

PUBLIC SERVICE

SECTION 1

POLICIES

This section includes the Mayor's budget message; the Mayor's budget transmittal letter to the City Council; the long-range Financial Policies; and the ordinances adopting the Budget and Capital Plan.

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CITY OF
Tulsa
A New Kind of Energy™

Fiscal Year 2024 Budget Presentation

Thank you Chair. The budget before you reflects total proposed expenditures in the coming fiscal year of \$966.8 million.

These funds can be broken into two main categories: capital expenditures of \$117.8 million which are largely determined by voter-approved programs, and operating expenditures of \$849M across all funds which are largely determined by the ten of us as the elected representatives of the citizens. The General Fund, which is our main source for the City's daily operations, is budgeted at \$397.6M, a 5% increase over the previous year.

Outside of the General Fund, which is driven mostly by tax revenue, most of our operating fund are directed toward City utilities. Each year, rates for these utilities are adjusted based on the cost of providing the service. Within this budget, rate increases for City utilities include 3% for water and 4% for sewer. Through deliberate and continued effort over the last 15 years, these utilities have been brought in line with the yearly cost of service. Our stormwater system is in the process of reaching this goal, and is recommended for an 8.5% increase. Our trash system went a decade without any rate increases and last year went through a competitive bidding process to establish the new market rate. This has resulted in a multi-year readjustment of trash rates, and the recommendation in this budget is a 16% increase. The total impact to an average household of these rate increases is \$6.45 per month.

For the City's operations, this budget is guided - as it has been every year of my Administration - by the shared goals identified at our annual Mayor-Council Retreat. Coming out of that retreat, we had 6 main priorities: employee recruitment, retention, and compensation; improving neighborhood conditions; habitability; customer service; and passage of Improve Our Tulsa. We are working together on that last one through a separate program, but this budget has been designed to address each of the first 5 goals.

Our greatest expense as a City is rightly on our greatest asset: our team. The citizens of Tulsa benefit from employing the best team of public servants in any city in the world. Our ability to deliver quality service to the citizens we serve is entirely dependent on the members of our team, and we want this to be the best place for them to work - whether they are going through new employee orientation this week or they are celebrating - as we did recently with a member of our Parks Department staff - 50 years with the City.

Thanks to the strong working relationship we have with the Fraternal Order of Police, we currently have a two-year contract under way with the men and women who serve in the Tulsa Police Department. This budget will honor the second year of that contract.

The Human Resources Department has recommended pay increases for each non-sworn employee group in line with market competition. This budget would fund all of those increases effective January 1.

We remain in negotiation with IAFF Local 176 for a contract that governs firefighter pay and are optimistic we will reach agreement there.

When we talk about building a great workplace for great public servants, we also have to focus on stability. This budget fully funds our 10% Emergency Operating Reserve and continues contributions to the Rainy Day Fund, both existing to protect job stability and service delivery.

And at a time when the challenges of public service seem more complex than ever, and awareness around the need for mental health is prevalent, this budget funds the expansion of our Employee Assistance Program - increasing the number of free counseling sessions team members can utilize.

The top responsibility of the city government is public safety, and the greatest public safety challenge we face is Police Department staffing. I am very grateful for the City Council's support of a signing bonus program for the Tulsa Police Department. It has made a big difference. But we still are not identifying candidates who meet the high standards of the Department at the pace we need to reach our overall staffing goals. While we continue to work toward those staffing goals, including the funding of increased recruitment marketing for TPD, the budget before you represents a modernization of the Tulsa Police Department to make better use of the officers we have.

The budget before you includes civilianization of 12 positions in the Tulsa Police Department currently staffed by uniformed officers that will be handled by civilians moving forward, freeing officers to get out of the office and back in the field. These include everything from special events coordination to a new program of specialists supporting ongoing investigations.

The budget before you also funds significant technology upgrades, including next generation body camera and vehicle camera deployment and IT support for the new Real Time Information Center - the greatest technological advancement for the Department in decades.

