



Municipal Revenues and Fiscal Constraints

Bill Martinson
City Council District 5
March 8, 2007

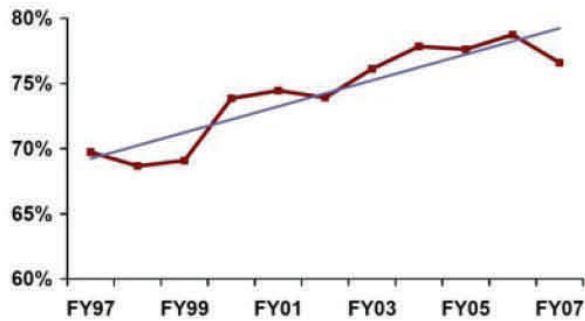
Municipal government is the provider of the most basic and important front-line services to the taxpaying public.

Including:

- 911 service and emergency management
- police protection
- fire protection
- ambulance service
- clean water on demand
- safe and reliable sanitary sewage disposal
- flood protection
- regular trash disposal and recycling
- streets and sidewalks
- traffic regulation
- public transit
- air transportation
- neighborhood planning and land-use regulation
- public parks, swimming pools, community centers, golf courses, Tulsa Zoo
- arts and cultural institutions (PAC, BOK Events Center, Convention Center, Gilcrease Museum)
- economic development
- accountability in city government (financial, legal, and auditing expertise, etc.)

The City of Tulsa is in the business of customer service.

City of Tulsa
Personal Services Expenditures, as a Percentage of the General Fund



The costs of municipal government are, primarily, personnel costs. The city employs more than 4,000 people, and more than 76% of the city's General Fund budget consists of personal services expenditures. Personal services expenditures have risen as a percentage of the General Fund in the last ten years.

Personal Services "may include expenses for salaries, wages, and related employee benefits, paid to any officer or employee for services rendered or for employment."

Note: This is from the approved budget, which *did not* incorporate the full impact of the recent 8% (TPD and non-sworn city employees) and 7% (TFD) wage increases.

The bulk of General Fund expenditures are for public safety.

Public safety departments consume about **66%** of all General Fund revenues.

The Public Works department spends about **16%** of General Fund revenues, for non-utility expenditures (e.g. streets, neighborhood inspections, development services, etc.).

All other departments* account for the remaining **18%** of General Fund revenues.

*e.g. Parks, Planning & Urban Development, River Parks, Tulsa Transit, Gilcrease, Finance, Human Resources, Human Rights, Legal, Elected Officials, INCOG, PAC & Convention Center

Public safety employees cost more than other city employees.

	Full Time Equivalent (FTE) Employees	% of Total FTEs	Personal Services Budget	% of Total Personal Services Budget	\$/FTE
Police Department	914	21%	\$67,652,000	28%	\$74,018
Fire Department	713	17%	\$52,175,000	22%	\$73,177
All Others	2,631.4	62%	\$121,916,000	50%	\$46,331
Total	4,258.4	100%	\$241,743,000	100%	\$56,769

Personal Services "may include expenses for salaries, wages, and related employee benefits, paid to any officer or employee for services rendered or for employment." These amounts do not include equipment, such as police cars, fire trucks, weapons, or protective gear.

Note: This is from the approved budget, which *did not* incorporate the full impact of the recent 8% (TPD and non-sworn city employees) and 7% (TFD) wage increases.

While the Police Department employs 21% of the City's employees, the Department accounts for 28% of the City's Personal Services budget. This is due to the higher average Personal Service cost per employee.

The Fire Department is similarly situated.

Keep in mind, the category "all others" covers department heads, as well as lawyers in City Legal, CPAs in Audit and Finance, and engineers who design and oversee our capital projects.

Why have personal services costs continued to rise?

After years of eliminated positions, stagnate wages, and even wage cuts, city employees have received wage increases of 7% (fire) and 8% (police and all other employees). These raises represent substantial recurring costs, the full impact of which will not be felt until next fiscal year.

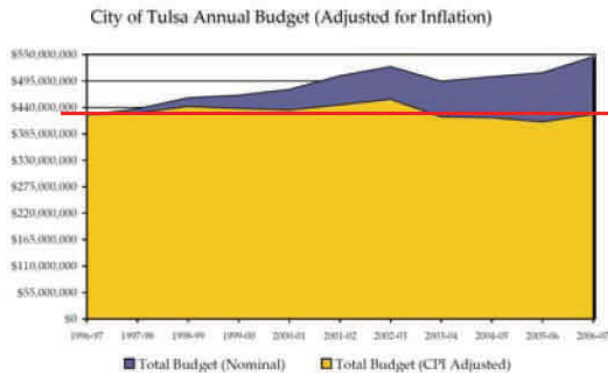
The city's health insurance premiums continue to rise dramatically, year after year. The city government is not immune to the health care cost increases imposed on businesses throughout Oklahoma and the entire nation. Just in the last year, the city's health insurance premiums have risen 9.5%, or more than \$2.5 million.

What other factors are driving municipal costs?

Energy Costs

Budgeted energy costs rose 30%, from FY 2006 to FY 2007. In simple, aggregate terms, the city will spend about \$5 million more for energy this year than last. In the General Fund budget (the city's primary operating fund), energy costs rose 38.5%. The city has budgeted \$1 million more for motor fuel in FY 2007 than it did in FY 2006.

Have municipal revenues kept up with rising costs?



The city is just beginning to rebound from significant revenue declines, which followed the loss of approximately 28,000 area jobs from 2000 to 2003. As the costs of providing municipal services have continued to rise, the city today has about the same "purchasing power" it had ten years ago.

The city must balance its budget every year.
There can be no deficit spending.



Oklahoma Statutes
Title 11. Cities and Towns
Chapter 1 - Oklahoma Municipal Code
Article Article XVII - Municipal Finances
Section 17-206 - Requirements and Contents of Budget

“The budget of expenditures for each fund shall not exceed the estimated revenues for each fund.”

So, as revenues have stagnated and costs have increased, how has the city responded to balance budgets?

By finding efficiencies, and ultimately, by cutting services in certain areas.

For example

PARK AND RECREATION

DEPARTMENT BUDGET SUMMARY
FY 2003 - 2004



STAFFING SUMMARY

OCCUPATIONAL DESCRIPTION	NUMBER OF AUTHORIZED POSITIONS			NUMBER OF FULL-TIME EQUIVALENT AUTHORIZED POSITIONS		
	FY 02	FY 03	FY 04	FY 02	FY 03	FY 04
Accountant	1	1	1	1.0	1.0	1.0
Accounting Assistant	1	0	1	1.0	0.0	1.0
Computer Support Lan Analyst	2	2	2	2.0	2.0	2.0
Custodial Worker	16	15	14	15.0	14.0	13.2
Zoo Exhibits Technician	3	3	3	3.0	3.0	3.0
Zoo Maint/Operations Mgr.	1	1	1	1.0	1.0	1.0
Zoo Veterinarian/Vet. Tech	2	2	2	2.0	2.0	2.0
Zoologist/Zookeeper/Animal Cr Supv.	36	36	32	36.0	36.0	32.0
TOTAL	556	529	400	380.4	358.4	315.4

The Park Department cut 156 authorized positions (65 FTEs) in 3 years.

