



Section 1

POLICIES

This section includes the Mayor's budget message; the Mayor's budget transmittal letter to the City Council; a brief explanation of the strategic planning effort, including the City Council's Strategic Priorities; the long-range Financial Policies; and the ordinances adopting the Budget and Capital Plan.

RESILIENCE // Endure, Adapt, Thrive, and Grow

Fiscal Year 2022 Budget Presentation

Thank you, Madam Chair. I want to start by thanking you, my colleagues on the Tulsa City Council, for working with me to make the City of Tulsa a model of fiscal responsibility for the nation. With the passage of the American Rescue Plan Act earlier this year, we have seen news of cities around America requiring a federal bailout to address municipal budget deficits. Thanks to prudent annual budgeting and sacrifices on the part of our team at the City of Tulsa, we have no such deficit and no such need for a bailout.

In fact, starting in July and thanks to the citizens of Tulsa, we will be one of the first cities in America to receive funds into our Rainy Day Fund from a voter-approved dedicated funding source. We anticipate this will contribute approximately \$4 million per year to the protection of city services from future economic fluctuations.

The budget being presented tonight also moves us closer to achieving our adopted financial goal of establishing a 10% emergency operating reserve following a year in which we saw earthquakes, tornadoes, and a historic winter storm. We are only two years removed from a historic flooding of the Arkansas River. We know that in order to protect the citizens of Tulsa during such unpredictable natural disasters, we must have the financial resources to fund the necessary work that occurs during an emergency - and the proper funding of our emergency operating reserve will allow us to do that.

A year ago, we presented a budget in the early days of a global pandemic and a national recession. The City Council and I had to take swift action to adjust our revenue expectations and our expenses. We entered into a hiring freeze, halted employee travel, and those of us who are non-sworn employees supported by the General Fund began furloughs equal to 10% of our pay. Over the previous 3 years, the City Council and I had tripled the size of our Rainy Day Fund, and between these reductions and use of those reserves we were able to move through the current fiscal year without any diminishment in public safety protection for the citizens of Tulsa.

A decade earlier, the last time we saw this kind of impact on City revenues, 130 police officers were laid off. This year, there were no layoffs at all.

And during a year when our local economy was in need of funds, we issued the largest dollar amount of capital improvements contracts in Tulsa history - \$320 million in construction starts and \$240 million in planned starts between now and October, for a total of \$560 million - fixing streets, repairing old facilities, building new attractions, and creating jobs.

I can not say enough about our team at the City of Tulsa, all of whom sacrificed to help one another continue serving the citizens of Tulsa in a year of cascading challenges.

And that sacrifice has us positioned to begin a rebound in the year ahead.

The proposed budget is \$799.4 million, which includes all city funds - including operating funds and our capital improvements program. General Fund revenues, which fund most of our core services are projected to decline by approximately \$29 million from the current budget year to \$262.9 million. That overall decline in revenue can be explained by \$30.9 million in one-time federal CARES Act funds our General Fund received from the State of Oklahoma in the current fiscal year. If you take that out, we are projecting a very minor increase in recurring revenue for the coming fiscal year.

I know I can speak for all ten of us when I say how much I appreciate the work our team at the City of Tulsa has done over the last year. They are the best group of public servants that you'll find in any city anywhere. So I want to say before we get to anything else that the budget before you includes funding for satisfactory performance increases for every qualifying City employee. These are, of course, subject to the collective bargaining process. But the funds to provide them are included.

This budget also allows us to end our hiring freeze and our employee travel ban.

When it comes to our greatest responsibility and expense, public safety, this budget maintains our existing manpower at current levels based on projected attrition.

The Council has made clear that expansion of the Community Response Team is a high priority, and this budget will expand the CRT mobile mental health crisis response from 3 to 5 days per week. This budget also allows us to hire a civilian Clinical Services Coordinator to help the CRT team address the root causes of mental health crisis. This will improve our ability to effectively assist people suffering a mental health emergency and reduce their future reliance on 911 for services.

The Council has also been clear in its desire to see the evolution of service at our Municipal Court. This budget funds the establishment of a municipal court liaison. The Municipal Court Liaison will be the first person to greet visitors to Municipal Court and will stand ready to engage community members, help them navigate Municipal Court processes, and connect them with resources.

This budget also funds a text message alert system to remind people of upcoming court appearances. This is an approach that our Office of Performance Strategy and Innovation tested over the last few years, and it was found to improve the rate of court appearances - something that is important in our shared goal of reducing incarceration for non-violent offenses. This text alert system will be automated through our new records management system, which leads me to our next big initiative for the year ahead.

One of the most important advancements funded for the Tulsa Police Department in this budget is that our new records management system will finally go online. This is the first wholesale update of our records management system since the mid-1970s. It is a massive undertaking, which has required cross-departmental collaboration over the last four years to position us for it to finally go into service. This new system will dramatically improve the flow of information, from 911 to officers in the field to judges in our municipal court. I am very grateful for the long, hard work of the team that made this update possible.

And while it isn't new in this budget, I think it is important to highlight several important behavioral health crisis system improvement launched by the City of Tulsa since we adopted the budget last year. We have made several strategic improvements in the way we address and respond to behavioral health crises in Tulsa. As a reminder from the September 2020 presentation to City Council with Healthy Minds, our overarching goal is to improve crisis system diversion and access. We believe the impact of these improvements is 1) better outcomes for Tulsans in crisis and 2) reduced reliance on first responders, jails, and emergency rooms to respond to behavioral health crisis.

In December of 2020, we launched the Police One-Stop expansion at the Crisis Care Center. This replicates the Tulsa Sobering Center model with a single-entry point for law enforcement to take individuals experiencing mental/behavioral health crises.

In that same month, we opened the Tulsa Methamphetamine Treatment Continuum in partnership with 12&12, increasing methamphetamine detox and treatment capacity.

In January of this year, TPD began utilizing non-sworn mental health transports, offering transportation from the Police One-Stop to the appropriate level of care as needed.

And in September of 2020 we began a 9-1-1 mental health collaborative in partnership with Family & Children's Services, embedding trained COPEs personnel at our 9-1-1 Center five days a week.

