Fiscal Year 2019

Municipal Budget Presentation

By Michael Spurgeon, City Manager



FY-2019 The City of Broken Arrow operates on a Fiscal Year Budget Cycle: July 1 – June 30



FY-2019 Budget Considerations



- 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



- 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.



- 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.



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.



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.



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.



FY-2019 Municipal Budget

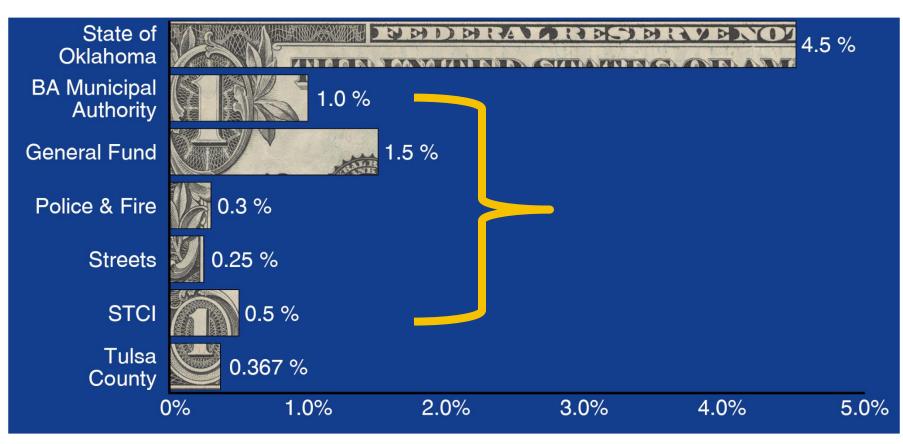


Sales Tax Breakdown

Current Sales Tax rates

Tulsa County: 8.417% (detail shown below)

Wagoner County: 8.80%



The City has a total of 27 different funds 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.



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

1.9% increase over FY-2018 \$249,452,167

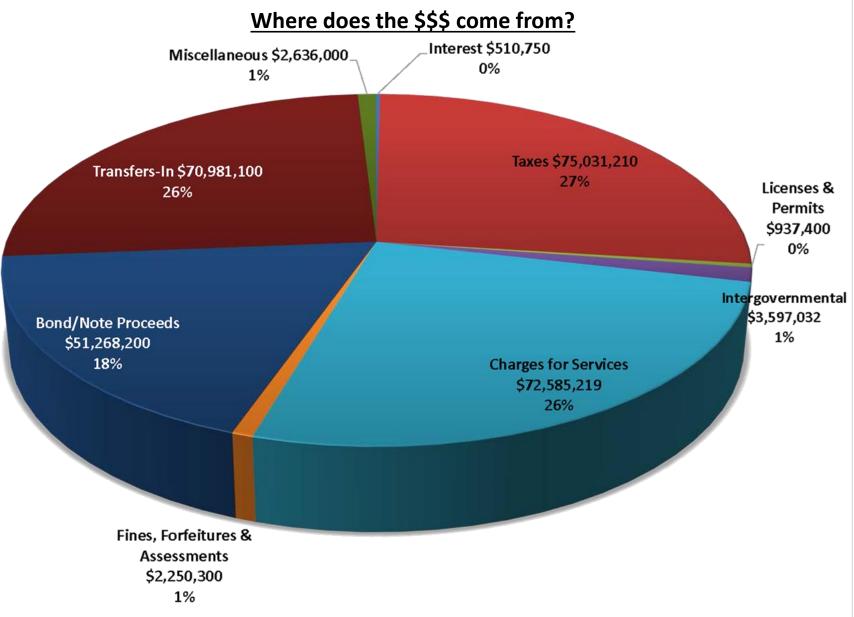


Breakdown on FY-2019 Expenses:

