



FRANK WHITE, JR.
Jackson County Executive

DATE: November 15, 2021

TO: Daniel F. Tarwater III, Chairman Jackson County Legislature
Theresa Cass Galvin, Chairman, Legislative Budget Committee
Members of the County Legislature

FROM: Frank White Jr., Jackson County Executive

RE: FY 2022 Jackson County Budget Transmittal

Dear Mr. Tarwater, Mrs. Cass Galvin, and Members of the Jackson County Legislature,

I am pleased to submit for your consideration the Jackson County, Missouri budget for the fiscal year that begins January 1, 2022. This budget totals \$452.8 million, an increase of \$106.9 million or 31% from the adopted FY 2021 budget. The growth in the budget is primarily driven by planned capital improvements, the addition of a new fund not previously reported in the budget, and a significant increase in the budget of the 911 Fund.

This budget also estimates and appropriates the unallocated portion of the American Rescue Plan Act (ARPA) totaling \$52.2 million that has already been received by the County. These proceeds are appropriated into a new fund (No. 050) for FY 2022. It is anticipated that an additional \$68.2 million will be received by the County in mid-2022. Those proceeds will be allocated via a future ordinance or in the FY 2023 budget.

This Budget Builds Upon a Strong Financial Foundation

I am also pleased to share that Jackson County is in its strongest financial position in many, many years. Jackson County closed out its 2020 fiscal year with another clean audit and over \$20 million more than required in its General Fund reserves. Good financial practices recommend that any county have at least two-months of General Fund expenditures held in reserves. I am pleased to report that as of December 31, 2020, Jackson County held \$47.3 million in its undesignated fund balance of its General Fund. This is \$20.3 million above that best practice reserve requirement, or equivalent to nearly four months of reserves. A recent credit rating report by Moody's reaffirmed the County's overall financial health by reaffirming our AA1 position which is just one notch below triple-A status.

This proposed budget also fully reserves \$5.6 million as the estimated cost of our other post-employment benefit (OPEB) package. These costs are attributed to the cost of county retirees being able to purchase health insurance at active employee rates. This is an implicit subsidy to our retirees and must be recorded in our financial statements. It is also recommended that this OPEB liability be funded by entities and this budget sets aside those funds above and beyond what is required for our reserves.



I am also pleased to report that funding of the Jackson County, Missouri Revised Pension Plan has now reached 90.6% of its actuarially required amount. A recent financial audit of our pension plan suggests that there is a 50% chance that the pension system could become fully funded by the end of 2022. In FY 2022, the required contribution rate paid by the County totals 11.55% of full-time payroll. This is a decrease of 1.63% from the required contribution in FY 2021.

This Budget Continues to Invest in Our Most Important Asset, Our Associates.

I'm also pleased to report that we were able to implement a \$15/hour minimum starting wage for all County associates several months earlier than originally planned. As of October 2021, all full-time County associates now make at least \$15/hour and this will continue into FY 2022.

This budget also implements the final year (Year 3) of the Evergreen pay study that was adopted by the Legislature in late 2019. The 2022 budget moves all pay scales to the new minimum levels recommended in the Evergreen pay study. In addition, approximately 20 associates who were scheduled to receive a pay adjustment only in year 3 of the plan implementation will receive a one-time pay adjustment averaging 4%. Completion of this program will ensure that our associates will make salaries at or above the local market to attract and retain our talented staff. Additional investments will need to be made in future years to make sure Jackson County remains competitive as an employer of choice.

In 2022, I am recommending a 2% merit increase for all County associates. This represents the second year in a row where the budget has recommended a merit increase for all associates.

This budget also anticipates some significant improvements to our health benefits. A Medicare Advantage option, gender affirming care, and expanded infertility treatments will be added to County health plans in 2022.

This budget also consolidates tuition reimbursement for college credit in Human Resources at an estimated cost of \$30,000 by ensuring that all County associates have access. Previously, only larger departments had the resources to support tuition reimbursement which led to equity issues among staff in smaller departments.

This budget also provides each department at least 1% of their regular full-time salary budget to expand professional and specialized skills development training for their staff. This funding will also support expenses necessary for conference travel and registration. In difficult financial times, associate training is usually the first program cut, but it needs to be quickly restored and expanded when resources allow.

This budget adds \$69,000 to the Human Resources budget to enhance our training and retraining of County associates regarding anti-harassment and anti-discrimination.

This Budget Continues to Reinvest in Basic County Services

This budget recommends additional staff in several departments to meet expanded customer service and improve overall response to the organization and to the Community.

This budget recommends that 15 full-time and 3 additional part-time positions be added to the Assessment Department at a cost of \$976,322. This will bring the total authorized and budgeted position count to 91.9 associates reflecting a fully funded and staffed Assessment Department for the first time in many years. The new Assessment management system is scheduled to come online in May of 2022. Over 300,000 parcels will have been revalued and made ready for the 2023 reassessment process.

