. Benefits are on the table. We are considering a "buy up" on health insurance. We are already underfunding pensions so I don't know what savings we can achieve but we are looking.

5. Wayne has a list of surplus properties and assets and we do need to move aggressively to get rid of them. We now have a "one time revenue policy" that requires that the dollars go to the fund balance and then for "one time expenditures". I favor creating a maintenance reserve and using the dollars for infrastructure. I am encouraging Wayne to move expeditiously.

We can not touch our Fund Balance. We have a negative outlook and the rating agencies have cautioned us to take on no additional debt and to maintain the fund balance. Staff reports that we barely maintained our rating last time out. A 1% increase in interest, which would be a likely result of being downgraded, would cost us \$12 million annually.

6. Absolutely. Everyone, including elected officials, has to share the pain.

7. I agree. However, I have also been advised that I have to give Wayne "cover" to make the decisions he has to make. Remember, more so than any other councilmember, many of my neighbors are city employees. I don't want to cut anyone but I also don't want to go bankrupt (a real possibility if we don't act decisively). If Wayne and the council need me to stand in front of it, so be it. For instance, the deal Wayne cut on MCI hurts us. Instead of cutting where we have functions that will no longer exist we will have to cut employees that provide existing basic services and raise water rates. It doesn't make any sense. MCI is a lost opportunity.

Thanks for your assistance. I am glad to talk to you anytime.
Deb

Councilwoman Deb Hermann
1st District at-large
816-513-1624

▼ Steven Glorioso <s_glorioso@hotmail.com>

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02/23/2009 07:42 AM

To<deb_hermann@kcmo.org>

cc

SubjectBudget

Deb

I know you and the rest of the Council, minus the mayor, are taking serious the next budget. I think the Wayne, Troy and the other professional staff have put forward many good budget ideas.

I have talked from time to time with council members regarding ideas about the budget. Here are a few that I wish you would consider.

1---mandatory furloughs which is happening in both private and public sectors across the country. For example, Millie Crossland said Oakland's new budget (including the police dept where she works) calls for a 13 day furlough. That is pretty extreme, it amounts to about a 11% pay cut. But it keeps the pay scales in place for when the economy gets better and at least the employee has time off. Troy says it will only save \$340,000 a day but that sounds low if overtime is managed properly.

The CEO of FedEx gave a great speech back in December about the cost of layoffs---the cost of laying off an employee and then the cost of recruitment when you want to rehire a position. So he did layoffs but kept it to a minimum with pay cuts (himself included) and furloughs.

2---I would put the police tax back on the ballot in June or August. As part of extending it for a few years you could immediately change the current authorization to allow the city more flexibility to use a portion of the tax for operations. You could still use bonds for the radios etc with say a 4 year extension. That would give you 6 years (remaining 2 +4) and take a few million right away for general fund uses. NOTHING prohibits the voters from "changing" a tax in mid-stream. I do not recall a single tax renewal ever failing.

3---increase user fees even more than wayne recommended. That would also include fines. If you are aggressive it could pick up millions more

4---reduce benefits in the coming year with the commitment they can be added back in better years. Things like pension contributions, trim health care benefits a little, etc.

5---sell some city assets. I am not thinking of huge assets, but are there parcels of land for example that could be sold this year to fund the reserve which you do not need to fund on the May 1, but could be built up over the first 6 months of the fiscal year. I know there also some buildings that could be sold.

5---the Council/mayor needs to cut your own budget. I know the problems of the already approved 4% pay increase by the previous Council. But I think you still get a car allowance and you should cut or eliminate it for the coming year. Do the same with the aides. Council will have a hard time facing employees you lay off if you don't sacrifice yourself. And for the mayor---believe me he can get by with a couple of fewer staff members and his car allowance.

In general Deb, I urge you to curtail talk about massive layoffs which taken in the extreme is leaving you sounding like you want to see "blood in the streets" and by that I mean laying off workers in greater numbers than necessary. I know there is fat in the government and it should be pared back. But once you have done that every additional worker is a city service. Plus for those who don't know you well, you seem to be at war with city staff and workers. It hurts the organization and morale to have members of the city council come off as appearing heartless. I know that is not your intention and it is more a matter of tone than reality. The Council is indirectly the employer and you can negatively impact delivery of services with harsh language directed in public to the manager, professional staff and workers.

Be glad to talk with you sometime if you wish.

Steve



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