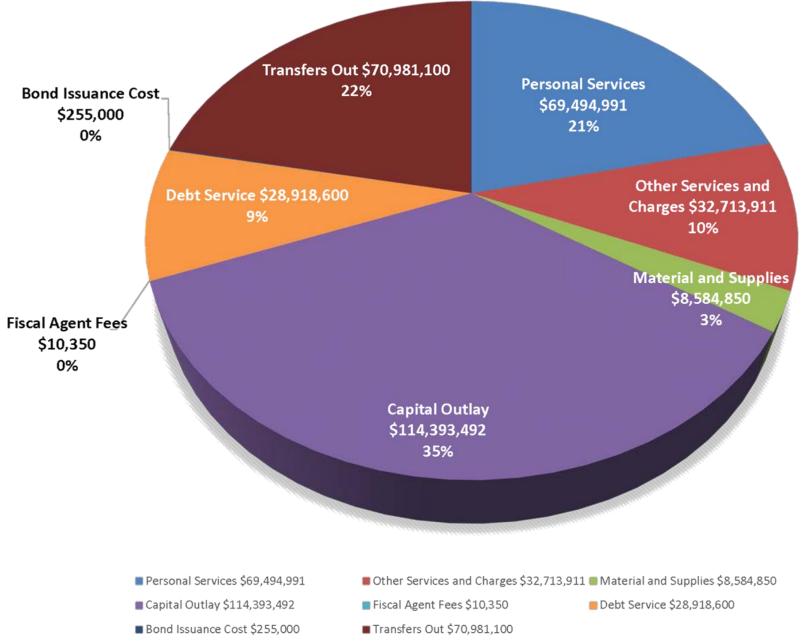
- Operational \$110,804,102
- Capital Outlay \$114,393,492
- Debt Service <u>\$28,918,600</u> Total: \$254,116,194



City of Broken Arrow Revenue Sources- Fiscal Year 2018-2019



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



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

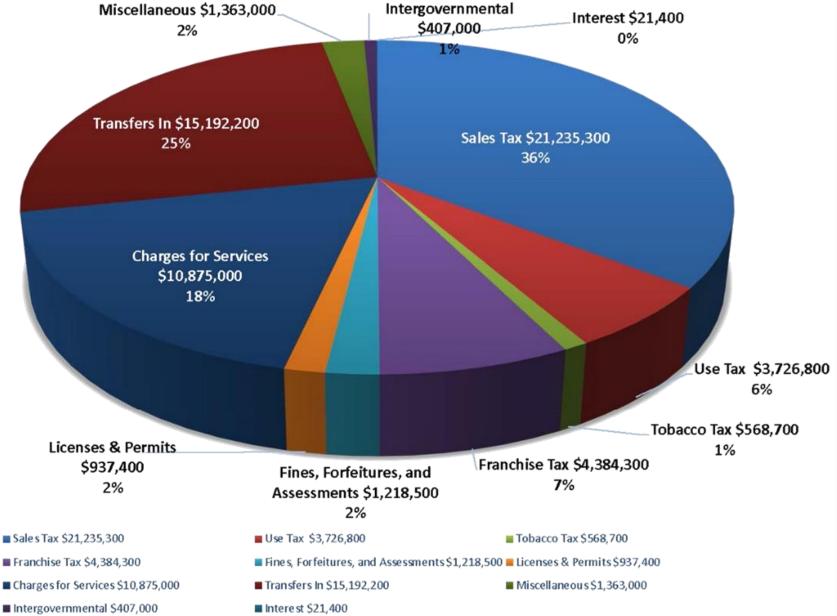


FY-2019 General Fund Revenue Projections:

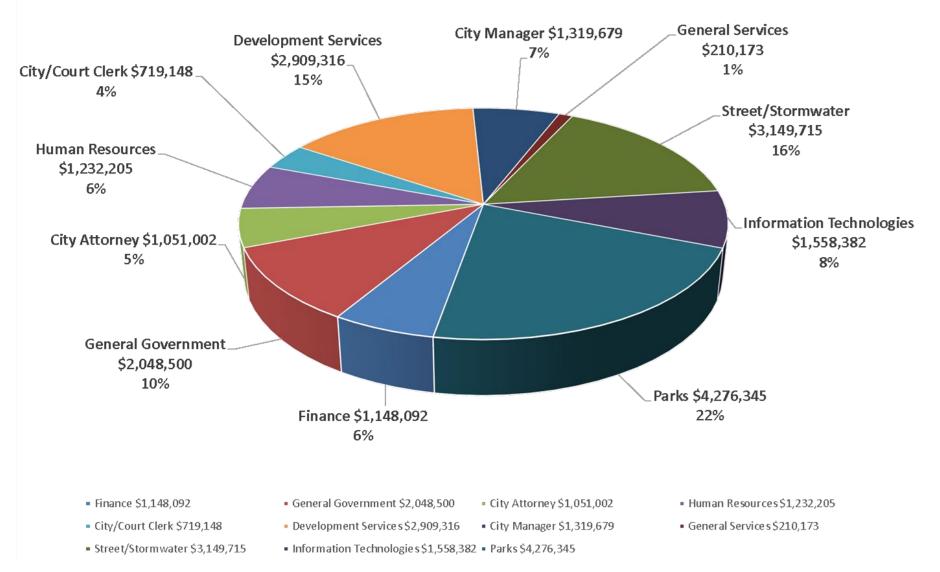
- Slight increase projected in FY-2018 revenues
- Sales tax projected 1%
- All other revenues projected 2.65%
- All revenues combined projected 1.7%



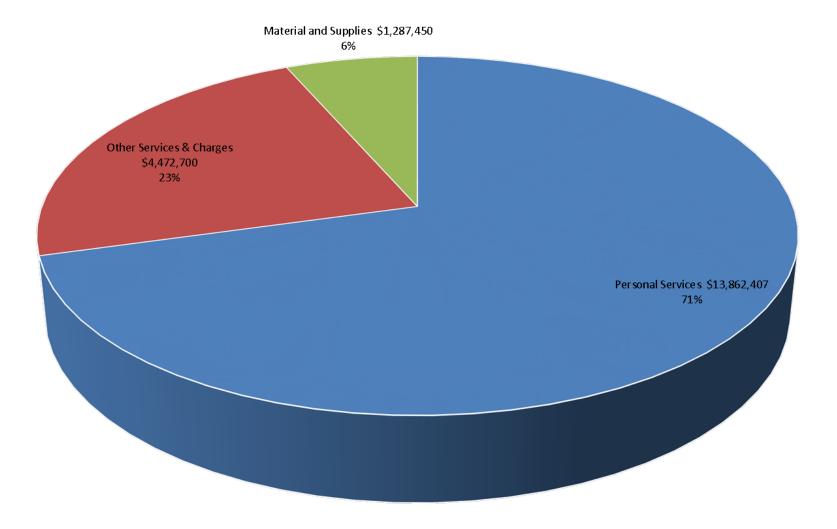
General Fund Budget Resources 2018-2019



General Fund Expense By Department 2018-2019



General Fund Expense By Classification 2018-2019



FY-2019 Personnel:

- Current total citywide 798

 Governmental funds: 550
 BAMA: 248

 Proposed 13 ¹/₂ new positions (811)
 - Governmental funds: 9 ¹/₂
 - **– BAMA**: 4



Oklahoma Cities Personnel Comparison

Lawton – 875 full time
Norman – 844 full time; 45 part time
COBA – 798 (proposed 811) full time; 21 part time