This budget includes additional funding, totaling \$495,634, to support new positions for our facility management team in 2022. These funds should help us appropriately staff the maintenance of the Downtown Courthouse and other county facilities. This is the result of a nearly year-long conversation with the 16th Circuit Court to improve basic cleanliness and responsiveness to needed work orders. In addition, the County is expanding its physical footprint and will need the staffing resources to meet those expanded obligations.

A new Director of Facilities is added at a cost of \$120,000 reflecting the need to better manage all County facilities.

One position is added in Human Resources at a cost of \$61,404 to handle investigations related to allegations of harassment and discrimination by County associates and to complete those investigations on a timelier basis.

Two positions are added in the Public Administrator budget at a cost of \$98,819 to improve overall case management and reduce the time between client visits. In addition, with the addition of these positions, responsibility for indigent burial will shift from the County Executive's Office to the Public Administrator in 2022.

One customer service position is transferred from Parks + Recreation to Communications to act as a final point of contact for residents asking questions from the County. Anecdotal and certain secret shopper activities have revealed that some residents can end up in a dead-end when trying to reach the right county associate to answer their question. Beginning in 2022, Communications will staff an operator position to handle those customer service calls that get lost or incorrectly transferred. It is hoped that this effort will help to improve customer service and responsiveness throughout the County.

Three civilian security officer positions at a cost of \$139,524 are added to the Sheriff's office reflecting an effort to add civilian staff to manage security checks at the courthouse entrances and minimize the need to use Sheriff's deputies to handle that role.

Two new Park Rangers and 3 new park maintenance positions at a cost of \$271,412 are added in Parks + Recreation to fully staff the additional security and maintenance needs associated with the completion of the 13.5 mile Rock Island Trail.

This Budget Continues to Invest in Critical Technology Enhancements and Modernized Equipment

As mentioned earlier, the new assessment system will come online in 2022 in preparation for the 2023 assessment process. This nearly \$18 million investment is dramatically transforming how the County collects, stores and manages the information from 300,000 parcels of commercial and residential properties in the County.

This budget recommends funding for a new tax revenue collection system at a cost of \$2.5 million using County Improvement Funds to replace an outdated legacy tax collection system that can no longer be upgraded or even maintained. This new collection system will be integrated with our new assessment system allowing for a seamless transfer of data between the two departments and automating many manual processes.

In addition to funding a new collection system, this budget recommends funding of \$325,000 in the General Fund to pay the fees associated with the Pay-It online tax payment system. Waiving those fees in previous years dramatically increased the number of online payments and reduced the lines in Kansas City and Independence. CARES funds were used to cover those costs in 2020 and 2021 and it is hoped that the new collection system will eliminate the need to cover those costs beginning in 2023 while still providing a convenient and easy online payment option.

This budget also appropriates a total of \$5 million in County Improvement Funds for a new jail management system and a new HR-Finance system. An investment in a new jail management system will replace a custom-built jail management system that can no longer be upgraded or maintained. This investment will also be carried forward to our new detention center once it is completed in late 2024.

This budget also provides \$100,000 in funding for smaller information technology systems that can greatly improve functionality, customer service and efficiency. In 2021, the County was able to purchase new disaster recovery, new purchasing, and new contract compliance software along with new software to better manage sunshine law requests. The funds in 2022 will allow the County to continue to expand those efforts.

This budget proposes \$650,000 from County Improvement Funds to replace the County's aging telephone system. Once installed, the County will have more voice-over-internet capability as well as other features which will enhance productivity and connectivity. In addition, future county budgets will realize over \$100,000 in annual operating savings from this upgraded phone system.

This budget maintains the resources needed for proper maintenance of a PC Lifecycle program which will ensure that County computers stay up to date with the most current technology.

This budget also provides \$3.6 million necessary to fully repay the recently approved lease -purchase for the critical upgrade of the County's 800 MHz public safety radio system.

This budget also provides \$100,000 in Information Technology to continue to purchase new security cameras at county facilities. In 2021, \$300,000 was invested to replace aging and broken cameras throughout the County and this program will continue in 2022 with a focus on expanding camera coverage in Parks facilities.

Along with our investments in technology, this budget also fully funds a fleet replacement program across all departments. This program includes the continued purchase of specialized equipment such as mowers and dump trucks and the leasing of passenger and light-duty vehicles.

It should also be noted that this budget includes the replacement of 32 pontoon boats or 60% of the fleet at a cost of \$832,000 from Park Enterprise funds that will be available for rent at the various county lakes.

This Budget Recommends Several New Initiatives.

Thanks to voter approval of the \$1 per month surcharge on wireless phones, the County will be able to fully fund its share of the regions 911 system costs and will have \$3 million available in 2022 to explore and undertake initiatives to expand, enhance and upgrade the County's 911 emergency phone system.

This budget allocates \$8 million of federal American Rescue Plan funds (ARPA) to address needs in disadvantaged communities that have been negatively impacted by COVID-19. A total of \$20 million is expected to be allocated for this effort over the next few years,

This budget also allocates \$9.5 million in ARPA funds to continue the County's public health response to COVID-19. Included in that amount is \$4 million for the renovation and equipping of our new Health Department building in Lee's Summit. It is anticipated that up to \$28.5 million in ARPA funds will be allocated for this purpose over the next few years.

