## City of Broken Arrow

## Fiscal Year 2019

Municipal Budget Presentation

By Michael Spurgeon, City Manager

## City of Broken Arrow

FY-2019

The City of Broken Arrow operates on a Fiscal Year Budget Cycle:
July 1 - June 30

# City of Broken Arrow 

## FY-2019 Budget Considerations

## City of Broken Arrow

- The City has the following priorities:
- Fiscal soundness
- Economic development administration
- Public safety
- Affordable and effective public utilities
- Investments in public infrastructure
- Great downtown (Rose District)
- Maintain high degree of civic engagement
- Maintain great quality of life in community


## City of Broken Arrow

- The Budget document includes the Budget Book and the City Manager's Budget message.
- Budget Book includes:
- Proposed revenue \& expenditures for each fund;
- Pie charts of revenue and expenses;
- Proposed department budgets; and
- Special funds: proposed expenditures, revenues, and fund balance.


## City of Broken Arrow

- The Municipal Budget serves the following purposes:
- A "blueprint" for providing municipal services;
- Financial plan for the fiscal year;
- Matches available resources with community needs; and
- Outlines the work plan and priorities for the organization.


## City of Broken Arrow

## Key Budgeting Practices:

- Estimate revenues and expenditures conservatively;
- Ensure all funds balance;
- Include built-in contingencies for the unexpected (build up reserves); and
- Focus on long-term financial sustainability.


## City of Broken Arrow

Basis for Recommendations

- Implementation of Council's aggressive goal: great service to the community;
- Address our increasing demands for public infrastructure and public services as a part of a growing community;
- Implementation of our Parks Master Plan \& Comprehensive Plan;
- Continue downtown redevelopment, Utilities Department CIP and GOB initiatives; and
- Maintain City of Broken Arrow's quality of place.


## City of Broken Arrow

## Budget Concerns

- Concerns start on page 2 and ends on page 4 of Budget message.
- \#1 challenge and consideration is over-dependency on sales tax and lack of another sustainable revenue source for operations.
- Internet sales. Amazon helped! Increase in collection in 2017 over 2016. Now use tax has tapered off.
- Need to continue to lobby for full-level playing field on sales made on internet.
- Need sustainable revenue source for public safety. Right now Police and Fire use $100 \%$ of all applicable sales tax and we need another $8 \%$ of other available revenues to fund public safety.
- Utility Department - implementation of rate model and completion of CIP.


# City of Broken Arrow 

FY-2019

Municipal Budget

## Sales Tax Breakdown

## Current Sales Tax rates

Tulsa County: $\mathbf{8 . 4 1 7 \%}$ (detail shown below)
Wagoner County: 8.80\%


## City of Broken Arrow

## The City has a total of 27 different funds <br> for the budget:

- The General Fund
- 3 Enterprise Funds (the Broken Arrow Municipal Authority, the Broken Arrow Economic Development Authority and Battle Creek Golf Course)
- 5 Capital Improvement Funds (Sales Tax Capital Improvement Fund and the General Obligation Issue Funds of 1994, 2008, 2011 and 2014)
- The Debt Service Fund
- 2 Internal Services Funds (Employee Group Health Care and Workers Compensation)
- 15 Special Revenue Funds that have specific revenue sources and rules that govern expenditures related to each fund.


## City of Broken Arrow

## FY-2019 Proposed Municipal Budget: \$254,116,194

1.9\% increase over FY-2018

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\$ 249,452,167
$$

## City of Broken Arrow

## Breakdown on FY-2019 Expenses:

- Operational - \$110,804,102
- Capital Outlay - \$114,393,492
- Debt Service - $\quad \$ 28,918,600$
Total: \$254,116,194


## City of Broken Arrow Revenue Sources- Fiscal Year 2018-2019 Where does the $\$ \$ \$$ come from?



City of Broken Arrow Budget Expenditures-Fiscal Year 2018-2019 What does the $\$ \$ \$$ pay for?


## City of Broken Arrow

## FY-2019 General Fund \$86,527,373

- Includes: Expenditures, transfers out, ending fund balance

FY-2018 General Fund: \$84,142,915

- Increase of $2.8 \%$ in operating costs, transfers out (public safety sales tax funds), and reserved fund balances


## City of Broken Arrow

FY-2019 General Fund Revenue Projections:

- Slight increase projected in FY-2018 revenues
- Sales tax - projected $1 \%$
- All other revenues - projected 2.65\%
- All revenues combined - projected 1.7\%

General Fund Budget Resources 2018-2019


## General Fund Expense By Department 2018-2019



## General Fund Expense By Classification 2018-2019

Material and Supplies $\$ 1,287,450$


## City of Broken Arrow

## FY-2019 Personnel:

- Current total citywide - 798
- Governmental funds: 550
- BAMA: 248
- Proposed - 13 ½ new positions (811)
- Governmental funds: 9 1⁄2
-BAMA: 4


## City of Broken Arrow

## Oklahoma Cities Personnel Comparison

- Lawton - 875 full time
- Norman - 844 full time; 45 part time - 798 (proposed 811) full time; 21 part time
- Edmond - 753 full time; 46 part time


## City of Broken Arrow

FY-2019

Broken Arrow Municipal Authority (BAMA)

Budget

## City of Broken Arrow

## FY-2019 BAMA Budget

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\$ 112,219,135
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- Includes: Expenditures, transfers out, ending fund balance, capital outlay, and debt service

FY-2018 BAMA Budget: \$95,714,791

- Increase of $17.2 \%$ in operating costs, capital outlay (7 year CIP implementation), reserved fund balances, and debt service (OWRB loans)


## Broken Arrow Municipal Authority Revenue Resources 2018-2019



## Broken Arrow Municipal Authority Expenses By Classification 2018-2019



## City of Broken Arrow

BAMA Budget Highlights

- Year 3 of 5-year rate model
- $\$ 3.9$ million "pay as you go" capital
- Proposed OWRB Projects - $\$ 25$ million
- Remaining Capital Projects: Bonds v. Rates ( $\$ 50$ million)


## City of Broken Arrow

## Sales Tax Capital Improvement Fund (STCI)

## City of Broken Arrow

FY-2019 STCI

- 0.5\% of 3.55\% of sales tax for STCI
- Revenues estimated at $\$ 7,888,400$
- Fund used primarily for "pay as you go" capital expenses


## City of Broken Arrow

## STCI Highlights

- Police vehicles - \$650,000
- Fire engine and other vehicles - \$630,000
- Street and Stormwater new and replacement vehicles - \$830,000
- Traffic Signal at Hillside Drive and $23^{\text {rd }}$ Street \$275,000


## City of Broken Arrow

## General Obligation Bonds

- Issue $\$ 10,860,000$ remaining in 2014 GOB package
- \$38.8 Million in current 2011 and 2014 GOB Projects
- Voter consideration of 2018 GOB package August 28, 2018


## City of Broken Arrow

## BAMA CIP

- \$40.4 Million in OWRB projects underway
- \$823,000 for new utility vehicles and equipment
- County Line trunk sewer odor control equipment for \$235,000
- Upgrade water line on Jasper Street (Gardenia to Olive) \$209,000


## City of Broken Arrow

## FY-2019 Work Plan

(CM Budget message pages 7-13)

- Communications and transparency
- Economic development administration and initiatives
- New street maintenance program (Vision 2025 funds)
- Approved GOB projects
- Various programs and initiatives, new and ongoing (pages 12-13)


## City of Broken Arrow

## Budget Update

- Remaining 2014 GOB package

Pages 170-173

# City of Broken Arrow 

Recognitions

BROKEN ARROW