I am very thankful for the forward-thinking leaders in the Tulsa Police Department and our non-profit community who are making these reforms possible. And I also want to thank all of my colleagues on the City Council who participate in the First Responders Advisory Council, ensuring continuous improvement and coordination between the City's Special Services Docket, Community Response Team, TFD CARES, and Sobering Center.

This budget continues our street lighting program in neighborhoods across the city. So far, we have installed 112 new street lights, providing illumination in neighborhoods across the city. Our team expects to install at least that many in the coming year and is working right now to install additional lighting in areas with high auto-pedestrian accident levels along Admiral.

In a poll last year, our firefighters overwhelmingly voted apparatus replacement as the greatest improvement needed in the Tulsa Fire Department. This budget funds the replacement of 10 fire engines and 1 ladder truck - a significant step forward in modernizing our Fire Department vehicle fleet.

This budget also funds new bunker gear for our Tulsa firefighters, who have been forced to use old bunker gear for too long.

One of the key things we saw in the last year is the importance of communications to empower Tulsans to protect themselves and their families. Our Communications team has done an incredible job communicating vital information to all Tulsans throughout the COVID-19 pandemic. This budget recognizes the value added by our CARES Act funded bilingual communications professional by making that a permanent position within the City government.

Another exciting change for the year ahead that is included in this budget involves our streets. For the last 12 years, we spent around a billion dollars reconstructing some of the worst streets that had decayed over decades. We want to keep plugging away at reconstruction, but are finally in a position to shift to a heavier emphasis on rehabilitation as well. Rehabilitation projects require a fraction of the time that a reconstruction project takes, allowing us to cover more ground more quickly at less cost. This will be like getting a brand new street on every roadway where we do this work. I am excited for us finally, after years of hard work, to be moving the City into a responsible maintenance program that will keep our streets in better shape for decades to come.

But in this budget, it's not all public safety and streets. We also make significant investments in economic development and quality of life that will benefit all Tulsans.

This budget reflects the establishment of the Tulsa Authority for Economic Opportunity - a merging of several city authorities into one new economic development authority with a unique mission: using economic development to create equality of opportunity throughout our city. The Tulsa Authority for Economic Opportunity is already garnering national attention because of this mission, and it hasn't even fully launched yet. I am very thankful for the work of the City's Chief of Economic Development, Kian Kamas, and citizen leaders on a number of boards who have worked for several years to get us to this point. The potential for this new Authority to be a long-term driver of positive change is incredibly exciting.

This budget also reflects the establishment of a new downtown entity, the Downtown Tulsa Partnership. For the last decade, the Downtown Coordinating Council has been an important leader as Downtown shifted from a sleepy office location into the region's vibrant entertainment hub. The new Downtown Tulsa Partnership is positioned to take this progress to new heights with a broader array of services and stakeholders. This will be exciting for every Tulsan, as the continued growth and success of Downtown Tulsa is something that benefits our entire city.

This budget funds the reopening of pools and splash pads at City Parks across our community this summer, and it expands day camps at Central Park and the Jane Malone Recreation Center.

This budget includes the funding to expand and enhance our Animal Welfare Center, and includes an increase in nuisance abatement funding to clean up neighborhoods. And it funds the recommended number of mowing cycles on rights of way and medians across the city.

This budget also contains funding for a historic redesign of the Greenwood Cultural Center, and construction costs for a parking garage at the new VA hospital that will dramatically enhance health care service for our veterans community and teaching opportunities for Oklahoma doctors.

This budget keeps our water and trash rates flat. Our financial plan projected 7% increases in rates for sewer and stormwater, but this budget keeps those down to 3%. I want to thank the citizen leaders who serve on the Tulsa Metropolitan Utility Authority and the Tulsa Authority for the Recovery of Energy, whose fiscal stewardship over a span of years allows us to keep rates that cover the cost of service low.


I want to thank our departmental leadership, all of whom had to find efficiencies and cost reductions within their budgets to make everything I've talked about today possible. This year has provided ample managerial challenges for them, but they've handled them and this budgeting process like the great leaders they are.

I also want to thank our budget team, led by Finance Director James Wagner. They have worked diligently to make sure every taxpayer dollar is utilized responsibly and effectively. We are a fortunate city government to have this Budget team watching over our finances.

In closing, I want to thank you - my colleagues on the City Council - for working with my Administration to develop this budget. It has been important to me in my time as mayor that the budget represents our shared priorities. You have worked with me to maintain a year-round collaborative process, and because of that this presentation tonight is very much a shared work product. I am grateful for your partnership in the development of this proposed budget.

DATE: April 21, 2021

TO: Councilor Hall-Harper Councilor McKee Councilor Decter Wright
Councilor Cue Councilor Arthrell-Knezek Councilor Lakin
Councilor Patrick Councilor Dodson Councilor Fowler

FROM: Mayor G. T. Bynum 

SUBJECT: **FY2022 Budget and Capital Improvement Plan along with a Financial Plan for FY2023**

I am transmitting the proposed operating and capital budget for Fiscal Year 2021-22 (FY22) along with corresponding financial plans for the following year (FY23). This document also includes a capital improvement plan for FY22 through FY26. This transmittal fulfills the Mayor's City Charter responsibilities contained in Article III, Section 1.4 C. More importantly it sets the City's direction for the future and incorporates both the constraints and aspirations of the City.

There is an important note to readers of this year's budget. In FY21, the CARES Act resulted in the City receiving \$30.9 million in revenue from the State of Oklahoma. These revenues were recognized in the general fund, but shortly thereafter transferred to a new fund, the Pandemic Relief Recovery Fund (Fund 166). This is reflected in the general fund summary as revenue and a subsequent transfer out. To make comparisons to prior and future years, these one-time revenues should be deducted. So, FY21 general fund revenues excluding this one-time revenue are estimated to be \$261.2 million.

The total FY22 budget is \$799.4 million. This is a decrease of \$41 million, or 4.9%, less than the FY21 original adopted budget. The operating budget is \$711.0 million, a \$5.9 million increase, or 0.8% over the FY21 original adopted budget. The capital budget is \$88.3 million, a \$46.9 million decrease, or 34.7% less than the FY21 original adopted budget.