Cuts have a direct and obvious impact. Parks can't be staffed or maintained without people.

PUBLIC WORKS DEPARTMENT

GENERAL FUND & NON ENTERPRISE FUNDS



FY 2003 - 2004

CHANGES FOR OPERATION

b. Reduce neighborhood site clean-up	(350,000)

i. Reduce mowing on arterial streets and related parcels including expressway "Up With Trees" sites	(375,000)
j. Reduce arterial median landscape maintenance	(100,000)
k. Turn off expressway lighting at 10 p.m. except at major intersections	(70,000)
l. Abolish two graffiti operation positions	(130,000)
m. Eliminate contractual tree trimming	(203,000)

p. Abolish Neighborhood Inspector II position and associated materials, supplies, & services	(74,600)

Quality-of-life needs have been deferred.

Tulsa has over 4,200 lane miles of streets. As the years pass and we defer maintenance, pavement condition worsens.

According to Public Works estimates, we are currently funding only 41%-44% of the \$50 million or so per year needed to stabilize our Pavement Condition Index.

If we were to restore the overall condition of our streets (an expensive proposition), we would then be in a position to implement a proactive, preventive maintenance program.

FINANCE DEPARTMENT

BUDGET HIGHLIGHTS



FY 2003 - 2004

STAFFING SUMMARY

OCCUPATIONAL DESCRIPTION	NUMBER OF AUTHORIZED POSITIONS			NUMBER OF FULL-TIME EQUIVALENT AUTHORIZED POSITIONS		
	FY 02	FY 03	FY 04	FY 02	FY 03	FY 04
Account Clerk/Specialist	3	3	3	3.0	3.0	3.0
Accountant	15	15	14	15.0	15.0	14.0
Accounting Assistant	2	1	0	2.0	1.0	0.0
Accounts Payable Clerk & Supervisor	5	4	3	5.0	4.0	3.0
Alarm Permit Administrator	1	1	0	1.0	1.0	0.0
Treasury Analyst	5	4	4	5.0	4.0	4.0
Treasury Division Mgr	1	1	1	1.0	1.0	1.0
Trust Accounting Mgr	0	0	1	0.0	0.0	1.0
TOTAL	96	86	77	95.5	85.5	77.0

The City's Finance Department lost 19 employees from 2002-2004, or about 1/5th of its workforce.

Understaffing has forced our independent auditors to comment about potential weaknesses in internal control each year for several years.

This can't continue much longer. Not only do we have difficulty accomplishing the day to day, but lack of bench strength exposes us to significant risk if we lose certain people.



POLICE DEPARTMENT

STAFFING SUMMARY

OCCUPATIONAL DESCRIPTION	NUMBER OF AUTHORIZED POSITIONS			NUMBER OF FULL-TIME EQUIVALENT AUTHORIZED POSITIONS		
	FY 02	FY 03	FY 04	FY 02	FY 03	FY 04
Sworn Police Officers						
Community Service Officer	2	2	2	2.0	2.0	2.0
Police Officer	572	573	573	572.0	573.0	573.0
Police Corporal	80	80	80	80.0	80.0	80.0
Police Sergeant	77	77	77	77.0	77.0	77.0
Police Lieutenant	23	23	23	23.0	23.0	23.0
Police Major	6	6	6	6.0	6.0	6.0
Police Deputy Chief FOP				3.0	3.0	3.0
	760	766	766	760.0	766.0	766.0



FIRE DEPARTMENT

STAFFING SUMMARY

OCCUPATIONAL DESCRIPTION	NUMBER OF AUTHORIZED POSITIONS			NUMBER OF FULL-TIME EQUIVALENT AUTHORIZED POSITIONS		
	FY 02	FY 03	FY 04	FY 02	FY 03	FY 04
FD Classified Positions						
Firefighter	318	318	318	318.0	318.0	318.0
Fire Equipment Operator	156	156	156	156.0	156.0	156.0
Fire Captain	148	148	148	148.0	148.0	148.0
Administrative Officer	3	3	3	3.0	3.0	3.0
EMS Officer	2	2	2	2.0	2.0	2.0
Fire Preventive Inspector	25	25	25	25.0	25.0	25.0
Chief of Emergency Medical Services	1	1	1	1.0	1.0	1.0
Chief of Hazard and Rescue	1	1	1	1.0	1.0	1.0
Fire Deputy Drillmaster	1	1	1	1.0	1.0	1.0
Fire Deputy Marshall	1	1	1	1.0	1.0	1.0
Fire District Chief	19	19	19	19.0	19.0	19.0
Chief of Staff	1	1	1	1.0	1.0	1.0
Fire Administrative Chief	1	1	1	1.0	1.0	1.0
Fire Assistant Chief	3	3	3	3.0	3.0	3.0
Fire Deputy Chief IAFF	2	2	2	2.0	2.0	2.0
Loss Control Officer	3	3	3	3.0	3.0	3.0
	881	881	881	881.0	881.0	881.0

By contrast, there were no authorized positions cut from sworn police and fire personnel during this three-year period (though there were cuts in administrative positions).

2001-02 Approved Budget and Capital Plan

	Police	Fire	Public Works	Parks	All Other*	Total
Operating Budget	\$70,316,000	\$50,011,000	\$164,946,000	\$20,596,000	\$131,040,000	\$436,909,000
Capital Budget	\$2,498,000	\$2,910,000	\$60,036,000	\$3,078,000	\$8,342,000	\$76,864,000
Total Expenditures	\$72,814,000	\$52,921,000	\$224,982,000	\$23,674,000	\$139,382,000	\$513,773,000
Other Sources	\$6,874,000	\$3,667,000	\$46,879,000	\$3,961,000	\$46,349,000	\$107,730,000
Enterprise Funds	0	0	\$148,525,000	\$2,500,000	\$38,129,000	\$189,154,000
General Fund	\$65,940,000	\$49,254,000	\$29,578,000	\$17,213,000	\$54,904,000	\$216,889,000
Percent of total GF	30.40%	22.71%	13.64%	7.94%	25.31%	100.00%