Edmond – 753 full time; 46 part time



FY-2019 Broken Arrow Municipal Authority (BAMA) Budget



FY-2019 BAMA Budget

\$112,219,135

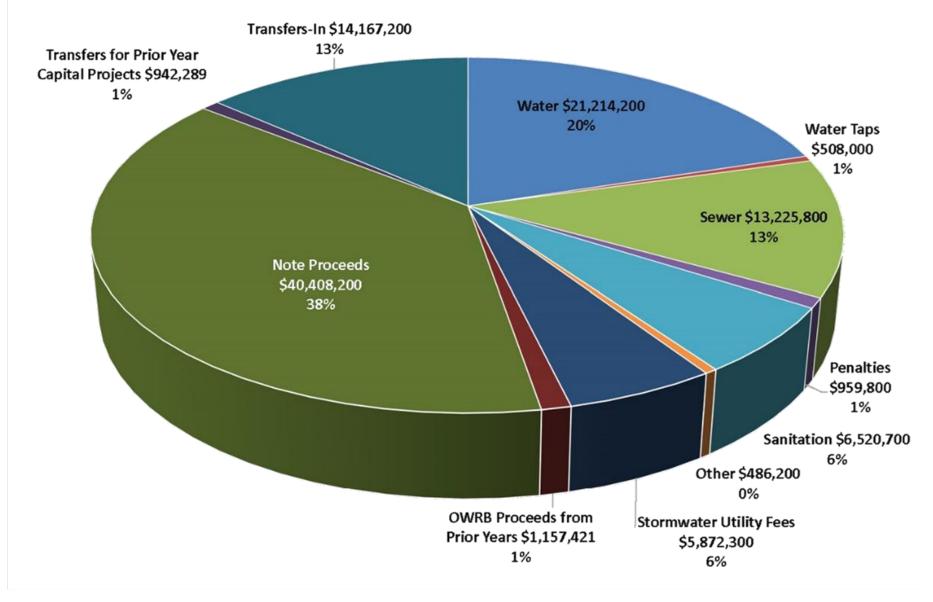
• Includes: Expenditures, transfers out, ending fund balance, capital outlay, and debt service

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

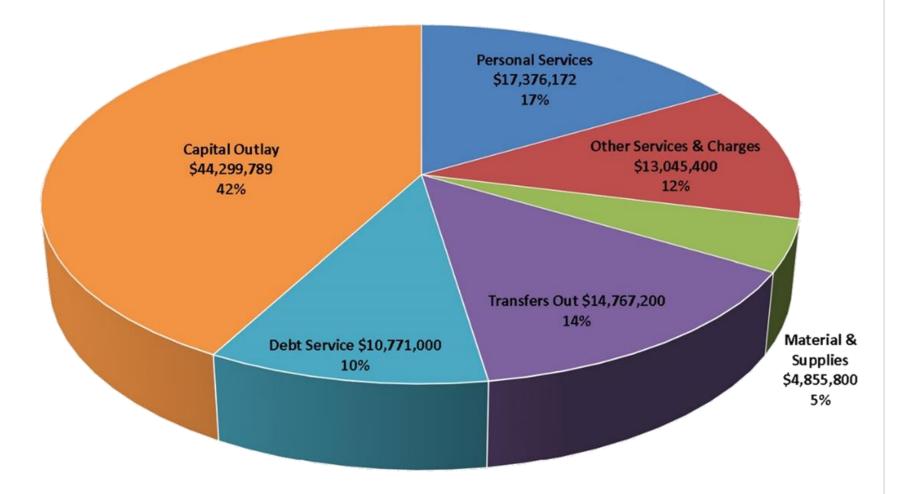
• Increase of 17.2% in operating costs, capital outlay (7 year CIP implementation), reserved fund balances, and debt service (OWRB loans)



Broken Arrow Municipal Authority Revenue Resources 2018-2019



Broken Arrow Municipal Authority Expenses By Classification 2018-2019



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)



Sales Tax Capital Improvement Fund (STCI)



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



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 23rd Street -\$275,000



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



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



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)



Budget Update

• Remaining 2014 GOB package

Pages 170-173



Recognitions