Economic Context

+ U.S. Economy

All major U.S. market indexes are currently near or at all-time highs. These market gains have been influenced by low interest rates and over five trillion dollars in COVID-19 relief packages in 2020 and 2021. On the horizon is a three plus trillion-dollar infrastructure plan that should create tailwinds for the broader market, but particularly in the material, heavy industrial, and chemical sectors. Oil, aerospace, and financial have all recovered from the lows set last April. Many are now back to pre-pandemic levels, specifically in the financial and banking sector.

+ Energy

Since January 2021, crude oil prices have risen from \$48/barrel to \$63/barrel, an increase of more than 30%. For most oil producers in the U.S., oil prices above \$40/barrel result in profitability, causing production to increase. Energy activity and profitability has increased for energy companies in the state but with far fewer employees. Approximately 1 in 5 jobs in the Tulsa metro area are tied to the oil and gas industry directly or indirectly. Midstream companies have not announced any new commercial pipelines, this could be a result of FERC policy changes.

+ Aerospace

Several large employers in the Tulsa metro area are in the aerospace industry. Two of the largest are American Airlines with over 5,000 employees in the Tulsa metro area and Spirit AeroSystems with over 1,000 employees in Tulsa. The return of the 737 MAX is expected to have positive implications on Spirit's operations in Tulsa, which, coupled with diversification efforts to increase business outside of Boeing, will allow Spirit's Tulsa plant to increase employment long-term and return to pre-COVID levels. Furthermore, in addition to the positive impact of increased air travel, American Airlines is continuing forward with plans to invest \$550 million in the Tulsa maintenance base, facilitated by a major initial bond issuance through the Tulsa Municipal Airport Trust. This optimism is also reflected in the growth of aerospace employers such as L3Harris, which announced additional planned investment and job growth in Tulsa at the end of 2020.

Nationally, airline passenger traffic has begun to rebound, even more so with vaccinations being readily available across the United States. Tulsa International Airport traffic in March 2021 nearly reached 70% of pre-pandemic levels in March 2019, with the outlook for summer traffic anticipated to be even stronger. Compared to the U.S. average, TUL passenger throughput has been 10-15 percent higher throughout the pandemic, enticing airlines to continue to invest in Tulsa. New service launched on Allegiant Air to Nashville in June 2020 and on American Airlines to Phoenix November 2020.

+ Local Impacts

Economic projections used in this year's revenue forecast assume modest growth for FY22. Unemployment could still be elevated due to the ongoing COVID-19 related issues. Interest rates are projected to remain below historical norms even with modest growth of Gross Metro Product. Historically, the Tulsa MSA trends along, but remains below the national unemployment rate.

Key indicators of the health of the local economy are unemployment and wages. The Tulsa area monthly average labor force decreased 0.4% from 2019, losing 1,800 participants in 2020. Wage and Salary employment (total nonfarm employees) witnessed a contraction, with a decrease of 3.4% in the 2020 average, equating to approximately 15,000 jobs. Unemployment decreased throughout 2020, ending the

year at 5.0% well off the April highs of 13.5%. The current unemployment rate for the Tulsa MSA as of February 2021 is 5.4%.

Per capita personal income in the Tulsa MSA has grown from \$41,344 in 2010 to \$56,540 in 2019, the latest data available. This represents a 3.5% annual growth rate and tracks closely with the growth US per capita personal income.

Tulsa has witnessed contraction in both residential and commercial construction in 2020 due to COVID-19. The number of residential units (single and multi-family) totaled 873 units, representing a 17% decrease from 2019. The value of commercial construction in 2020 was \$164.8 million, representing a 19% increase from 2019. Residential housing prices have been a bright spot in 2020, with prices up for all home sizes and price tiers.

The largest source of revenue for the City is sales tax which accounts for 32.5 percent of FY22 resources. The General Fund receives two (2) cents of the City's sales tax rate for operations and the remaining 1.65 cents are placed in funds for the 2019 Improve Our Tulsa program (.45), and the Vision Tulsa (1.15) program, which include Economic Development (.805), Public Safety (.26), and Streets & Transit (.085) funds. A permanent funding source of .05 cents for the City's Economic Stabilization Reserve begins in FY22. Sales tax receipts of \$281.9 million are projected in FY22, a 5.5 percent increase from the FY21 budget. f

Use tax has shown strong growth as a result of the Oklahoma Tax Commission's continued pursuit of agreements with online retailers. Personal property purchased outside the state and used within the City is also taxed at 3.65 percent. The General Fund receives 3.1 cents of the City's use tax for operations and the remaining 0.55 cents are placed in the 2016 Tulsa Economic Vision Fund. The FY22 proposed budget Use Tax projection is \$50.1 million, a 15.7 percent increase from the FY21 budget.

Budget Highlights

Economic conditions have improved since last year's budget. Portions of the City revenues are showing signs of growth. Sales and use taxes are projected to improve by 5.5% and 15.7%, respectively, over FY21. However, there are some headwinds in the general fund. We expect interest earnings to fall by 40%, municipal court fines and fees are projected to be down by 10%, and franchise taxes are budgeted to be down by 6% compared with the FY21 budget.

The FY21 budget included use of reserve funds, eight months of furloughs spanning two fiscal years, and hiring and travel freezes to stabilize the ability of city government to respond to the pandemic. Due to the improving economic outlook, the FY22 budget includes funding for satisfactory performance increases for all eligible employees.

The general fund budget includes a transfer of \$3 million from the Economic Stabilization Reserve held in the general fund to a new dedicated fund (Fund 152). This new fund will be the depository for the dedicated sales tax that takes effect July 1, 2021 dedicating .05 cents of the sales tax to the Economic Stabilization Reserve Fund (commonly known as the Rainy Day Fund). It's expected that this will generate \$3.9 million in FY22, adding to the balance of \$3 million transferred from the general fund. By the end of FY22, we project the Economic Stabilization Reserve to have a balance of \$7.3 million. To ensure the City's reserves remain adequate to meet emergency needs, a \$21 million operating reserve is set aside so the City is still able to respond quickly to unexpected natural disasters. This represents 8% of general fund revenue and moves closer to a 10% goal established by the City Council.

This budget includes Police and Fire academies that keep pace with attrition in the Police and Fire Departments, as well as upgraded bunker gear for firefighters. It also funds the first year of operating funding for the new Police records management system, the first time this system has been overhauled in over 40 years. In the Fire Department, this budget funds 10 new engines and one ladder truck from the first year of the 2019 Improve Our Tulsa program.