A total of \$35 million is transferred to the General Fund in 2022 from ARPA funds to cover the unallocated portion of a projected \$22 million per year in revenue loss that can be attributed to the COVID-19 pandemic. An additional \$44 million should be anticipated for revenue recovery through 2024.

This budget also reallocates the costs of liability claims and workers compensation costs to those departments that have generated the claims over the last three years. Allocation of liability costs are estimated at \$1.576 million and are allocated to seven departments in 2022. Projected workers compensation costs of \$1.419 million are allocated out to the department based on 2021 staffing counts (25% of total across 28 departments) and 75% based on a three-year average of workers comp costs incurred (16 different departments). This methodology more fairly distributes costs to the generators of those costs and therefore a much easier way to increase accountability for departmental risk management efforts.

All recipients of COMBAT will receive more funding in 2022 to support their current operations. It should be noted that if this reduces the available funds in COMBAT as much as anticipated, then the Legislature will need to reallocate the COMBAT sales tax percentages before the 2023 budget.

This budget includes funding to make significant improvements to the wastewater treatment facilities of the Carriage Oaks and Trophy Estates subdivisions in eastern Jackson County. These wastewater plants are owned by the neighborhood associations and have been operated by Jackson County for many years without ever adjusting the user fees paid by the residents. These plants are now aging and in need of significant investment to meet current state regulatory requirements. This budget proposes rate increases for those residents to avoid the County having to subsidize the operations of those facilities. A separate fee increase ordinance will be presented to the Legislature for consideration as part of the 2022 budget process.

This Budget Begins to Significantly Reinvest in Necessary County Facilities

Most significantly, this budget recommends nearly \$25.1 million in improvements to the Downtown Courthouse in Kansas City. A facility needs assessment for the downtown courthouse that was completed in 2021 recommended over \$250 million in needed repairs and upgrades to the building to make it safe and habitable for the foreseeable future. This budget makes a start in that effort by funding a variety of safety, security, modernization, and accessibility projects as well as beginning the work of replacing the critical internal systems in the building such as chilled water, heating and cooling systems, fire suppression, and electrical systems.

Work on the new detention center continues in this budget with \$5 million allocated from County Improvement Funds to pay the costs of construction inspection and oversight by our owner's representative, JCDC as well as additional consultants that will be hired to manage contract compliance for the new detention center.

A total of \$300,000 is provided to hire two project managers who will handle day-to-day project management administration for the new detention center and courthouse renovation projects. Existing Facilities Management personnel will have project management responsibility for needed building maintenance projects and the build out of the new offices for the Health Department and administration.

This budget recommends \$6 million to design, construct, and equip a new County Administration building in downtown Kansas City, Missouri. Anticipated operating costs of \$464,930 for utilities and partial year maintenance of the building are also included in the General Fund for 2022.

A total of \$400,000 is allocated in the budget to address several deferred maintenance issues at the 14th St. Garage. Repair of these relatively minor items such as concrete spalling and lighting will improve the condition of the garage while addressing these needs before they reach a critical repair level and become much more expensive to fix.

Nearly \$6.2 million in County Improvement Funds is allocated for critical repairs in the County's Park system. This is in addition to the nearly \$2.5 million that is allocated for capital maintenance in the Park and Park Enterprise funds. The largest expense is \$2.19 million allocated for the repair and resurfacing of County roads that run through County parks. There is insufficient funding available in the County's Special Road and Bridge fund to handle this need as well as the resurfacing needs of the County road network outside of the parks. This planned expenditure will also further leverage another \$790,000 in federal land access program (FLAP) monies so that nearly all roads within Blue Springs Park can be addressed in 2022.

Other proposed Parks projects from County Improvement Funds include \$1 million for needed resurfacing and flood damage repairs to the Little Blue Trace Trail; \$1.15 million to upgrade the infields at the Frank White Jr softball complex to turf; \$950,000 for Corp of Engineers mandated repairs to the Lake Jacomo spillway; and \$900,000 to upgrade the wastewater treatment facility at Lake Jacomo to meet requirements of the Missouri Department of Natural Resources.

A detailed list of all of the proposed capital improvements using County Improvement Funds and ARPA funds is attached at the end of this budget message.

Conclusion

I want to thank the staff of County Administration, and staff from the Finance Department and Legislative Auditor for their work in preparing this budget. I also want to thank the directors of the individual departments who participated in lengthy meetings as the budget was developed and most importantly submitted only the most critical of departmental budgetary needs. This FY 2022 submitted budget builds upon a strong financial foundation built over the last few years and prepares the County for a vibrant future. We stand ready to answer all questions that you may have as you deliberate upon this budget.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Frank White Jr.", with a long horizontal flourish extending to the left.

Frank White Jr.
Jackson County Executive