2006-07 Approved Budget and Capital Plan

	Police	Fire	Public Works	Parks	All Other*	Total
Operating Budget	\$79,083,000	\$56,434,000	\$183,325,000	\$18,983,000	\$166,821,000	\$501,646,000
Capital Budget	0	0	\$31,559,000	\$465,000	\$9,150,000	\$41,174,000
Total Expenditures	\$79,083,000	\$56,434,000	\$214,884,000	\$19,448,000	\$175,971,000	\$545,820,000
Other Sources	\$4,490,000	\$608,000	\$33,483,000	\$1,335,000	\$87,167,000	\$127,083,000
Enterprise Funds	0	0	\$152,292,000	\$2,148,000	\$32,219,000	\$186,659,000
General Fund	\$74,593,000	\$55,826,000	\$29,109,000	\$15,965,000	\$56,585,000	\$232,078,000
Percent of total GF	32.14%	24.05%	12.54%	6.88%	24.38%	100.00%
Change						
Dept % change	\$8,653,000 13.12%	\$6,572,000 13.34%	(\$469,000) -1.59%	(\$1,248,000) -7.25%	\$1,681,000 3.06%	\$15,189,000 7.00%
Change						
% of total change	\$8,653,000 56.97%	\$6,572,000 43.27%	(\$469,000) -3.09%	(\$1,248,000) -8.22%	\$1,681,000 11.07%	\$15,189,000 100%

* Includes, for example, Airports, Planning & Urban Development, River Parks, Tulsa Transit, Citizens, Finance, Human Resources, Human Rights, Legal, Elected Officials, INCOG, PAC & Convention Center

As this slide clearly shows, we've maintained our focus on public safety. But this has forced us to eliminate services in other areas.

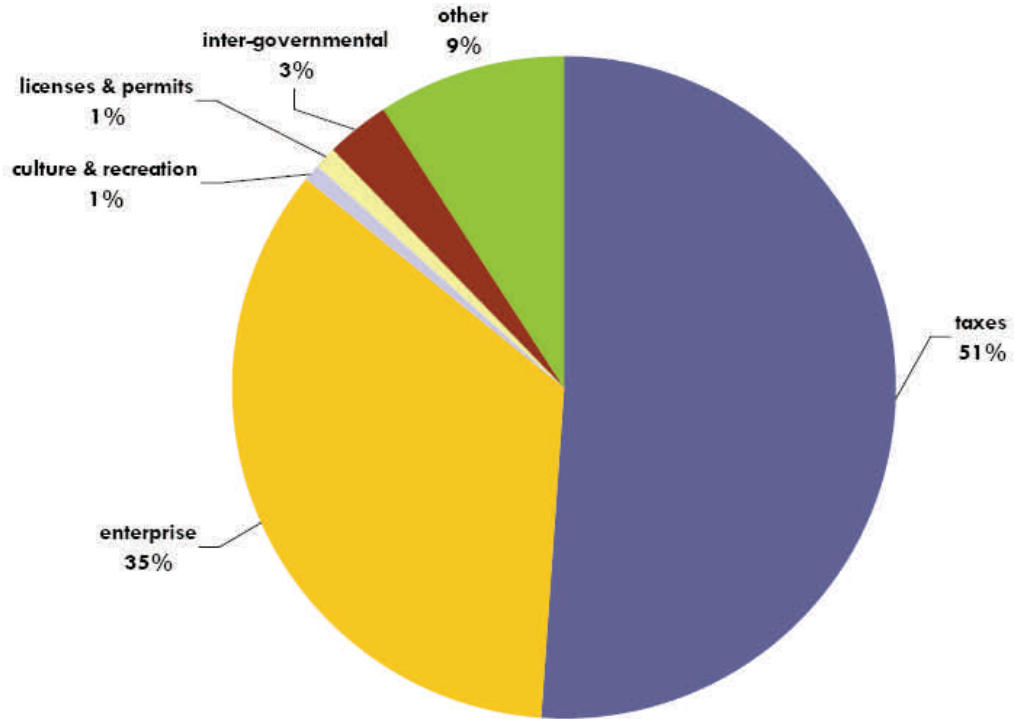
I don't want anyone to miss the point that our real needs exceed our resources. The budget balances because it has to.

In some cases we have cut beyond the fat and are deep into the muscle. We are working on implementing LEAN principles, but it will take time and will not cover the entire gap.

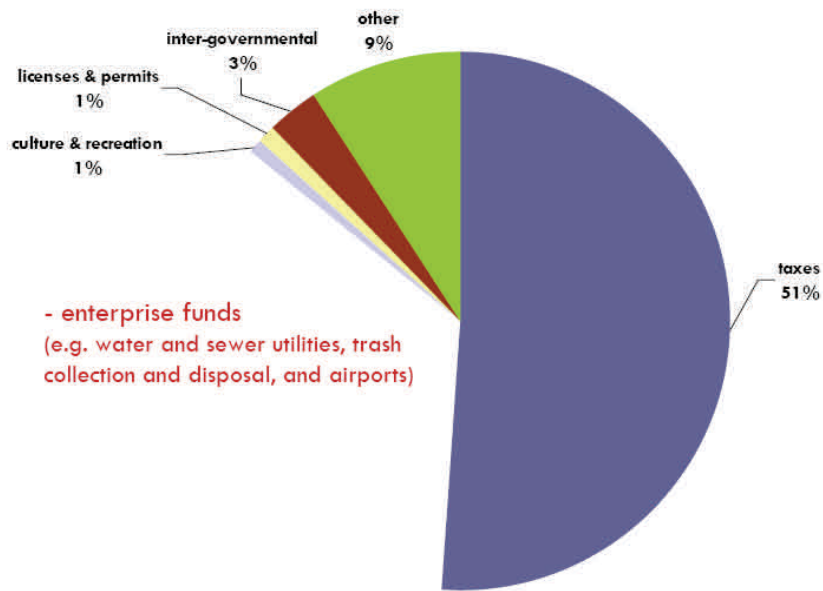
People talk about tax increases, but the last time the City of Tulsa had a tax increase was with the first 3rd penny in 1980. The 3rd Penny is a temporary tax, approved by the voters, and is essentially restricted to fund capital projects.

The City has relied on a 2% sales tax since 1971 to fund operations. Granted, sales taxes rise with the price of goods purchased, but as those prices increase, so do our costs. We could probably maintain services in such an environment, but other factors are working against us as you will soon see.