This budget continues the signing bonus program for a September academy. We will assess effectiveness after that for future academies.

Thankfully, we do not face the same staffing issues in the Tulsa Fire Department. However, as you well know, the great challenge there is with rundown equipment. While we seek to address this long-term in Improve Our Tulsa, thanks to funding relief through a federal grant, Tulsa Fire Department leadership proposes to use \$3.3M in budget savings to acquire three fire engines and a Hazmat Air Truck.

Thanks to the work of the Pre-Hospitalization Community Health Care Working Group, we know we want to do a more in-depth survey of emergency medical response service stakeholders. This budget funds that survey. Once the Working Group releases its final recommendations, the specifics of that survey can be defined but the estimated funding for it will be available to move forward. I want to thank the members of that Working Group for your commitment to a thorough and honest evaluation of emergency medical response services in Tulsa.

Similarly, our Housing, Homelessness, and Mental Health Task Force continues its research into ways the City can be most helpful in addressing these community challenges. But we already know there are several common themes that are already coming up again and again. One is the need for more housing, which we are working on through our economic development efforts and the proposed Improve Our Tulsa program. But another common need that has been repeatedly cited is for a mental health coordinator employed by the City that manages - at the very least - mental health response by City personnel and possibly also by non-profit providers. This budget funds the creation of that position at the City. I want to thank the members of this task force for your ongoing work to develop new approaches to some of the great issues facing cities today.

Of course, the way most Tulsans access any emergency service is through 9-1-1. We have increased pay in recent years to be more competitive, but we also need to increase staffing in the center. I am thankful we recently graduated 6 new 9-1-1 call takers this month. This budget would fund an additional 6 in the coming year.

The greatest change reflected in this budget is the reorganization of several City departments offices, and agencies into the new Department of Public Works, Department of Water & Sewer, and Department of City Experience. These changes are rooted in our organizational commitment to continuous improvement.

Our new Public Works Department will bring transportation planning, design, engineering, and project management into one cohesive team. We want street projects to be completed more quickly, and we want citizens to be delighted with the end product. We also want a competitive environment for contracting, which results in more efficient use of the taxpayer's dollar. To this end, one of the first requests new Department Director Terry Ball made after his appointment was the project management software long sought by the contracting industry. This will improve management of project progress, status, planning, and financials - and should aid in improvements to timely contractor payments. The acquisition of that project management software is funded in this budget.

Our new Water & Sewer Department will vertically integrate the planning, design, and engineering for water and sewer projects across the City.

I am also excited to announce that this budget funds the relocation of both the Public Works and Water & Sewer Departments to the same floor of One Technology Center where their daily collaboration will be better facilitated.

The biggest change comes with the establishment of the Department of City Experience. The key idea behind this shift is that while we do so many big things as a city, we don't want to lose sight of ensuring high quality of life at a neighborhood level. As my predecessor, Mayor Rodger Randle has said many times: "Tulsa is a city of neighborhoods." And we have great neighborhoods. But we can do a better job of supporting them by unifying thoughtfulness with empowerment to act. That combination is the purpose of this new department.

The Department of City Experience is mostly formed by taking many functions the City previously utilized and combining them into a more cohesive team. These include the former Working In Neighborhoods Department, the Tulsa Planning Office, the Mayor's Office of Resilience and Equity, the special projects team in Engineering Services, and others. All of these services will continue to be provided, now through the Department of City Experience.

But additional services will now also be provided. These include a Citizen Services Advocate, providing concierge customer service support for the Mayor and City Council; a City Design Studio, providing neighborhood-level urban design services for world class placemaking in all parts of the city; (Slide 23) and the new multifamily housing inspection program recommended by the Habitability Working Group. All of these services are provided for in the proposed budget.