This budget also includes a municipal court liaison pilot which will increase customer service levels as well as a text messaging system to remind citizens of upcoming court dates and past due fines. This budget increase our Community Response Program (CRT) to 5-days-a-week to ensure our residents that experience a mental health emergency have the appropriate response and treatment by a team of trained public safety and mental health professionals. This budget continues the street lighting program with at least 112 new street lights in the coming fiscal year.

Funding to reopen pools and splashpads as well as funding for the addition of summer day camps at the Malone and Central Recreation Centers has also been included in this budget. In the capital budget, funding is provided for enhancements to the animal welfare center and funding for design of a remodeled Greenwood Cultural Center. This capital budget also includes the City's commitment to parking facilities to support the new Veteran's Administration hospital.

Lastly, this budget incorporates the creation of the Tulsa Authority for Economic Opportunity (TAEO) which merges the functions of the Tulsa Industrial Authority, Tulsa Parking Authority, Tulsa Development Authority and the Economic Development Commission into one entity focused on creating equality in economic opportunity.

General Fund, Public Safety Tax, and Street and Transit Fund

The General Fund is the principal operating fund of the City. At the time of the FY21 budget adoption, revenues in the General Fund were estimated to be \$256.7 million, but are now estimated to exceed estimates by nearly \$4.5 million (excluding CARES Act revenue).

General fund revenues for FY22 are expected to be \$262.9 million, approximately 2.4% more than the original budget for FY21. Sales and uses taxes account for 63% of the General Fund.

The General Fund Emergency Operating Reserve is set at a level of 8.0% of the General Fund. The percentage increase is attributable to an additional set aside of \$1.2 million. The balance of the reserve increases to \$21.0 million. The long-term target is for the reserve to be maintained at 10% of the General Fund.

The largest expenditure category is payroll, which represents 74% of the General Fund budget. This budget includes compensation increases at an amount equivalent to a satisfactory performance increase for all eligible employees.

Public safety receives the largest allocation of resources at 57% of the General Fund. Due to a change in the method for direct cost allocation in FY21, the adjusted comparison for public safety's allocation of the General Fund is 63%. Forty-five (45) police officers, supported by the general fund, are expected to go through the police academy this year. The City is projected to have 875 sworn police officers, a net gain of 140 officers since January 2017. The Fire Department is scheduled to have a General Fund supported academy of 20 firefighters this fiscal year, which will keep pace with attrition once firefighters who had been assigned to the airport station are redeployed to other stations.

The Streets and Transit Fund continues funding for maintenance crews to maintain streets, pavement markings and striping, highway lighting, and traffic signalization. Tulsa Transit's Peoria Bus Rapid Transit route as well as Sunday service are funded by the Streets and Transit Fund.

Utilities

+ Water and Sewer

The Tulsa Metropolitan Utility Authority (TMUA) implemented an asset management program focused on capital prioritization and optimization, while balancing risk and financial stability. The success of the program has enabled TMUA to recommend no increase in water rates for FY22 or FY23. The difficult, but necessary, rate increases in previous years have allowed for most capital improvement projects to be paid with cash.

A 3% revenue increase is proposed for the sanitary sewer system in FY22, down from an originally planned 7% increase. The capital improvement plan and debt remain the main drivers for the sanitary sewer rate increases, representing nearly half of the budget. The five-year plan includes subsequent revenue increases at 7% in FY23 and 6% in FY24, followed by a 4% increase in FY25 and a 3% increase in FY26. The shorter lifespan of the sanitary sewer system and debt service necessitate the sewer rate increase higher than the water rates.

+ Stormwater

The Stormwater Drainage and Hazard Mitigation Advisory Board initiated a Stormwater Utility Enterprise Initiative (SUEI). The initiative is an asset management and strategic planning study. The approach is the same as previously undertaken by the Tulsa Metropolitan Utility Authority. The Stormwater UEI is providing the data to allow the stormwater utility to transform from reactive to proactive decision-making. A study phase was completed to determine baseline conditions and develop the desired vision and schedule for the program. The project is currently wrapping up the initial implementation phase. The results of a Gap Assessment were used to identify areas of emphasis, which include: a detailed review of current and future operations and maintenance practices (O&M), risk modeling to identify funding required for potential rehabilitation and replacement of existing assets, as well as a process for prioritization of capital projects based on risk and cost/benefit analysis. Next steps include expanding the capital project prioritization beyond the pilot projects modeled currently, annual update of the risk model, staff training, and use of the data provided to inform future rate and budget recommendations

The 3% rate increase for the stormwater system will allow the City to start implementing the operational needs and moving toward the direct funding of large stormwater capital projects that have been included in Citywide capital programs such as Improve Our Tulsa in the past. This increase was originally scheduled to be 7% but was scaled back due to COVID. Recommended operation expansions were delayed one year.

+ Other Utilities

There are no plans to change rates for trash service or emergency medical services in FY22. The fee in lieu of taxes rate from the utility funds to the General Fund is an average of the sales tax and franchise taxes paid by other utilities. The water utility has an additional fee of 0.75% to cover system lease agreement conditions. The calculation methodology is set by ordinance. The FY22 rate for utilities other than water is 6.2%. The rate for water is 6.95%.

Capital Budget

The capital budget totals \$88.4 million in directly funded projects, net of transfers. This budget includes \$32.9 million in sales tax funded projects from the 2022 Improve Our Tulsa II program. This program includes funding for critical projects for Police, Fire, Parks, Citywide Public Facilities, Economic

Development Infrastructure, Transit rolling stock and Capital Equipment. Priorities in this year's budget, include \$10.4 million for apparatus replacement for the Fire Department, \$4.0 million for the construction of a new parking garage for the Veterans Hospital to be constructed in downtown Tulsa and \$11.3 million for Capital Equipment.

The capital budget includes higher levels of direct funding for water and sewer capital projects from the enterprise funds. It provides \$18.2 million for water treatment plant work, supply system repairs, water line replacement and relocation projects. Additionally, \$35.5 million will be used for sewer treatment plants, pipe replacement and other system work. Stormwater will receive \$6.2 million for stormwater pipe extensions, drainage improvements associated with roadway projects, small critical drainage projects and detention pond rehabilitation.