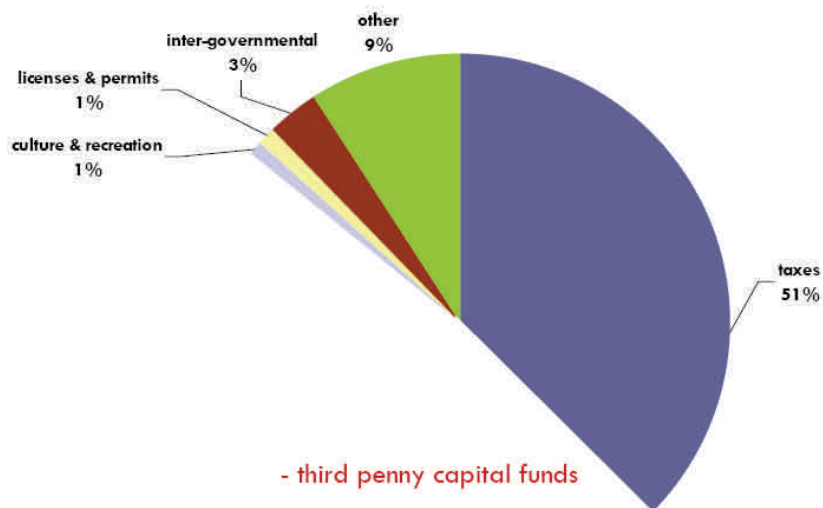
Where do municipal revenues come from?



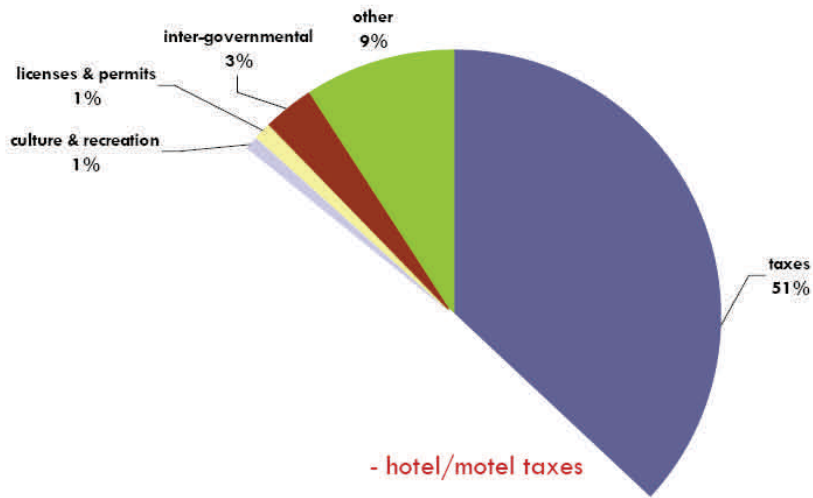
Which municipal revenues are available for general operating expenses?



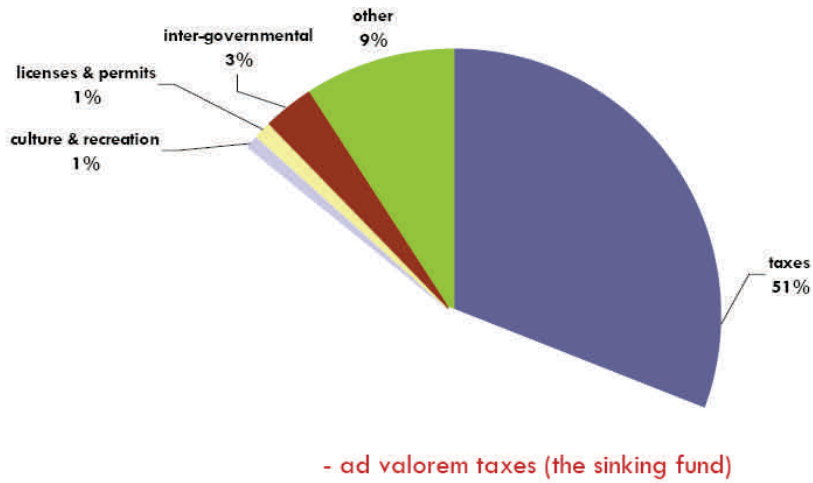
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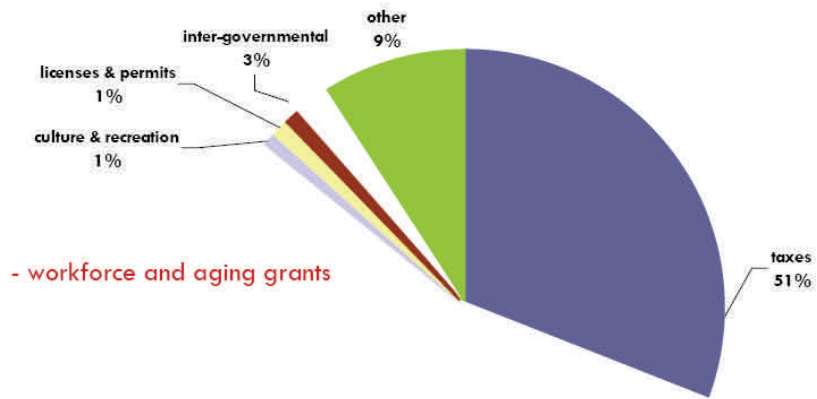
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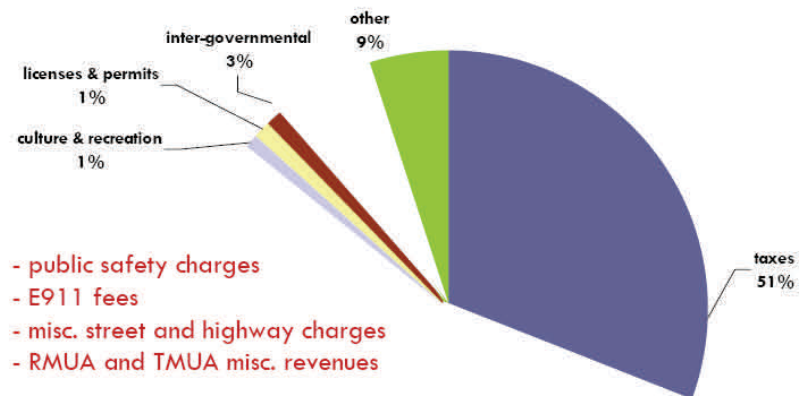
Which municipal revenues are available for general operating expenses?



Which municipal revenues are available for general operating expenses?



Which municipal revenues are available for general operating expenses?



Total City Budget of \$545,820,000



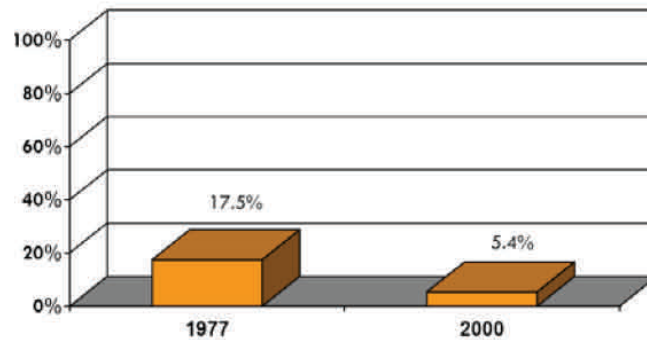
After deducting revenues earmarked for specific purposes, we are left with about 43% of the total budget to use for general operations.