Also included in the Department of City Experience is Tulsa Animal Welfare. I am very grateful to the leadership of Sherri Carrier and Colton Jones, who have led a remarkable turnaround there in a short

period of time. This budget includes additional positions for Animal Welfare, including two additional Animal Control Officers, an additional Vet Tech, and a new Outreach Coordinator.

And while it is not housed in the Department of City Experience, this budget also funds the expansion of litter clean-up services citywide, a crucial service to maintaining quality neighborhoods.

In closing, I want to thank our budget team, led by Finance Director Tammy Pitts. 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.


And if you've noticed a recurring theme in this budget, it is that this implements the results of collaborative policy development work done over the previous year by the City Council and Mayor's Office. While it sometimes feels like we have a working group or task force for every conceivable issue, the reality is that this Council and my Administration are committed to thoughtful analysis of the big issues facing Tulsa and are prepared to follow through on consensus recommendations. This budget is the result of the Mayor-Council Retreat; the Habitability Working Group; the Housing, Homelessness, and Mental Health Task Force; the Pre-Hospitalization Community Health Care Working Group; and in many cases years of ongoing discussion.

I want to thank each councilor who has committed your time and effort to these evaluations of the opportunities before us. I am grateful for your partnership in the development of this proposed budget.

Thank you.

DATE: April 19, 2023

TO: Councilor Hall-Harper Councilor Bellis Councilor Decter Wright
Councilor Cue Councilor Miller Councilor Lakin
Councilor Patrick Councilor Bengel Councilor Fowler

FROM: Mayor G. T. Bynum 

SUBJECT: **FY2024 Budget and Capital Improvement Plan along with a Financial Plan for FY2025**

I am transmitting the proposed operating and capital budget for Fiscal Year 2023-24 (FY24) along with corresponding financial plans for the following year (FY25). This document also includes a capital improvement plan for FY24 through FY28. 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.

The total FY24 budget is \$966.8 million. This is a decrease of \$1.7 million, or .2%, less than the FY23 original adopted budget. The operating budget is \$849.0 million, a \$11.2 million increase, or 1.3% over the FY23 original adopted budget. The capital budget is \$117.8 million, a \$12.9 million decrease, or 10% less than the FY23 original adopted budget.

Economic Context

+ U.S. Economy

The focus will be on the Federal Reserve as inflation slows and unemployment rises and what policy changes will be implemented by the FOMC. The CPI inflation index remains elevated at 6.0% in February 2023. As of their March 2023 meeting, the Federal Reserve is predicting a flat real GDP growth rate of (0.0% – 0.8%) for FY24 and (1.1% – 1.7%) for FY25. Late to start raising interest rates, the Fed has had to tighten which has caused the yield curve to invert further. While not a prediction of future economic growth, a yield curve inversion has happened just prior to 9 out of 11 U.S. recessions. The question going into FY24 will be whether the Federal Reserve will be able to execute a soft landing without tipping the economy into a recession.

+ Energy

Since the third quarter of 2022, crude oil prices have fallen from \$87/barrel to as low as \$68/barrel. 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, a result of Federal Energy

Regulatory Commission (FERC) policy changes. We expect oil prices to follow the economic conditions and the yield curve heading into FY24.

+ Aerospace

Several large employers in the Tulsa metro area are in the aerospace industry. Two of the largest are American Airlines with over 4,000 employees in the Tulsa metro area and Spirit AeroSystems with over 1,000 employees in Tulsa. In 2020, American Airlines announced plans to invest \$550 million in the Tulsa maintenance base, and the Tulsa Municipal Airport Trust (TMAT) and American Airlines recently executed a Fully Amended and Restated Sublease which cements American's place as one of Tulsa's largest employers for decades to come. It was announced in February 2022 that the City of Tulsa and American Airlines extended their leasing agreement to year 2048. This optimism is also reflected in the growth of aerospace employers such as L3Harris, which employs more than 260 people at its 90,000-square-foot facility at Tulsa International Airport. Its creation of a new production line for the "Sky Warden" program could potentially create an additional 100 jobs here in Tulsa.