The City has now received over four years of collections from the sales tax approved by voters in April 2016 for the Vision Tulsa economic development capital program which is set at 0.805% for the next four years. Implementation of the project scheduling and financing plan continues All of the planned revenue bond sales have been completed totaling \$346.6 million to provide advance funding for 26 projects. The \$510 million program will last 15 years. Directly funded projects total \$65.3 million in the proposed budget for nine projects, with the largest allocation going toward debt service.

Capital Plan

The City has a total inventory of capital projects, totaling \$8.65 billion, that are needed over the next 50 years. The capital plan focuses on projects that should be considered for funding in the next five years, totaling \$481.3 million. Close to two thirds (2/3) of the projects are renewal of existing infrastructure with the balance supporting growth. The plan is dedicated to utility system projects over the next five years as other recently approved capital programs have funded the majority of the City's other capital needs. The current authorization, for both the sales tax capital improvements program and the general obligation bond program, were extended in a November 2019 voter approved package totaling \$620 million. General obligation bond capacity will be available starting in FY26, and a limited amount of sales tax capital funding will be available beginning in FY25-26.

The capital plan and budget also reflect off cycle planned bond issues for the next year as well as high priority capital projects that should be funded over the next five years. During the upcoming fiscal year, the City anticipates undertaking an issuance of \$102.2 million in general obligation bonds. All funds will go toward street projects authorized in the 2014 Improve Our Tulsa program and 2020 Improve Our Tulsa II program. Some \$34.6 million in bonds and loans will finance sanitary sewer and stormwater projects that include concrete pipe replacement, interceptor rehabilitation, sewer line rehabilitation and a stormwater outfall line from Hager Creek to the Arkansas River.

Funds will be appropriated by budget amendment upon completion of each bond sale. Taken together these bond sales will add \$136.8 million in additional funds to the capital budget, bringing the amended total to \$225.2 million.

Summary

The last year has been difficult for our residents, businesses and the employees of the City. But, as always, our team rises to the occasion and gets the job done. This proposed budget prioritizes rewarding our employees for their hard work and dedication to service through compensation increases and while building our reserves to weather the next storm. Though the last year has been challenging, we continue to seek our vision for Tulsa: to be a globally competitive, world-class city. I welcome the Council's review and I thank you for your questions, suggestions and advice in finalizing this proposed budget.



TULSA CITY COUNCIL

Dear Citizens of Tulsa,

On behalf of the Tulsa City Council, we are pleased to present the City of Tulsa Fiscal Year 2021-2022 Annual Budget and Capital Plan.

A year ago, the Council approved a budget in the midst of a global pandemic and a national recession. Working with the Mayor we took action to adjust our revenue expectations and our expenses. A hiring freeze, suspension of employee travel, and non-sworn employees supported by the General Fund began furloughs equal to a 10% pay cut. Regardless, we were able to traverse that fiscal year without any reduction in public safety protections. In contrast, in this budget, the City Council, with the Mayor, are pleased to recognize the great work that City employees have accomplished in this past year by funding satisfactory performance increases (SPIs) for every qualifying City employee, and ending both the City's hiring freeze and travel ban.

This year's budget is \$799.4 million, which includes all city funds, including operating funds and our capital improvements program. General Fund revenues, which fund most of our core services, are projected to decline by approximately \$29 million from the FY 2021 budget, to \$262.9 million. This decline in revenue can be explained by \$30.9 million in one-time federal CARES Act funds that were deposited into the General Fund from the State of Oklahoma. Discounting these funds, a minor increase in recurring revenue for the coming fiscal year is projected.

Planning for this budget, the Council made expansion of the Community Response Team (CRT) a high priority, and this budget will expand the CRT mobile mental health crisis response to 5 days per week. It will also allow us to hire a civilian Clinical Services Coordinator to help the CRT team address the root causes of our mental health crisis. This will improve the administration's ability to effectively assist people suffering a mental health emergency and reduce reliance on other emergency services. For the Fire Department, this budget funds the replacement of ten (10) fire engines and one (1) ladder truck. It also funds new bunker gear for our Tulsa Firefighters, who have been forced to use old bunker gear for too long.

The Council has also been clear in its desire to see the evolution of services at our Municipal Court. This budget funds the establishment of a municipal court liaison, who will be the first person to greet visitors to Municipal Court and will stand ready to engage community members, help them navigate Municipal Court processes, and connect them with resources. It also funds a text message alert system to remind people of upcoming court appearances. This approach has been found to improve the rate of court appearances, which is important in our shared goal of reducing incarceration for non-violent offenders.

In closing, we thank Mayor Bynum, Finance Director James Wagner, and the entire Budget team who have worked long hours under difficult conditions to make sure every taxpayer dollar is utilized responsibly. We are all very fortunate to have this Budget team watching over our finances and for this we are truly grateful.

Sincerely,

Vanessa Hall-Harper
Council Chair

Lori Decter Wright
Council Vice-Chair

STRATEGIC PLAN UPDATE

In 2010 the City adopted PLANiTULSA as our long-term strategic plan for how Tulsa will look, feel, and function in the next twenty to thirty years. In 2017 the Mayor requested an organizational strategic plan to identify how our departments and employees would work in the short-term to ensure we can reach longer-term goals. This led to the City's **Action and Implementation Management (AIM) Plan** that was adopted in early 2018. The AIM Plan clearly outlines the actions to be taken by the organization to achieve Citywide outcomes and fulfill the organization's mission.

Our Mission: Build the foundation for economic prosperity, improved health and enhanced quality of life for our community.

The AIM Plan is broken out into four pillars: (1) **Opportunity**, (2) **Well-Being**, (3) **The City Experience**, and (4) **Inside City Hall**. Each pillar has AIMS (goals), Community Performance Indicators, Strategies, Actions, Deadlines, and Measurable Outcomes.