General Fund of \$232,078,000

What factors are constraining municipal revenues?

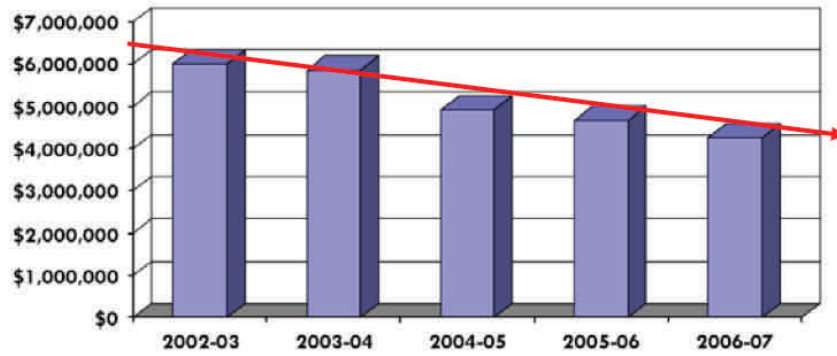
Federal Constraints

Federal Funds as a Percentage of Municipal Budgets (Nationally)



Source: Bruce A. Wallin, *Budgeting for Basics: The Changing Landscape of City Finances* (Aug. 2005)

**City of Tulsa Community Development Block Grant (CDBG) Funds
Including Program Income**



We have lost almost a third of our CDBG funding since 2002.

Federal Medicare Reimbursements to EMSA Are Being Cut Substantially

	Average Percent Decline in Medicare Reimbursement After New Fee Schedule Implemented (2002-2010)
Emergency with Procedure	-33%
Emergency without Procedure	-41%
Non-Emergency with Procedure	-58%
Non-Emergency without Procedure	-51%

Unless other funding sources are found, these cuts will have a direct and significant impact on the General Fund.

Source: EMSA

While the federal government is cutting local aid, it is also imposing new mandates – such as more stringent Clean Water Act standards.

In addition, violation of more restrictive Clean Air Act standards, particularly ozone standards, would have profound consequences for the whole region.

There are other national issues that the federal government has failed to address – such as Internet sales and illegal immigration – which are having significant local impacts.

State-Imposed Constraints

The state enjoys unprecedented budget surpluses, while cities struggle to provide basic, front-line services. The state government has a diverse operating revenue portfolio of (1) income taxes, (2) oil and gas production taxes, and (3) sales taxes, and is experiencing historic revenue levels.

Cities, on the other hand, rely overwhelmingly on the volatile sales tax to fund city operations, and in Tulsa, we fund a significant portion of capital needs with sales tax as well – through the “Third Penny”.



Oklahoma Statutes
Title 68. Revenue and Taxation
Section 2701 - Authorization to Tax for Purposes of Municipal Government - Exceptions and Limitations

A. Any incorporated city or town in this state is hereby authorized to assess, levy, and collect taxes for general and special purposes of municipal government as the Legislature may levy and collect for purposes of state government except ad valorem property taxes. Provided

By statute, municipalities in Oklahoma have the authority to levy the same taxes as the state, which include income tax, oil & gas production tax, and of course sales tax.

A local income tax might be permitted, and might allow Tulsa to receive some compensation from those working in Tulsa, but who live and shop outside the City. However, in addition to being highly unpopular with its citizens, imposition of a local income tax would require creation of an enforcement body and likely result in adverse economic development consequences.

Since oil & gas production is not currently allowed within the City limits, Tulsa cannot benefit from imposing an oil & gas production tax.

As a result, the City of Tulsa must rely almost exclusively on sales tax as a revenue source to fund operations.

Ad valorem taxes in the Sinking Fund are restricted by the Oklahoma Constitution to:

1. interest and principal repayment on general obligation bond indebtedness for capital projects, and
2. judgments against the city.



Oklahoma Constitution
Article 10 - Revenue and Taxation – Public Indebtedness

§ 28. Revenue for sinking fund - Uses to which applied.

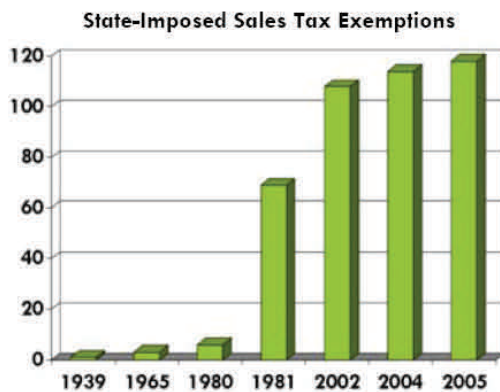
Counties, townships, school districts, cities, and towns shall levy sufficient additional revenue to create a sinking fund to be used, first, for the payment of interest coupons as they fall due; second, for the payment of bonds as they fall due; third, for the payments of such parts of judgments as such municipality may, by law, be required to pay.

Contrary to what you may believe or have recently heard, the Oklahoma Constitution clearly limits our use of ad valorem or property taxes.

Municipal property taxes in the Sinking Fund cannot be used for general operating expenses.

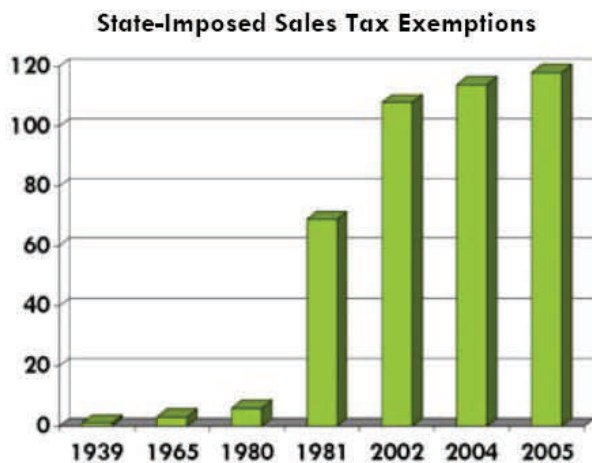


What other factors adversely impact municipal revenues?



State officials are increasingly cavalier with the sales tax. In 1939, there was only one state-approved sales tax exemption. In 1980, there were only six. By 2005, there were 118, and legislators promote more every year. These exemptions have a disproportionate impact on city governments.

What other factors adversely impact municipal revenues?



A 1996 analysis, when there were only about 80 exemptions on the books, put the cost of exemptions to all Oklahoma municipalities at about \$1.7 billion.

If groceries are exempted, as legislators propose every year, the total cost to Oklahoma's municipalities could be as high as \$99 million per year.