Airline passenger traffic continues to rebound as Tulsa International Airport traffic grew again in 2022 which was up almost 22% from 2021, with the outlook for summer traffic anticipated to be strong. A new service launched on Breeze Airways for direct nonstop service to Orlando, FL, which began on March 2023. Additionally, regional leadership is actively pursuing funding to replace the Air Traffic Control Tower, a project which is critical to the long-term success and viability of the airport.

+ Local Impacts

Economic projections indicate that the fiscal year may experience low to flat growth for 2024. Unemployment is expected to rise as tighter credit conditions impact growth sectors in the economy. Interest rates are projected to fall as inflation starts to come down and unemployment starts to rise. Historically, the Tulsa MSA trends below the national unemployment rate.

Key indicators of the health of the local economy are unemployment and wages. The area monthly average labor force increased 1.4% from 2021, gaining 7,000 participants in 2022. The total labor force increased in 2022 by 1.7%. Wage and Salary employment (total nonfarm employees) witnessed an increase of 3.9% in 2022 on average, equating to approx. 18,100 jobs. Unemployment decreased throughout 2022, ending the year at 2.7% in December. The average unemployment for the Tulsa MSA was 3.2% for 2022 in total.

Per capita personal income in the Tulsa MSA has grown from \$50,913 in 2012 to \$59,941 in 2021, the latest data available. This represents a 1.7% annual growth rate and tracks closely with the growth in US per capita personal income.

The largest source of revenue for the City is sales tax which accounts for 34.0% of FY24 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 (0.45), the Vision Tulsa (1.15) funds, which include Economic Development (0.805), Public Safety (0.26), and Streets & Transit (0.085). Also included in the remaining funds is (0.05) cents for the City's Economic Stabilization Reserve. Sales tax receipts of \$339.4 million are projected in FY24, a 4.4% increase from the FY23 budget.

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%. The General Fund receives 3.1 cents of the City's use tax rate for operations and the remaining 0.55 cents are placed in the 2016 Tulsa Economic Vision Fund. The FY24 proposed budget Use Tax projection is \$63,972,000, a 7.0% increase from the FY23 budget.

Budget Highlights

The FY24 budget reflects a new organizational structure with enhanced community focus with the establishment of the Department of City Experience (DCE) and reestablishment of the Public Works Department. The City's Streets and Stormwater Department and most of the current Engineering Services Department will work together in the newly formed Public Works Department. This will allow both departments to work more directly on projects from conception to completion as the Streets and Stormwater Department is responsible for maintaining the streets and stormwater infrastructure built and coordinated by Engineering Services. This move integrates street construction and maintenance so the new Public Works Department can focus on everything involving streets. Some engineers from Engineering Services will move under the City's Water and Sewer Department to engage in the work of the Water and Sewer Department more directly.

The City's Working in Neighborhoods (WIN) Department will formally transition to DCE with a key focus on citizen-centric design and engagement. Six sections/offices will comprise the new department, including: Animal Welfare; Neighborhood Inspections; Community Development and Housing; Tulsa Planning Office; City Design Studio; and the Mayor's Office of Resilience and Equity (MORE).

As part of the new DCE structure, Planning staff will be incorporated back into the City of Tulsa, and MORE will be formally established in the organizational structure to continue the City's work to achieve equality for all Tulsans. Moving Housing policy to the DCE will consolidate housing efforts and solidify the City's commitment to increasing housing stock in Tulsa. The Design Studio in DCE will lead the design process for the City as well as lead the community engagement process for projects as they happen. The division will be made up of engineers and architects, planners, and urban designers, frequently inviting students, volunteers, and design professionals to participate in its decision-making processes.

The FY24 budget continues to place emphasis on employee compensation, recruitment, and retention to address increasing private sector competition for qualified workers. Great strides were made in recruitment in FY23 for non-sworn work units where vacancies were highest prior to compensation increases. As of March 2023, the four non-sworn work units with the highest vacancies on average achieved a thirteen percent reduction of vacant positions since July 2022. The FY24 budget will fund the second year of the two-year contract with the FOP. Currently the City is engaged in ongoing negotiations with the IAFF.