OPPORTUNITY			
AIM	Community Performance Indicator	2019	Target
Education	High school graduation rate	74.90%	76%
	% of residents with a bachelor's degree or higher	28.29%	33%
	% of residents aged 18-24 with an associate's or higher	39.6%	41%
Jobs	New jobs added to the local economy	3,480	4,002
	Labor force participation rate	64.8%	67.5%
	Per capita income	\$30,709	\$28,650
Transportation	% of population within 30-minute transit access	41.1%	30%
	% of population commuting to work via public transportation	1.0%	1.4%
Population Growth	City of Tulsa population	401,352	407,000
	Population Density (# of households per acre)	1.36	1.74
WELL-BEING			
AIM	Community Performance Indicator	2019	Target
Physical Health	% of residents who are overweight or obese	62.9%	61%
	Life expectancy gap between North and South Tulsa	11.04 years	5 years
Mental Health	Suicide rate per 100,000 residents	16.8	15
	# of individuals using non-domestic violence emergency shelter at least one night per year	5,545	4,990
THE CITY EXPERIENCE			
AIM	Community Performance Indicator	2019	Target
Traffic Safety	Total traffic fatality collisions	33	<34
	Total traffic collisions with severe injury	246	<285



STRATEGIC PLAN UPDATE

THE CITY EXPERIENCE			
AIM	Community Performance Indicator	2019	Target
Violent Crime Reduction	# of violent crimes per 100,000 residents	1059	859
Entertainment	# of special events permitted by the City	677	745
	Ticket sales at the Performing Arts Center (in millions)	\$12.7	\$7.725
Tourism	Annual occupancy tax	\$7,870,000	\$7,763,500
Streets & Sidewalks	Pavement condition index on arterial streets	67	69
Quality core services	% of property value saved from fires	93%	95%
	% of 911 calls answered within 10 seconds or less	54%	90%
	% of missed refuse collections	.051%	<2%
	% of customer service demand met for treated water	100%	100%
	Compliance with US EPA Stormwater Quality Permit levels	Compliant	Compliant
INSIDE CITY HALL			
AIM	Community Performance Indicator	2019	Target
Morale	% of employees agreeing that they like their jobs	82.1%	85%
	% of employees agreeing that morale is low among their co-workers	40.1%	51%
	% of employees agreeing that the City of Tulsa is a great place to work	64%	63%
World-class services	% of city departments regularly requesting feedback from their customers	NA	50%
	% of customers reporting positive satisfaction with services provided	NA	50%
	% of people who reported an issue to 311 that say they were satisfied with the responsiveness regarding their complaint	NA	50%
Responsible Management of Resources	City's Standard and Poor bond rating	AA	AA
	# of annual OSHA reported injuries	374	347
	% increase in General Fund Revenue collected over previous year	3%	3%

Senior leaders regularly convene to discuss progress on these high-level targets as well as action items and metrics identified within each strategy of the AIM Plan. There are monthly TulStat sessions where team members collaborate to identify opportunities to improve, test out ideas, and deploy what works. StatChat sessions occur weekly with more detailed reports on action items and metrics that refresh more regularly. They provide the team regular opportunities to continuously align resources and focus on long- and short-term outcomes.



CITY OF TULSA

FINANCIAL POLICIES

1. STRATEGIC PLANNING

- a. All planning activities, strategies and studies should be comprehensive and integrated on a City-wide basis.
- b. Plans, strategies and studies shall encompass multi-year time frames and be updated annually.

2. OPERATING BUDGET

- a. The City of Tulsa shall comply with the provisions of the *Oklahoma Municipal Budget Act, 11 O.S. Supp. 1979, Sections 17-201 through 17-216*. It shall be the responsibility of the Mayor through the Department of Finance to ensure compliance and the timely preparation of the City of Tulsa's annual budget.
- b. The budget will provide for adequate maintenance of the capital plant and equipment and for their orderly replacement.
- c. The City will maintain a budgetary control system to help it adhere to the budget.
- d. The City administration will prepare regular reports comparing actual revenues and expenditures to budgeted amounts.
- e. Each year the City will update revenue and expenditure projections for the next five years. Projections will include estimated operating costs of future capital improvements that are included in the capital budget.
- f. The City will integrate strategic plan goals and objectives defined in the Action and Implementation Management (AIM) Plan within the budget.
- g. The City will project its equipment replacement and maintenance needs for the next several years and will update this projection each year. From this projection a maintenance and replacement schedule will be developed and followed.
- h. It shall be the goal of the City that current operating revenues will be sufficient to support current operating expenses and in no case shall more than five percent (5%) of the operating budget be supported by the use of prior year's fund balances.
- i. Adjustments to Water, Sewer, Stormwater and Solid Waste Disposal service rates and fees shall be examined on an annual basis as an integral part of the City's budgetary process.

3. RISK MANAGEMENT

- a. The City will operate a risk management program to provide for protection against loss and a reduction in exposure to liability. Such program shall include an employee safety training program to minimize financial losses to the City.
- b. The City will establish a self-insurance program to provide for protection against major losses and will purchase excess coverage insurance to cover catastrophic losses where appropriate.

4. PROCUREMENT AND PURCHASING

- a. The City of Tulsa shall operate a consolidated Purchasing and Procurement System.
- b. The City's Purchasing and Procurement System shall encourage full and open competition on all purchases and sales.
- c. The operation of the City's Purchasing and Procurement System and Surplus Property Disposal System shall be based upon competitive bidding whenever possible.

5. REVENUES

- a. The City will estimate its annual revenues by an objective and analytical process.
- b. It shall be the goal of the City that all Enterprise Funds shall be self-supporting.
- c. The City will establish all user charges and fees at a level related to the cost of providing the services.
- d. Credit and Collection
 - i. The City of Tulsa will neither begin business activity nor continue to engage in business activity with an entity that owes the City funds from a delinquent debt.

- ii. Extended credit may be granted by the City for certain obligations. If payment is not timely, the City reserves the right to refuse future credit as well as take necessary legal action to obtain payment of the debt and collection costs.
- e. The City will try to maintain a diversified and stable revenue system to shelter it from short-run fluctuations in any one revenue source.
- f. Categorical federal and state grant revenues shall only be used to finance limited-time-period operations and/or one-time capital.
- g. Enterprise Funds will transfer annually a payment in lieu of taxes to the General Fund as defined by ordinance.