Sources: Oklahoma Municipal League; Tulsa World

While the aggregate sales tax rate in the City of Tulsa is 8.517%, more than 50% goes to the state. This, combined with the state's other revenue sources, and the distance between OKC and a pothole in Tulsa, probably explains why the state feels it can afford to be generous.

Unfortunately, since we must follow the state's lead, the state is directly adversely and materially affecting our sole source of revenue, and as a result, our ability to provide essential services to our citizens and community. Until we see some reform, or our state legislators recognize the local consequences of the proliferation of exemptions, we will continue to suffer. These exemptions, while no doubt well intended, essentially result in a tax cut for some citizens, and shift the burden to others.

How do we collect our sales tax revenues?

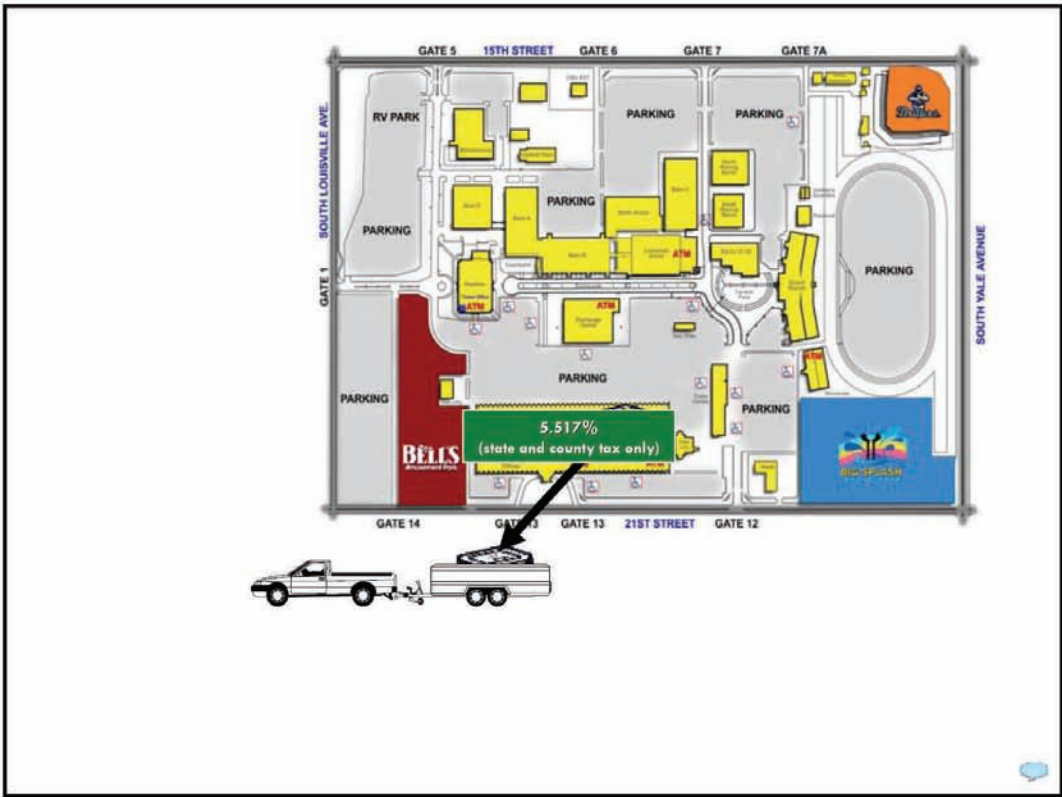
Tulsa has a contract with the Oklahoma Tax Commission (OTC) to collect local sales taxes and audit retailer compliance. However, Oklahoma City found that a substantial amount of their revenue was either not collected or misallocated.

Not only is Tulsa dependent on the OTC to collect and audit compliance, we pay the OTC 1% of our total sales tax annually for the service. Tulsa's payment of approximately \$1.77 million per year is about 2% of the OTC's total budget.

Before exploring an analysis of the City of Tulsa and its role, in and with, Tulsa County, let me underscore the importance of this slide. Both the City of Tulsa and Tulsa County are dependent on the Oklahoma Tax Commission to ensure we collect and receive the sales tax revenue to which we are entitled.

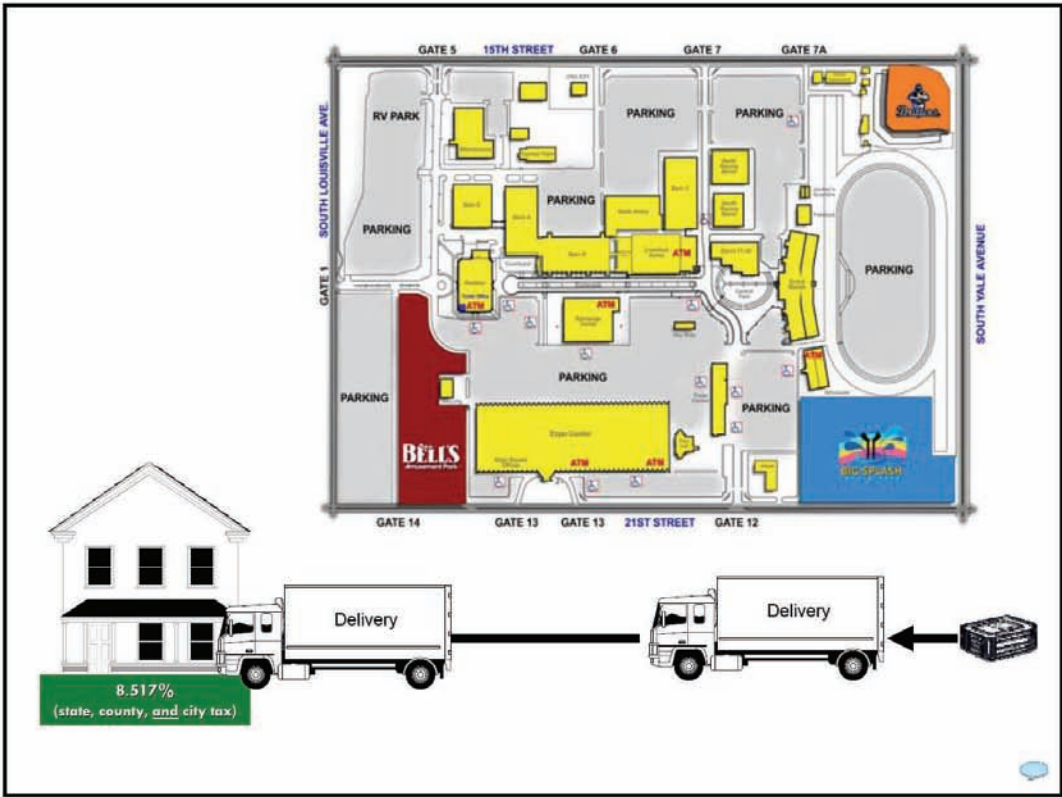
With compliance, there are three possible scenarios. 1.) Sales tax is properly collected and remitted, 2.) Sales tax is collected and not remitted, 3.) Sales tax is not collected or remitted. The first is most common and what should happen when folks follow the law. The second is theft, premeditated in most cases, since knowledge of the law would be necessary to collect the tax and require a conscious effort not to remit. The third scenario may, or may not, represent a conscious effort to break the law, and I believe it may be a key factor in dealing with the Fairgrounds issue, at least in the near term.