This budget includes investments in public safety. In the Police Department, 75 cadets are budgeted to go through the academy. The budget provides a one-time increase of \$200,000 for police recruiting to ensure all the positions in the academy are filled. The budget also funds the civilization of twelve positions to allow uniformed officers to focus on core policing activities and six additional emergency communicators (911 operators) are funded.

Along with continued funding for the Real-Time Information Center (RTIC), the budget includes funding for next generation technology modernization of body worn cameras, in car cameras, tasers, and implements an enterprise software solution.

For the Fire Department, this budget includes an academy of 17 cadets, which will ensure the Fire Department remains fully staffed. FY24 is the second year of the SAFER Grant. The annual savings from this grant along with the annual allocation from Improve Our Tulsa II, the Fire department will receive \$7.6 million for apparatus replacement and high priority capital equipment replacement.

To promote efficiencies in mental health crisis responses, a Mental Health Coordinator position is funded in the FY24 budget. This position will coordinate City resources along with the City's non-profit partners to provide services efficiently and effectively to citizens in need during a mental health crisis.

Continuing improvement to customer service and habitability were priorities identified at the Mayor/Council retreat. This year's budget includes funding for a Citizen Services Advocate to work with City leadership to identify and promote resolutions for systemic issues. This position will utilize City department liaisons, The Office of Performance Strategy and Innovation and early settlement program to resolve, mediate or improve processes to better serve citizens, elected officials, and stakeholders. The budget also funds a multi-family housing inspection program. This program is a collaboration between the Fire Department and DCE's code enforcement program and will add two Fire Marshals and two Neighborhood Inspectors. These positions will work together to focus on the inspection of multi-family housing with the goal of addressing properties' habitability issues or concerns with residents and property owners.

This budget includes funding to complete a much needed facility condition assessment for the City's real estate assets. This assessment will help guide resources and optimize operational and capital funding

needs for the City's assets. Similarly, funding for capital project management software to assist with management of project planning, status, and aid in timely contractor payments. To further the City's commitment to transparency and accountability, this budget will also fund an open records management software to track citywide open records requests and ensure timely responses.

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 FY23 budget adoption, revenues in the General Fund were estimated to be \$358.3 million, but are now estimated to exceed estimates by nearly \$18.6 million.

General fund revenues for FY24 are expected to be \$376.9 million, approximately 5.2% more than the original budget for FY23. Sales and uses taxes account for 64.0% of the General Fund.

The General Fund Emergency Operating Reserve is set at a level of 10% of General Fund revenues. In the FY23 budget the long-time goal of a 10% operating reserve was achieved and the FY24 budget continues the City's commitment to maintain that reserve. An addition of \$7.7 million has been added in FY24, increasing the reserve to \$31.6 million. The City's Economic Stabilization Reserve (aka Rainy Day Fund) is expected to have a fund balance of \$17.4 million by the end of FY24.

The largest expenditure category is payroll, which represents 71.5% of the General Fund budget. This budget includes compensation increases at an amount equivalent to a satisfactory performance increase for eligible employees.

Public safety receives the largest allocation of resources at 54.5% of the General Fund. However, 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%. Seventy-Five police officers, supported by the general fund, are budgeted for and expected to go through the police academy this year. Additional funding is provided in the FY24 budget to continue recruitment efforts. The Fire Department is scheduled to have a General Fund supported academy of 17 firefighters this fiscal year, which will keep pace with attrition.

