



Michigan  
Municipal  
Executives

# Annual Meeting



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Executives

# Imagine Kalamazoo 2025 and the Kalamazoo Foundation for Excellence



# Foundation for Excellence Imagine Kalamazoo 2025

Jim Ritsema, City Manager

Laura Lam, CP&D Director

**Michigan Municipal Executives**  
**February 3, 2017**



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# Putting the Pieces Together





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# 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



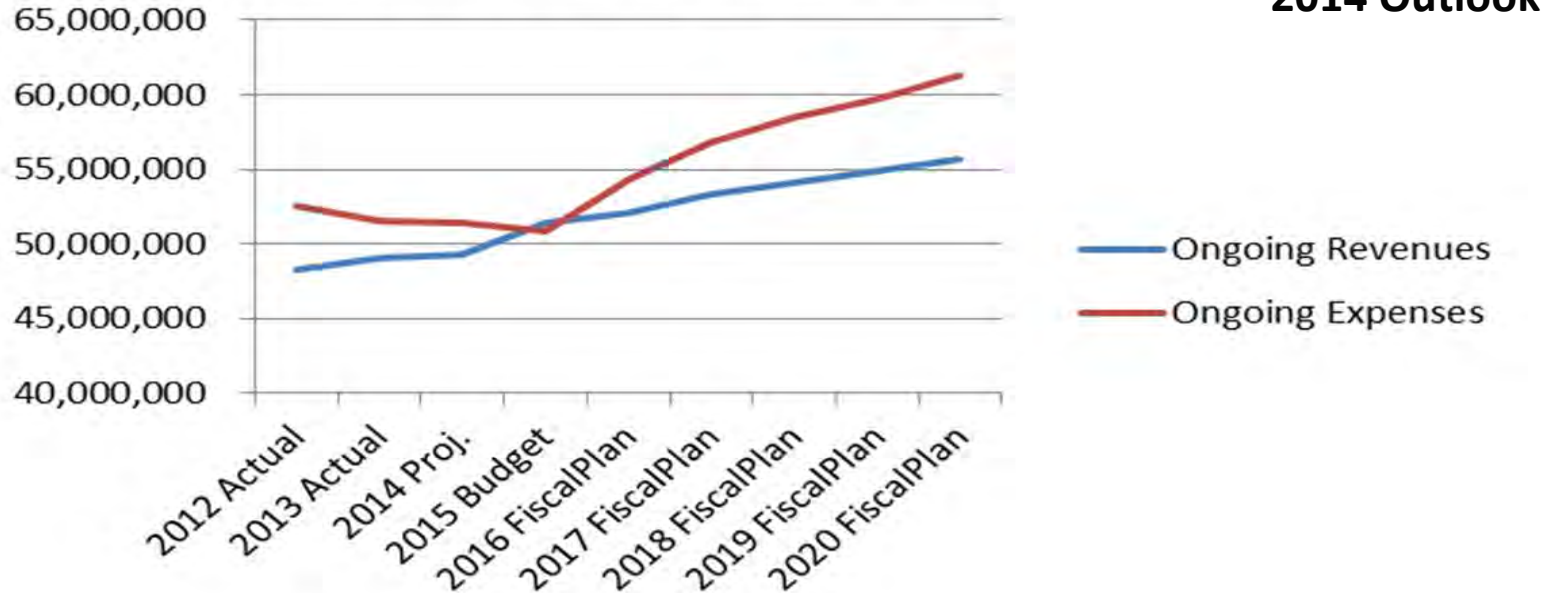
Despite years of spending cuts and reduced personnel, the City was faced with an outlook of increasing deficits



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# Priority: Create Long-Term Sustainability

**General Fund Ongoing Alignment**





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# A Comprehensive Approach to Sustainability

**Responsibly  
manage employee  
legacy costs**

**Align City budget  
with community's  
priorities**



**Identify stable &  
sustainable sources  
of revenue**



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# Responsibly Manage Legacy Costs



**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**





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# Align City Budget with Community Priorities



**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



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# Identify Sustainable Sources of Revenue



**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**



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# A New Option: The Foundation For Excellence



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



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# 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



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# A New Option: The Foundation For Excellence



**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



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# 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 policies