Perhaps some background and examples will make the point. Sales tax is levied on the purchaser and collected by the seller, who is then responsible for remitting the tax. In Oklahoma, the appropriate sales tax rate is the rate that applies at point of delivery. In a normal retail transaction, buying a tube of toothpaste at the grocery store, for example, delivery takes place at time of sale, so the store location would determine the applicable rate. When sale and delivery do not occur concurrently, and rates differ between point of sale and place of delivery, there is a potential for over or under payment of sales tax.



Let's travel to the Fairgrounds to illustrate how similar transactions could yield several different results.

Assume that two city of Tulsa residents attend a show at the IPE building and each purchases a hot tub from one of the exhibitors. The seller has one hot tub on hand and one of the buyers is able to load the tub in his vehicle and haul it home; In this case, the sales tax rate applicable at the Fairgrounds (5.517%) applies, since delivery takes place at the Fairgrounds.



The other buyer arranges for the seller to deliver his hot tub to his home. In this case, the rate in the City of Tulsa (8.517%) applies, since delivery takes place at a City of Tulsa address.



While the County would be indifferent to point of delivery since it would receive the same revenue regardless, the delivery variable discussed in the example would definitely influence whether the City of Tulsa is entitled to sales tax.

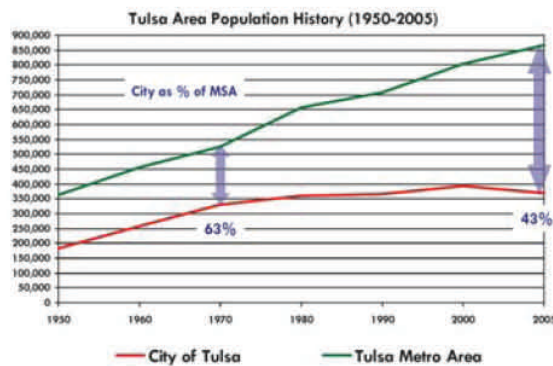
One can argue that the domicile of the exhibitor is irrelevant since sales tax is levied on the buyer. However, a local hot tub dealer who pays property taxes and employs Tulsans, and who offers the same item, would face a competitive price disadvantage to the extent of the difference in rates if the law is not enforced.

Based on the lack of response from the County to our requests for information, and assuming the County Commissioners are sincere when they tell us they don't have the data, I am concerned as a City Councilor, and as a citizen of Tulsa and Tulsa County, that we have little or no mechanism in place to ensure compliance with the sales tax law, especially with the vagaries that relate to the Fairgrounds. Who ensures that vendors at the Fairgrounds are aware of the law? Who is enforcing the law? Lack of enforcement is tacit consent to violation. Expecting the law to be enforced is not a tax increase.

Counselor Turner has been persistent in his efforts to ensure compliance with the law; his efforts extend beyond the Fairgrounds, and in fact will benefit the county if we see improved compliance. Cathy Criswell in Internal Audit is working to develop a program with the OTC to help us analyze and better monitor compliance. In her letter last week to the County Commissioners, the Mayor proposed that the City and County work together to help ensure we capture the revenues to which we are entitled. I cannot understand why the County would not embrace the opportunity to ensure that all appropriate sales taxes are collected and remitted.

Local Constraints

Population Overview of Tulsa's MSA

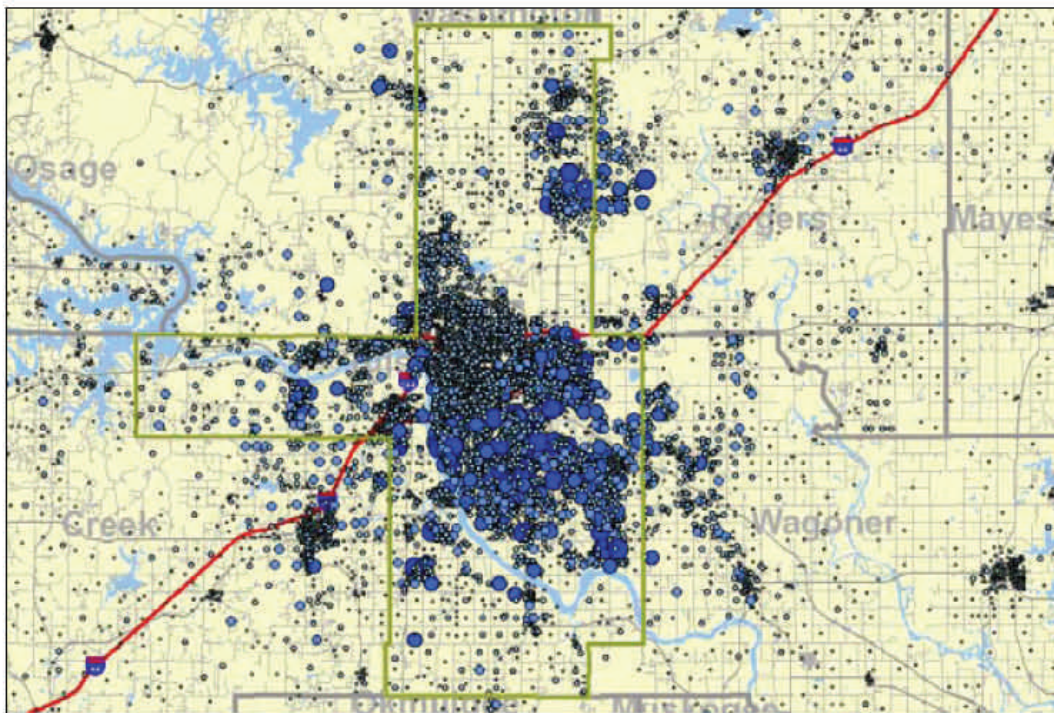


Tulsa's population continues to shift to the suburbs. While the city made up 63% of the MSA population in 1970, it was only 43% by 2005.

As a result of the continuing and inevitable development of neighboring communities, the City of Tulsa's population is declining as a percentage of the MSA.

However, the City of Tulsa remains committed to providing good streets and public safety, not only for its citizens, but also for those living outside the City who work and regularly recreate in Tulsa.

Q: Where do Tulsa County residents work?



A: In the City of Tulsa.

Source: US Census Bureau 

These dots represent County residents, and show their places of employment. You'll note that the dots are clustered in the City of Tulsa.