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 also 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 difficult, but necessary, rate increases in previous years have allowed for most capital improvement projects to be paid with cash, thereby substantially reducing the need to utilize ongoing revenues for debt service. While the program has been successful at reducing revenue requirements necessary for continued operation of the enterprise system, uncharacteristically high inflation has recently impacted trends of otherwise routine costs. Considerable increases in chemical costs continuing into the next two years will impact operational expenses, which has led TMUA to recommend a 3% rate increase in FY24 and FY25. This increase will permit the City to continue mandated treatment to provide and maintain a safe water supply; as well as continue preventative care of assets, thereby reducing more costly capital replacements over the long term.

A 4% rate increase is proposed for the sanitary sewer system in FY24, the originally planned increase was 6%. The capital improvement plan and debt remain the main drivers for the sanitary sewer rate increases, representing nearly half of the budget. However, capital prioritization and optimization continue to positively impact ongoing revenue needs. The five-year plan includes subsequent revenue increases at 4% in FY25 and 3% in FY26, followed by a 2% increase in FY27 and a 1% increase in FY28. The shorter lifespan of the sanitary sewer system and current debt service needs necessitate the sewer rate be increased 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 similar to the effort previously undertaken by the Tulsa Metropolitan Utility Authority. The Stormwater UEI provides data to enable the stormwater utility to transform from reactive to proactive decision-making. A study phase determined baseline conditions and developed vision and schedule for the program. The project is in the last stages of implementation. 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 prioritizing capital projects based on risk and cost/benefit analysis. Next steps in FY24 and FY25 include expanding the capital project prioritization beyond pilot projects, an annual update of the risk model, staff training, and continued use of the data provided to inform future rate and budget recommendations.

The 8.5% rate increase for the stormwater system would allow the City to continue implementing the higher level of service began in FY22 and move 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.

+ EMSA and Solid Waste

There are currently no changes to rates for emergency medical services in FY24. The Tulsa Authority for Recovery of Energy (TARE) approved a mid-year rate increase in FY23 of 20% for trash service. Additionally, a 16% residential rate increase is included for FY24, followed by a 10% increase in FY25. These rate increases are needed as the previous trash service provider contract rates were locked in for the previous decade at below market rates. Executed in FY23, the new agreement has been mitigated through a phased in approach to bringing charges up to current market rates.

+ Utility Fee in Lieu of Taxes

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. In February 2022, voters approved an additional one percent fee of all gross revenues collected by the Public Service Company of Oklahoma (PSO) to be deposited into a special revenue fund for the maintenance and repair of public ways. The amended fee increased the utility franchise fee, and thereby increased the fee in lieu of taxes rate, as determined by the calculation set in ordinance. In FY24 the rate for utilities except water will be 6.7%. The rate for water will be 7.45%.

Capital Budget

The capital budget totals \$129.5 million in directly funded projects, net of debt service. This budget includes \$36.7 million in sales tax funded projects from the 2020 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: \$4.3 million for apparatus replacement for the Fire Department, \$16 million toward the construction of the South Tulsa Dam and related amenities, and \$14.3 million for Capital Equipment.

The capital budget includes direct funding for water and sewer capital projects from the enterprise funds. It provides \$28.1 million for water treatment plant work, supply system repairs, water line replacement and relocation projects. Additionally, \$37 million will be used for sewer treatment plants, pipe replacement and other system work. Stormwater will receive \$6.6 million for improvements including stormwater pipe extensions, drainage improvements associated with roadway projects, small critical drainage projects and detention pond rehabilitation.

The City has now received more than six 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% until July 1, 2025, reduced to 0.305%, thereafter, to December, 2031. All of the planned revenue bond sales have

been completed, totaling \$349.7 million to provide advance funding for 26 projects. The \$510 million program will last 16 years. Directly funded projects total \$21.1 million in the proposed budget for ten projects, along with \$54.2 million to service the debt of the advanced revenue bonds.

Capital Plan

The City has a total inventory of capital projects totaling \$7.32 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 \$648.3 million. The plan is dedicated to utility system projects over the next five years as the City's other capital needs are funded by sales tax and general bond capital program approved outside of the annual budget process. 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.