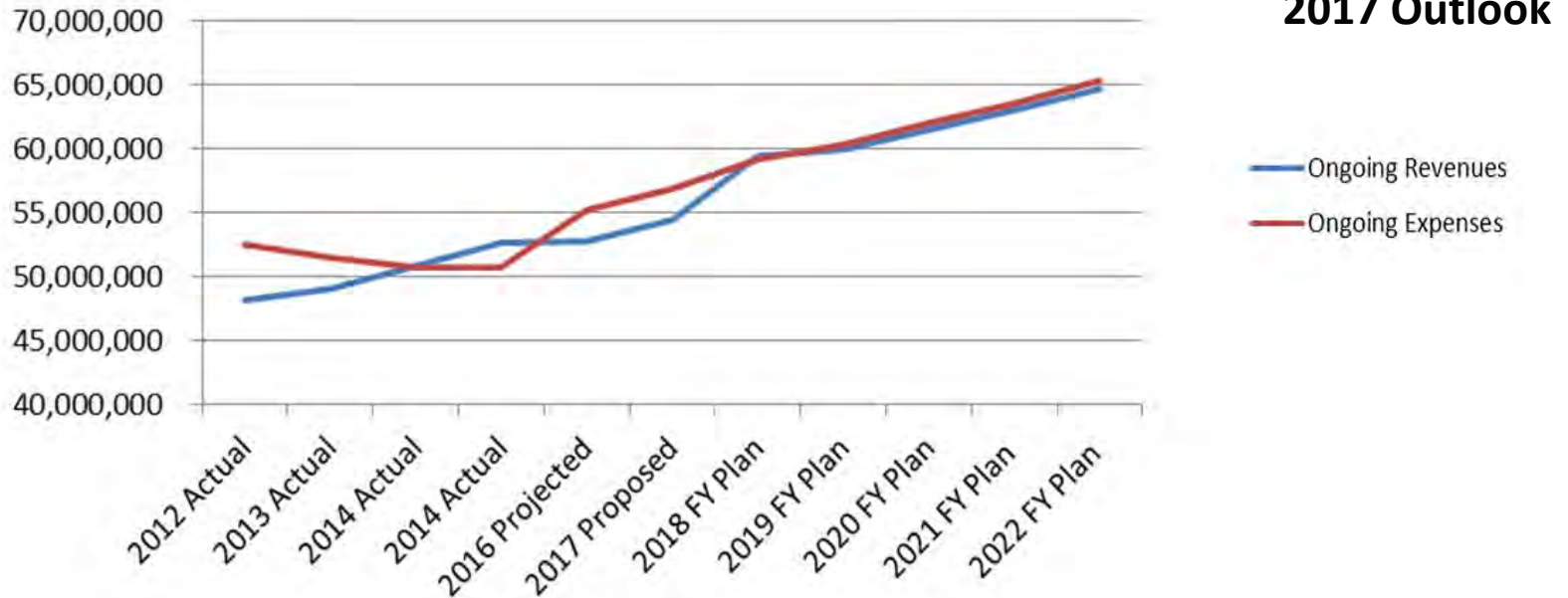
## **Through June 30, 2019:**

Capital Campaign to fully endow the FFE



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# A Balanced Five-Year Fiscal Plan





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# A Community-focused Process







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# A Wide Range of Public Response

**The Detroit News**

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## \$70M from new Kalamazoo foundation a 'game changer'

Mark Hicks | The Detroit News | Published 10:13 a.m. ET July 29, 2016 | Updated 6:01 p.m. ET July 29, 2016

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

By LINDSEY SMITH • OCT 25, 2016

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START A PETITION MANAGE PETITIONS CAMPAIGN TIPS ABOUT DONATE

## Kalamazoo doesn't need the "Foundation for Excellence", sign to stop Gov Snyder's new way to privatize michigan

Petition by [Chris Walmscott](#)

To be delivered to Bobby Hopewell, Mayor of Kalamazoo, Don Dooney, Vice Mayor, David Anderson, City

**THE CHRONICLE OF PHILANTHROPY**

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## Proposed Kalamazoo Foundation Raises Concerns



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**Laura Lam, CP&D Director**



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# 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



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# Where Are You Headed?

**Do you know where  
you are headed?**

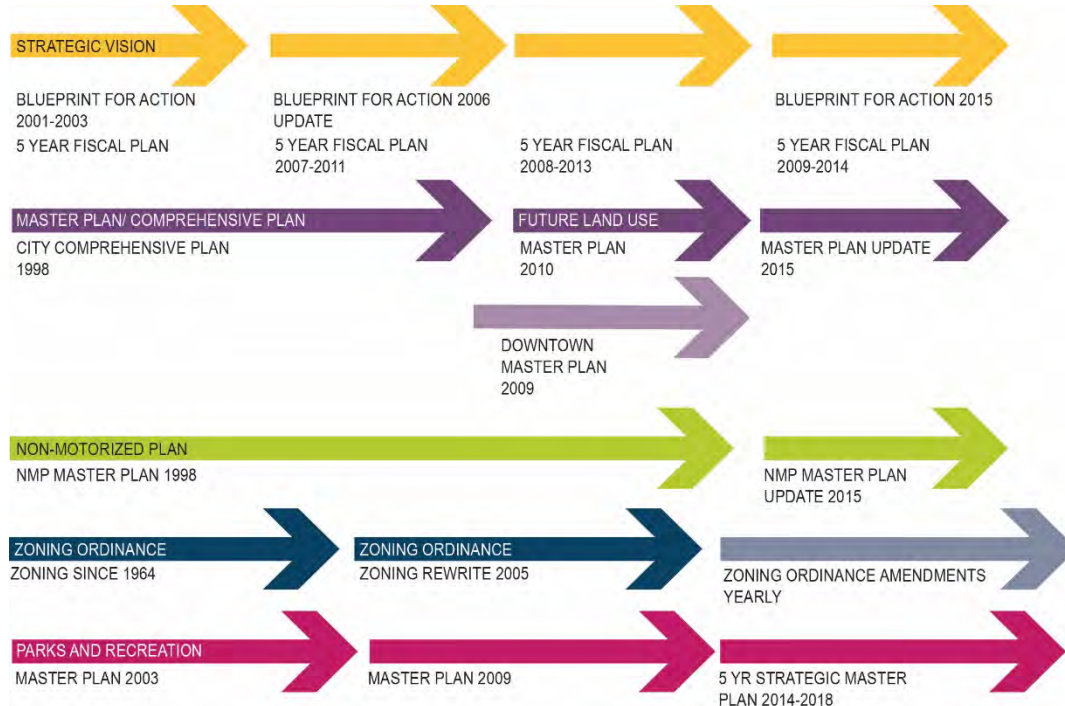
**Do you have a compass  
to get you there?**