6. CAPITAL BUDGET AND IMPROVEMENTS

- a. The City of Tulsa's Capital Improvements Program shall be a five-year program and shall be updated annually. All departments' needs shall be considered in the plan.
- b. The City shall maintain a balanced mix of financing for funding capital projects, including pay-as-you-go, grants and debt, without excessive reliance on any one source.
- c. No capital project shall be funded which does not comply with the provisions of and is not contained in the currently approved Capital Improvements Program.
- d. The City will coordinate development of the capital improvement budget with development of the operating budget. Future operating costs associated with new capital improvements will be projected and included in operating budget forecasts.
- e. Capital projects will be scheduled based on the following criteria:
 - i. The project has been certified by the Planning Commission as being in accordance with City plans.
 - ii. The project will alleviate a service deficiency or replace a deteriorated and/or non-functioning facility.
 - iii. Federal or state law requires it to be done.
 - iv. Federal or state matching funds are available for the project.
 - v. A Federal or state agency will construct the facility at no cost to the City.
 - vi. The project will encourage economic development.
 - vii. The project is needed to solve an emergency situation.
 - viii. The project will improve the quality of life in the City's neighborhoods.
- f. Public hearings will be held before deciding what projects to include in any multi-year capital program which requires approval by the electorate.
- g. The CIP has been developed based on Government Finance Officers Association (GFOA) recommended best practices. <https://www.gfoa.org/capital-planning-policies>
- h. The CIP has coordinated with the Tulsa Planning Office to assess the CIP for conformance with the Comprehensive Plan and to prioritize projects which support Land Use Policies 5.5 and 13.3 in particular.

7. LONG TERM BORROWING

- a. General Obligation and Revenue Bonds shall only be issued for capital improvements and maintenance or expenditures related thereto. Revenue bonds shall be used to finance capital improvements wherever possible. No operating expenses shall be funded using any form of long-term financing.
- b. Bond borrowing shall be planned and the details of the plan shall be incorporated into the five-year Capital Improvements Program.
- c. The outstanding indebtedness of the City of Tulsa shall in total not exceed such levels as to cause the City's credit rating to be impaired and in all cases the City shall take such actions and adopt such policies and procedures as necessary to maintain a rating equal to at least AA for general obligation debt. In no event shall the net general obligation debt exceed twenty-five percent (25%) of the net assessed market valuation of the taxable property of the City of Tulsa as established by the County Assessor.
- d. Projects financed through the issuance of debt shall not be financed for a period that exceeds the expected useful life of the project and in no event shall the term of any debt exceed twenty-five (25) years.

- e. Refunding of outstanding debt shall only be considered when present value savings of at least four percent (4%) of the principal amount of the refunded bonds are produced, unless a restructuring or bond covenant revisions are necessary to facilitate the ability to provide services or issue additional debt in accordance with established debt policy and limitations.
- f. Bond sales shall be structured to achieve level debt service payments to the extent possible taking into consideration the costs of such financings. Either variable or fixed rate financing may be used, subject to applicable laws, depending on the cost benefit to the City of each option.
- g. Interest earnings from general obligation bond proceeds shall be deposited in the General Fund.
- h. Competitive sale shall be used for all general obligation debt issuances of the City of Tulsa.
- i. Negotiated or competitive sale may be used for revenue bonds.

8. INVESTMENTS AND DEPOSITS

- a. It shall be the objective of the City of Tulsa to pool and invest public funds in accordance with current legislation and the Charter of the City of Tulsa. Criteria for investing shall adhere to the following order of priority: (1) Safety, (2) Liquidity, (3) Yield.
- b. Responsibility for the investment program of the City shall be vested with the Director of Finance who shall establish an investment program consistent with an adopted investment policy.
- c. The City will establish a cash flow management system which includes the preparation of a cash flow analysis of all funds on a regular basis. Disbursement, collections and deposit of all funds will be scheduled to ensure maximum investment return and cash availability subject to the City's investment policies. The cash flow management system shall ensure the City can offset significant downturns in revenues which could not have been reasonably foreseen and provide sufficient working capital and cash for daily financial needs.
- d. The City will make arrangements with banks on a contractual basis for a specified period of time with specified fees for each service rendered.

9. RESERVES

- a. The City shall establish and maintain an operating reserve in the General Fund to provide for unanticipated expenditures of a non-recurring nature or to meet unexpected increases in service delivery costs. The reserve, per ordinance, is to maintain an emergency operating reserve of ten percent (10%), unless during the annual budget process the Mayor and City Council agree that the reserve cannot prudently be maintained at 10%. Prior to allocating funds from the reserve for unanticipated expenditures, the Mayor shall prepare an analysis and present it to the City Council.
- b. The City may establish and maintain operating reserves in its enterprise funds to pay for expenses caused by unforeseen emergencies or shortfalls caused by revenue declines.
- c. The City shall establish an Economic Stabilization Reserve as directed by the City Charter. This reserve shall be used to assist in limiting the amount of reduction required in the General Fund budget during times of declining revenues. Defined criteria have been established within the charter for allocation to the reserve and withdrawal from the reserve.

10. ACCOUNTING

- a. The City of Tulsa's accounting systems shall be operated and maintained in accordance with generally accepted principles and standards as promulgated by the Governmental Accounting Standards Board.
- b. The City's accounting and financial transactions shall be audited annually by a recognized independent certified public accounting firm and such audit results shall include a management letter detailing areas where improvement is needed. A firm to perform such audit shall be chosen not more than once every five (5) years.
- c. The City shall prepare and issue an official Comprehensive Annual Financial Report no later than six (6) months following the fiscal year-end in accordance with Government Finance Officer's Association and Governmental Accounting Standards Board principles and standards.
- d. The City of Tulsa shall establish and maintain an accounting control environment to help ensure proper authorization for financial transactions and proper procedures for safeguarding assets.

- e. The City will comply with bonded debt covenants requiring yield restrictions on certain investments and accounts in compliance with *Internal Revenue Code, Section 148 - Arbitrage*.

11. TRUSTS AND AUTHORITIES

- a. Unless otherwise provided by the operation of law, all Trusts and Public Authorities which receive funding from the City of Tulsa shall conform to the City's Financial Policies and procedures where applicable.

12. PENSION FUNDS

- a. The pension funds of the Municipal Employees' Retirement Plan shall be managed by the Pension Board as set forth in City Ordinance and Oklahoma Statute.
- b. The City's annual budget will provide for adequate funding for the Municipal Employees' Retirement System.
- c. Investments shall be made in conformance with an investment policy adopted by the Municipal Employees' Pension Board.