The capital plan and budget also reflect off cycle planned bond issues for the coming 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 up to \$105.1 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. Currently elected officials are finalizing the next round of Improve Our Tulsa funding for citizen vote in August 2023. This program includes both General Obligation and sales tax funded projects. Upon passage of the program, an estimated \$85 million in General Obligation Bonds will be issued in FY24.

Sixty-one million in bonds and loans will finance water, sanitary sewer, and stormwater projects that include Eucha dam anchoring, concrete pipe replacement, and citywide stormwater pipe extensions.

Funds will be appropriated by budget amendment upon completion of each bond sale. Taken together, these bond sales will add \$166.2 million in additional funds to the capital budget, bringing the amended total to \$295.7 million.



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 2023-2024 Annual Budget and Capital Plan.

This year, we continue to experience once-in-a-generation inflation, which has caused sales and use tax revenues to boom. But we are also mindful that our costs have also soared, and the buying power of our hardworking employees see inflation eating into their earnings. Our greatest expense as a City is rightly on our greatest asset: our public service employees. The citizens of Tulsa benefit from employing the best team of public servants in any city in the world. This budget includes pay increases for sworn and non-sworn employee groups in line with market competition.

The budget also funds significant technology upgrades for our Police Department, including next generation body camera and vehicle camera deployment and IT support for the new Real Time Information Center - the greatest technological advancement for the Department in decades. As for our Fire Department, thanks to funding relief through a federal grant, \$3.3M in budget savings are allocated to acquire three fire engines and a Hazmat Air Truck. Equally important to Tulsans is access to emergency services through 9-1-1. In FY 2024 we are increasing our staffing in the Public Safety Communications Center. This budget would fund an additional six positions in the coming year.

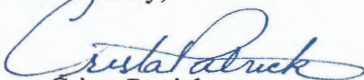
Thanks to the hard work conducted by the Council's Pre-Hospitalization Community Health Care Working Group, this year monies are allocated for a more in-depth survey of emergency medical response service stakeholders. Similarly, our Housing, Homelessness, and Mental Health Task Force continues its research into ways the City can be most helpful in addressing these community challenges. In addition to the proposed Improve Our Tulsa Program addressing the need for more housing, this budget provides for a mental health coordinator to manage our mental health response by City personnel and potentially our non-profit providers.

This budget also includes two additional Animal Control Officers, an additional Vet Tech, and a new Outreach Coordinator complementing the construction of our long awaited, new animal shelter.

The greatest change reflected in this budget is the reorganization of several City departments offices, and agencies into the new Department of Public Works, Department of Water & Sewer, and Department of City Experience. Efficiencies will be realized from this effort of the Mayor's, by including in each of these departments professional engineering staff with expertise specialized to that department. The Department of City Experience will consolidate many functions the City previously utilized and combine them into a more cohesive team. These include the former Working In Neighborhoods Department, the Tulsa Planning Office, the Mayor's Office of Resilience and Equity, Animal Welfare, the special projects team in Engineering Services, and others. In addition, it will include a Citizen Services Advocate, providing concierge customer service support for the Mayor and City Council; a City Design Studio, neighborhood-level urban design services for world class placemaking in all parts of the city; and a new residential rental housing inspection program which will include additional code enforcement officers recommended by the Council's Habitability Working Group.

In closing, we thank Mayor Bynum, Finance Director Tammy Pitts, 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 team watching over our finances and for this we are truly grateful.

