Imagine Kalamazoo 2025
and the
Kalamazoo Foundation for Excellence
Foundation for Excellence
Imagine Kalamazoo 2025

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Michigan Municipal Executives
February 3, 2017
A Broken Municipal Funding Model

Like many cities, Kalamazoo faced increasing deficits as a result of Michigan's broken municipal funding model:

- Reduced property tax revenue due to the Great Recession
- Rising healthcare and energy costs
- Decreased state revenue sharing

Despite years of spending cuts and reduced personnel, the City was faced with an outlook of increasing deficits.
Priority: Create Long-Term Sustainability

2014 Outlook

General Fund Ongoing Alignment

- Ongoing Revenues
- Ongoing Expenses
A Comprehensive Approach to Sustainability

Responsibly manage employee legacy costs

Align City budget with community's priorities

Identify stable & sustainable sources of revenue
Legacy Cost Task Force convened in 2014 to study retiree healthcare costs, and identify workable solutions to manage them.

75% of existing liabilities financed by OPEB bonds, estimated to save more than $100 million over 30 years.

Incentivize other cost containment strategies such as encouraging retirees to join Medicare, saving an estimated $100,000 per year.
Priority Based Budgeting model implemented in 2016 to refocus decision making around community priorities.

City services organized into programs which are prioritized to maximize the impact of resources towards achieving results.

Programs are refined and evaluated each year to maximize impact and improve outcomes.
Blue Ribbon Revenue Panel met throughout 2015 to explore options that could provide a sustainable revenue source. Many options were considered, 10 were explored in-depth, and 5 were recommended. The feasible recommendations continue to be pursued, but did not fully address the need for sustainable revenue.
Continue status quo? More cutting? Reduce services? Pursue an income tax? Ask more of our residents?

How can we realize the vision we are asking our community to create in Imagine Kalamazoo 2025 with even more scarcity?

Mayor Hopewell and I approached our community partners to explore and create a new option, The Foundation For Excellence
A New Option: The Foundation For Excellence

A model built on trust and a tradition of philanthropy and community spirit in Kalamazoo

Anyone can be a philanthropist & give back to their community

Investment in our community driven by citizens through Imagine Kalamazoo 2025; create shared prosperity, alleviate generational poverty, and invest in our youth

Budget stability, increased community investment, and tax relief to property owners
Once fully-endowed, the Foundation For Excellence will sustain the work in perpetuity

$70.3 million has been committed through 2019, during which time the Foundation For Excellence will be created and fully endowed (~$500 million)

The Foundation For Excellence (FFE) will provide ongoing funding to:

- Stabilize the budget
- Reduce property taxes
- Make aspirational investments
The Foundation For Excellence: Next Steps

Early-Mid 2017:
Complete Imagine Kalamazoo 2025 visioning process and finalize Master Plan & Strategic Vision

By August 31, 2017:
Development and legal creation of FFE including incorporation, bylaws, IRS filings, and internal polices

Through June 30, 2019:
Capital Campaign to fully endow the FFE
A Balanced Five-Year Fiscal Plan

2017 Outlook

[Graph showing projected ongoing revenues and expenses from 2012 Actual to 2022 FY Plan]
A Community-focused Process

Imagine Kalamazoo 2025
A Wide Range of Public Response

City leaders in Kalamazoo commit to a new way of funding city government

$70M from new Kalamazoo foundation a ‘game changer’

Kalamazoo doesn't need the "Foundation for Excellence", sign to stop Gov Snyders new way to privatize Michigan

Proposed Kalamazoo Foundation Raises Concerns
You Know You're Ready for a New Strategic Plan When...

5. Your current plan was printed on a dot matrix printer

4. The plan is being used to level out the table in the break room

3. You lost the strategic plan floppy disk

2. The BOLD strategy to incubate new Laserdisc businesses never came to fruition

1. Your City Commission reallocated funds to build a squirrel sanctuary after an impassioned 4-minute plea during public comment
Do you know where you are headed?
Do you have a compass to get you there?
Strategic Vision: Current Trajectory

YOUR FUTURE HERE
Vision Alignment: 10:5:1

Strategic Visioning Documents

10 year plans

Plans and Policies

5 Year Check-in and possible update

1 Year Plan 1 Year Plan 1 Year Plan 1 Year Plan 1 Year Plan 1 Year Plan

One Year Action Items
What is Imagine Kalamazoo 2025?

- Reach broadly and deeply into the community to understand needs and inspire hope
- Create an updated Strategic Vision for the City of Kalamazoo
- Update the 2010 Master Plan
- Set up all City plans for successful implementation with a guided framework
Shaping Our Strategic Vision and Plans

Adapted from Strive’s "Data Lens" diagram
Shaping Our Strategic Vision and Plans

COMMUNITY INPUT

Local Data

Best Practice

Local Data

Best Practice

STRATEGIC VISION

- Master Plan 2025
- Econ Strategy
- Parks & Rec
- HUD 5 year Plan
- Transp. Plan
Imagine, Plan, Design, Discuss, Adopt

Imagine Kalamazoo 2025 is the framework to help stakeholders make decisions about a shared vision that improves quality of life for all. This process is informed by previous visioning and the 2010 Kalamazoo Master Plan.
Putting the Pieces Together