



MEMORANDUM

Council Agenda
Item No XI. X.1&2
4/26/2022

The City of OKLAHOMA CITY

TO: Mayor and City Council

FROM: Craig Freeman, City Manager

1. Public hearing regarding Resolution adopting an amendment to the Fiscal Year 2022 budget.
2. Resolution adopting an amendment to the Fiscal Year 2022 budget for the Capital Improvement Projects Fund; the Fire-Fighting and Fire-Rescue Services, Facilities or Equipment Tax Fund; the General Fund; the Hotel/Motel Tax Special Revenue Fund; the Internal Service Fund; the Oklahoma City Tax Increment Financing Fund; the Police Services, Facilities or Equipment Tax Fund; the Special Purpose Fund and the Zoo Sales Tax Fund; and directing filing.

The following is a summary of the proposed changes to the FY22 budget.

Capital Improvement Projects Fund

The approval of this amendment will allow a total of \$37,815,000 to be transferred from the General Fund to the CIP fund for various projects. This transfer will include the addition of \$27,815,000 for projects related to infrastructure and \$10,000,000 for matching funds for federal projects funded through the Infrastructure Investment and Jobs Act.

Fire Sales Tax Fund

The Fire Sales Tax collections are exceeding budget targets and an amendment is necessary to increase budget authority. The first increase is \$1,000,000 for recruit overages. The second increase is \$5,250,000 for the purchases of additional firefighting tools and equipment. An accompanying Council item is on the agenda to amend the Fire Sales Tax Resolution to authorize these expenses.

General Fund - Operating

The City's revenues have performed above target this fiscal year, especially in the areas of Sales and Use Tax. Other revenue sources have also overperformed, including franchise revenue from OG&E and ONG, Building Permits, and several other sources. As a result, projections indicate that \$47.0 million will be generated beyond the FY 22 adopted operating budget. Therefore, a budget amendment is proposed to authorize that revenue for expenditure. The proposed amendment is designed primarily to address issues that have arisen as a result of the pandemic, severe cold weather in the past two years and inflationary pressure from the current economic environment. In addition, priority was placed on spending these funds in a way that would not put future operating pressure on the City's general fund. Funding will be used to address infrastructure needs including capital maintenance of City owned facilities, sets aside infrastructure grant

matching funds and addresses other street, sidewalk and park needs.

The proposed amendment projects are summarized below.

- *Operating Budget Increases for Inflation, pandemic and weather - \$9,185,000.* Increases are included in the amendment for higher costs for fuel, parts and services. One-time purchases like, at-home COVID tests for employees and a fire station location study are part of the amendment and supplemental funding for utility cut repair, base repair contracts, and Riversport operations is also included.
- *Matching Funds - \$10,000,000.* Many federal projects funded through the Infrastructure Investment and Jobs Act will require a local match. Setting aside money now will ensure that the City can maximize grant awards under this new funding source.
- *Infrastructure \$27,815,000* – Sidewalk improvements, street resurfacing, and street enhancements are funded through the amendment. Park improvements, including football fields, lighting for sports fields and infrastructure improvements at Will Rogers Park are included. Improvements requested by the NCAA at the USA Softball Hall of Fame Stadium, and improvements required by Major League Baseball at the Bricktown Ballpark are included. Other improvements include installation of a new elevator in Bricktown to provide better ADA access to the Canal. Finally, reserves are established for Capital Maintenance of City facilities to ensure we maintain our buildings well.

General Fund – Non-Operating

The MAPS 4 sales tax is received in the General Fund and then transferred to the MAPS 4 Program Fund where the various MAPS 4 projects are funded. The MAPS 4 sales tax is expected to come in \$16,666,667 above target this year. Additional budget authority is added in the non-operating portion of the General Fund in order to transfer the full amount received this year.

Hotel/Motel Tax Fund

Each month the majority of Hotel/Motel Tax receipts received are transferred to the Oklahoma City Public Property Authority (OCPPA) as part of the requirements for the revenue bonds for capital projects at the State Fairgrounds. The portion not needed for debt service costs is then transferred back to the City. Hotel/Motel Tax collections are expected to exceed the budget target this year by \$3,575,000 and an amendment is needed to provide budget authority to allow the full amount of revenue received to be transferred to the OCPPA, in compliance with the revenue bond requirements.

Internal Service Fund - Fleet Services

In the current fiscal year, departments are expected to exceed budgeted fuel amounts by \$1,800,000 due to higher than estimated gasoline and diesel prices. As a result, the Fleet Services Internal Service Fund is being increased by \$1,800,000, funded by higher fuel chargebacks to departments.

Oklahoma City Tax Increment Financing Fund

Tax Increment Finance (TIF) projects are managed through the Oklahoma City Economic Development Trust (OCEDT). When the state contributes matching funds to a TIF project it must be received in a City fund and the City transfers those funds to OCEDT. This amendment adds \$911,000 in revenue from the Oklahoma Department of Commerce related to the Omni Convention Center Hotel.

Police Sales Tax Fund

The Police Sales Tax collections are exceeding budget targets and an amendment in the amount of \$6,250,000 is necessary. The total amount will be placed in contingency for future use.

Special Purpose Fund

Parks & Recreation received a \$900,000 donation from the Civic Center Foundation to provide additional funding for the renovation of the Freede Little Theatre in the Civic Center and new amenities for patrons throughout the facility. The bid for this 2017 General Obligation Bond project came in over budget and the donation will replenish the project contingency and fund the purchase of FF&E.

Zoo Sales Tax Fund

Each month total Zoo Sales Tax collections are transferred to the Oklahoma City Zoological Trust. Sales Tax collections are exceeding budget targets and an amendment is needed to allow transfer of all collections to the Oklahoma City Zoological Trust. This amendment adds \$2,083,333 in estimated sales tax collections to provide budget authority for the monthly transfer.

No other City funds are being amended. The net effect on the total budget for the City is an increase in expenses and revenue of \$85,436,000. The City's total budget for FY22 will be \$1,779,886,404.

The resolution today amends the FY22 budget for the City of Oklahoma City and directs that the amended budget be filed and administered according to the provisions of the Oklahoma Municipal Budget Act. Attachment A provides a summary of the changes, while Attachment B provides the changes that would be made in each fund when the amendment takes effect.

Review	Finance Department, Office of Management and Budget, and the Municipal Counselor's Office
--------	---

Recommendation: Resolution be adopted

Attachment