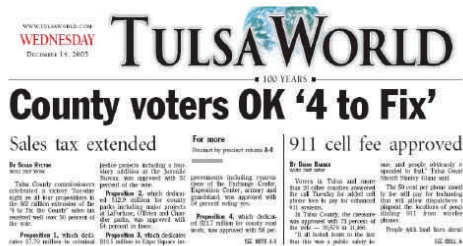
According to Census data, more than 143,000 Tulsa County residents, or 67% of all employed people who live in Tulsa County, work in the City of Tulsa.

Of the sales tax applicable in Tulsa, only three cents, or 35%, is retained by the City.

State of Oklahoma	4.5 cents
Tulsa County	
Jail Maintenance and Operations	.25 cent
4-to-Fix the County	.1676 cent
Vision 2025	.6 cent
	<hr/> 1.017 cents
City of Tulsa	
Operations	2 cents
Capital Improvements	1 cent
	<hr/> 3 cents
Total Sales Tax	8.517 cents

Source: OSU, OK Summary of County Sales Tax

Tulsa County has discovered the sales tax as a source of county revenue, **but refuses to return property tax millages to cities desperately trying to maintain services and infrastructure.**



County not sharing property tax revenue with city

SUSAN HYLTON World Staff Writer
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Tulsa World (Final Home Edition), Page A11 of News

Tulsa County will not be sharing any property tax revenue with the city of Tulsa.

The three-member county Excise Board unanimously rejected the the city's proposal Wednesday to get a portion of the money, voting to use 100 percent of the county's property tax to fund the county's general operations.

City Finance Director Mike Kier said the city needs a share of the property tax stream to stem a municipal budget hemorrhage.

"We've been going through a number of ways to reduce expenses," Kier said. "We've eliminated jobs, positions. We have a number of employees that have taken salary reductions, both last year and this year."

City of Tulsa residents consistently support county initiatives, but receive little consideration in return.

The City of Tulsa is vital to the prosperity of Tulsa County.

City of Tulsa residents comprise 67% of the county's population.

While the city of Tulsa comprises about 30% of the county's land area, property in the city of Tulsa contributes 66% of the county's total property tax valuation.

Why the disparity?

60% of the county's urbanized area is in the city of Tulsa.

Sources: INCOG and Tulsa County Assessor's Office

Citizens of Tulsa are also citizens of Tulsa County, and represent the primary revenue base for the County.

The City of Tulsa is vital to the prosperity of Tulsa County.

Downtown Tulsa Unlimited estimates that property inside the IDL is valued at \$2.5 billion, contributing \$33 million in *ad valorem* and business personal property taxes each year.

By these estimates, downtown Tulsa property contributes about \$3 million to support Tulsa County government each year.

(This amount would pay for about 40 additional police officers in Tulsa.)

Other beneficiaries of the property tax generated downtown include public schools, Tulsa Community College, Tulsa Technology Center, the City-County Health Department, and the City-County Library system.

Although the IDL generates limited sales tax revenue, the primary funding source for the City of Tulsa the City of Tulsa maintains the infrastructure and services the IDL for the entire region.

About \$70 million, or 15%, of the city's 2006 Third Penny Sales Tax is committed to projects in and adjacent to the downtown Inner Dispersal Loop, which serves the entire metro area.

2006 Third Penny Sales Tax Extension – Downtown Projects	
UNCOMPLETED 2001 PROJECTS (RENEWED)	
Brady Village Plan Implementation	\$675,000
Downtown Residential Development	\$3,000,000
Performing Arts Center Building & Facilities Renovations	\$480,000
Tulsa Convention Center Renovations & Improvements	\$660,000
Portion of city-wide facilities and street maintenance, rehabilitation, signalization, traffic calming, sidewalk improvement, trails, etc.	undefined
SUBTOTAL	\$4,815,000+
NEW 2006 PROJECTS	
Downtown Street and Sidewalk Rehabilitation	
4 th Street South: Frisco to Detroit	\$2,400,000
Arena Area Street and Sidewalk Improvements	\$2,650,000
2 nd Street: Denver to Detroit	\$2,600,000
Denver Avenue: 3 rd Street to 13 th Street South	\$2,800,000
Houston Avenue: Heavy Trafficway to 12 th Street South	\$1,600,000
Portion of city-wide facilities maintenance, rehabilitation, signalization, traffic calming, sidewalk improvement, etc.	undefined
SUBTOTAL	\$12,050,000+
Other Downtown Projects	
Performing Arts Center Renovation	\$1,350,000
Tulsa Convention Center Renovation	\$2,000,000
TDA Downtown Property Acquisition (Contemporary Arts Center)	\$2,000,000
Downtown Signage for Public Garages and Event Locales/Wayfinding System	\$2,000,000
Civic Center Parking Ramp Construction (on Houston Ave.)	\$4,000,000
New Downtown Parking Garage (1/2 with TPA)	\$5,000,000
Boulder Avenue Bridge Replacement	\$4,800,000
Portion of city-wide facilities maintenance, trails maintenance, bridge rehabilitation, and economic development – infrastructure	undefined
SUBTOTAL	\$21,150,000+
TOTAL (INSIDE IDL)	\$38,015,000 + (about 8%)
Projects near Downtown, but not within the IDL	
Permanent Police Forensics Laboratory and Property Room (West Bank, OSU)	\$16,000,000
Zink Lake Riverfront Development, East Bank Improvements (Route 66 Facility at 11 th & Riverside, "River's Edge" Restaurant Site)	\$5,250,000
River West Festival Park Renovation	\$7,600,000
Elm Creek/6 th Street Drainage, Detentions & Conveyance Improvement (Design, Right-of-Way Acquisition)	\$2,000,000
SUBTOTAL	\$30,850,000+
TOTAL	\$68,865,000 + (about 15%)

Our economic development consultants insist that a healthy downtown is critical for a healthy community. And so the City invests accordingly in downtown infrastructure.

Numerous entities, including the county, depend on, and benefit from, Tulsa's ability to maintain the downtown *ad valorem* base.

In summary, the costs of providing basic, front-line municipal services are such that they are, generally, rising much faster than inflation.

Revenues for city government, on the other hand, are limited and increasingly threatened by fundamental demographic shifts and externally imposed constraints.

Municipal revenues are also constrained by the county's increased use of the city's primary source of operating revenue, the sales tax, and by the county's refusal to consider restoring the city's share of the county property tax millage.

“Local governments in the United States deliver the most basic and among the most important services to the taxpaying public. They are the governments of first contact and last resort. Yet with balanced budget requirements, personnel-heavy expenditure commitments . . . and revenue options limited by their respective states, city officials face the most difficult budgeting task of any level of government.”

Bruce A. Wallin, “Budgeting for Basics: The Changing Landscape of City Finances” (Aug. 2005)