(Published in the Tulsa World
June 27, 2021

ORDINANCE NO. 24627

AN ORDINANCE ADOPTING THE ANNUAL BUDGET OF THE CITY OF TULSA FOR THE FISCAL YEAR 2021-2022; ORDERING THE TRANSFER OF ENTERPRISE INCOME TO THE GENERAL FUND; APPROPRIATING UNEXPENDED BALANCES FOR GRANT FUNDS AND CAPITAL PROJECT FUNDS FOR FISCAL YEAR 2021-2022; ORDERING AND DIRECTING THE COMPUTATION AND FILING OF LEVY REQUIREMENTS FOR THE 2021-2022 SINKING FUND OF THE CITY OF TULSA, OKLAHOMA; RESERVING FUND BALANCE OF EIGHT PERCENT (8.0%) AS AN EMERGENCY OPERATING CONGTINGENCY IN THE GENERAL FUND; APPROVING AN EMERGENCY TELEPHONE FEE OF FIVE PERCENT (5%) FOR CALENDAR YEAR 2022; ORDERING THE FILING OF THE CITY OF TULSA BUDGET, FISCAL YEAR 2021-2022 WITH THE STATE AUDITOR AND INSPECTOR OF THE STATE OF OKLAHOMA; AND ORDERING THIS ORDINANCE TO TAKE EFFECT IMMEDIATELY FROM AND AFTER ITS ADOPTION AND APPROVAL.

BE IT ORDAINED BY THE CITY OF TULSA:

Section 1. That the annual budget of the City of Tulsa, Oklahoma, for Fiscal Year 2021-2022 be and is hereby adopted under the Municipal Budget Act, 11 O.S. 2001, §§ 17-201, *et seq.*, as amended.

Section 2. That the transfer of six and nine hundred fifty hundredths percent (6.950%) of Water and six and two tenths percent (6.20%) of Sewer, Stormwater, and TARE/Solid Waste rate income to the General Fund of the City of Tulsa, Oklahoma, be and is hereby approved and ordered.

Section 3. That the unexpended appropriation balances and encumbrances for grant funds and capital project funds for Fiscal Year 2020-2021 be and the same are hereby appropriated to the same funds, accounts and for the same purposes for Fiscal Year 2021-2022 unless the project is designated to be closed.

Section 4. That the Mayor shall compute the levy requirements for the 2021-2022 Sinking Fund of the City of Tulsa, Oklahoma, utilizing a reserve of ten percent (10%) for delinquent taxes and cause the same to be filed with the Excise Board of Tulsa County, Oklahoma.

Section 5. That the Mayor and City Council shall reserve fund balance for Fiscal Year 2021-2022 in an amount equivalent to eight percent (8.0%) of projected revenues as an emergency operating contingency in the General Fund that can only be spent with Council approval.


Section 6. That an Emergency Telephone Fee (E-911) of five percent (5%) of the tariff rate be and the same is hereby approved and ordered for calendar year 2022 in the City of Tulsa, Oklahoma.

Section 7. That one (1) copy of the adopted budget, being marked and designated as "City of Tulsa Budget, Fiscal Year 2021-2022" be and the same are herewith ordered to be filed in the Office of the City Clerk of the City of Tulsa, Oklahoma, on the 30th day of June, 2021, and one (1) copy with the State Auditor and Inspector of the State of Oklahoma.

Section 8. That an emergency is hereby declared to exist for the preservation of the public peace, health, and safety, by reason whereof this ordinance shall take effect immediately from and after its adoption and approval.

ADOPTED by the Council **JUN 16 2021** .

Date



Chair of the Council

ADOPTED as an emergency measure: **JUN 16 2021** .

Date



Chair of the Council

OFFICE OF THE MAYOR

Received by the Mayor: _____, at _____.
Date Time


G. T. Bynum, Mayor

By:

Secretary

APPROVED by the Mayor of the City of Tulsa, Oklahoma: JUN 23 2021
Date

at _____.
Time



Mayor

(Seal)

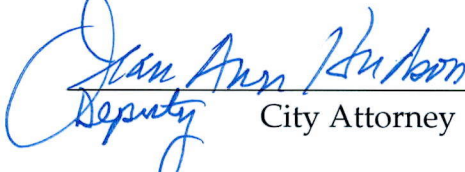
ATTEST:



City Clerk



APPROVED:

 6/24/2021

Deputy City Attorney

(Published in the Tulsa World
June 27, 2021)

ORDINANCE NO. 24628

AN ORDINANCE APPROVING AND ADOPTING THE CAPITAL IMPROVEMENTS PLAN OF THE CITY OF TULSA, OKLAHOMA, FOR THE FISCAL YEARS 2022-2026 ORDERING THE FILING OF DOCUMENTS WITH THE CITY CLERK; AND DECLARING AN EMERGENCY.

BE IT ORDAINED BY THE CITY OF TULSA:

Section 1. That the Capital Improvements Plan of the City of Tulsa, Oklahoma, for Fiscal Years 2022-2026 be and is hereby approved and adopted in accordance with Title 4, Chapter 4, City of Tulsa, Oklahoma, Revised Ordinances.

Section 2. That one (1) copy of the approved and adopted capital plan, being marked and designated as "City of Tulsa Capital Improvements Plan, Fiscal Years 2022-2026," be and the same is herewith ordered to be filed in the Office of the City Clerk of the City of Tulsa, Oklahoma, on the 30th day of June, 2021

Section 3. That an emergency is hereby declared to exist for the preservation of the public peace, health, and safety, by reason whereof this Ordinance shall take effect immediately upon its adoption and approval.

ADOPTED by the Council JUN 16 2021

Date

Vanessa Hall-Hay
Chairman of the Council

ADOPTED as an emergency measure JUN 16 2021

Date

Vanessa Hall-Hay
Chairman of the Council

OFFICE OF THE MAYOR

Received by the Mayor: _____, at _____.
Date Time


G.T. Bynum, Mayor

By:

Secretary

APPROVED by the Mayor of the City of Tulsa, Oklahoma: JUN 23 2021
Date

at _____.
Time



Mayor

(Seal)

ATTEST:



City Clerk



APPROVED:



Deputy City Attorney