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# Strategic Vision: Current Trajectory



YOUR  
FUTURE  
HERE



## Strategic Visioning Documents

## Plans and Policies

## 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



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# 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



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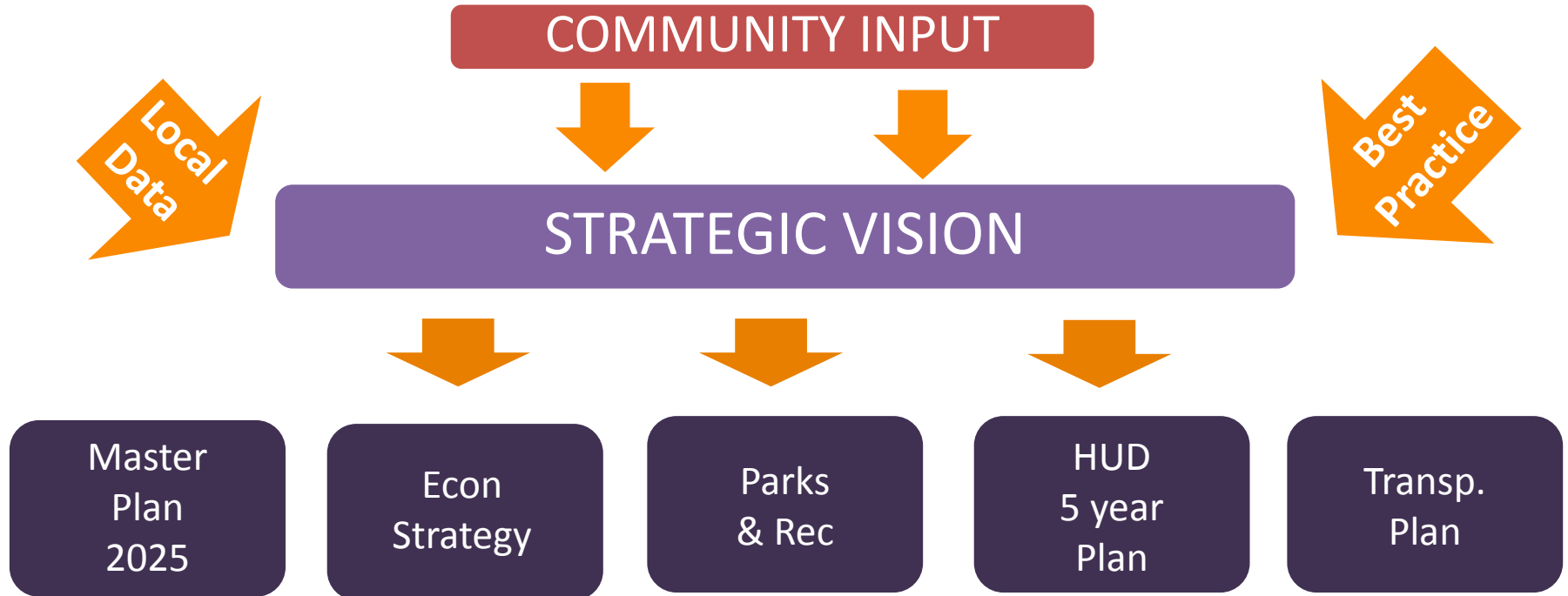
# Shaping Our Strategic Vision and Plans



*Adapted from Strive's "Data Lens" diagram*



# Shaping Our Strategic Vision and Plans





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# Imagine, Plan, Design, Discuss, Adopt



**we are here**

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 & the 2010 Kalamazoo Master Plan.



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# Putting the Pieces Together