Sincerely,


Crista Patrick
Council Chair


Jeannie Cue
Council Vice-Chair

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 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.
- g. 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 using prior year's fund balances.
- h. 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 which does not comply with the provisions of and is not contained in the currently approved Capital Improvements Program shall be funded.
- 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 restructuring of debt or a bond covenant revision is 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, collection, 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 25, 2023)

ORDINANCE NO. 25063

AN ORDINANCE ADOPTING THE ANNUAL BUDGET OF THE CITY OF TULSA FOR THE FISCAL YEAR 2023-2024; ORDERING THE TRANSFER OF ENTERPRISE INCOME TO THE GENERAL FUND; APPROPRIATING UNEXPENDED BALANCES FOR GRANT FUNDS AND CAPITAL PROJECT FUNDS FOR FISCAL YEAR 2023-2024; ORDERING AND DIRECTING THE COMPUTATION AND FILING OF LEVY REQUIREMENTS FOR THE 2023-2024 SINKING FUND OF THE CITY OF TULSA, OKLAHOMA; RESERVING FUND BALANCE OF TEN PERCENT (10.0%) AS AN EMERGENCY OPERATING CONTINGENCY IN THE GENERAL FUND; APPROVING AN EMERGENCY TELEPHONE FEE OF FIVE PERCENT (5%) FOR CALENDAR YEAR 2024; ORDERING THE FILING OF THE CITY OF TULSA BUDGET, FISCAL YEAR 2023-2024 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 2023-2024 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 seven and forty-five hundredths' percent (7.45%) of Water and six and seven tenths percent (6.7%) 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 2022-2023 be and the same are hereby appropriated to the same funds, accounts and for the same purposes for Fiscal Year 2023-2024 unless the project is designated to be closed.

Section 4. That the Mayor shall compute the levy requirements for the 2023-2024 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 2023-2024 in an amount equivalent to ten percent (10.0%) of projected revenues as an emergency operating contingency in the General Fund that can only be spent with Council approval.

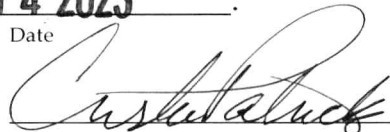
Section 6. That an Emergency Telephone Fee (E-911) of five percent (5%) of the tariff rate be and the same is hereby approved and ordered for calendar year 2024 in the City of Tulsa, Oklahoma.

Section 7. That one (1) copy of the adopted budget, being marked and designated as "City of Tulsa Budget, Fiscal Year 2023-2024" 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 2023, and one (1) copy with the State Auditor and Inspector of the State of Oklahoma.

Section 8. That this ordinance shall take effect immediately from and after its adoption and approval.

ADOPTED by the Council JUN 14 2023.

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 21 2023

Date

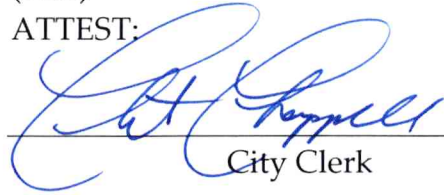
at _____
Time



Mayor

(Seal)

ATTEST:



City Clerk



APPROVED:



City Attorney

(Published in the Tulsa World
June 25, 2023)

ORDINANCE NO. 25064

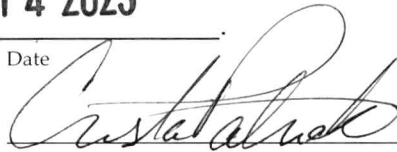
AN ORDINANCE APPROVING AND ADOPTING THE CAPITAL IMPROVEMENTS PLAN OF THE CITY OF TULSA, OKLAHOMA, FOR THE FISCAL YEARS 2024-2028 ORDERING THE FILING OF DOCUMENTS WITH THE CITY CLERK; AND DECLARING AN EMERGENCY.

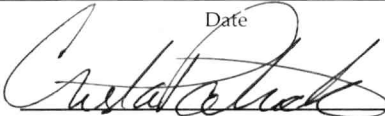
BE IT ORDAINED BY THE CITY OF TULSA:

Section 1. That the Capital Improvements Plan of the City of Tulsa, Oklahoma, for Fiscal Years 2024-2028 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 2024-2028," 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, 2023.

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 14 2023
Date

Chair of the Council

ADOPTED as an emergency measure JUN 14 2023
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 21 2023
Date

at _____.
Time

[Signature]
Mayor

(Seal)

ATTEST:

[Signature]
City Clerk



APPROVED:

[Signature]
City Attorney