



Kathy Taylor
OFFICE OF THE MAYOR

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STATEWIDE REVENUE DECREASES CAUSE CITY BUDGET REDUCTION

As previously announced, and as has been seen throughout the country in other cities and states, the City of Tulsa announced it will tighten its budget by further reducing its expenses in order to meet a projected revenue shortfall.

The City of Tulsa reported in October that sales tax revenue declined sufficiently to necessitate a second series of budget reductions, to be made immediately. Prior to finalizing the original budget submission in May, all City departments were asked to identify measures to reduce expenses in the event revenues fell short of expectations. A decline in sales and use tax reported for October triggered this second set of reductions in the General Fund.

All Departments identified at least 2.5% additional reductions in General Fund spend categories. All reductions are being made with an eye toward minimizing the impact to citizens, said Mayor Kathy Taylor.

Both the Police and Fire Departments will eliminate spring academies saving nearly \$700,000 in general fund spending and will implement other reductions by delaying equipment purchases, eliminating certain specialized allowances and continuing to manage overtime. However, Police will request to retain 18 officers by using the COPS grant. Application has already been made to the Department of Justice. Public safety will not be jeopardized and the vital core services our citizens rightfully expect will not be interrupted, Taylor said. In addition, to the 18 officers expected to be re-hired, nine officers in specialty assignments will be assigned to patrol.

The goal is to make a minimal impact to the sworn workforce by using COPS and SAFER grants to pursue retention of existing positions.

Many vacant positions will remain unfilled and there will be positions in certain city departments that will be eliminated. Employees whose positions will be eliminated will be provided first consideration for vacant positions within the City, and Workforce Tulsa will assist displaced employees through its job placement services. Taylor said City officials are notifying affected employees about the reductions and will provide more detailed information on the eliminated positions when the notifications are complete.

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“Based on the information we have to date, these decreases in spending should allow us to maintain a balanced budget through year end,” said Mike Kier, Finance Director.

“Departments have done an excellent job of managing expenditures including overtime, during the first quarter of the year. I am confident they will continue this discipline in the management of their spending”.

All Departments that rely on the general fund, which is used to fund salaries, materials, training and equipment, will reduce spending. Reductions will also effect available funding for River Parks, TAEMA, Tulsa Transit, INCOG and other third party contracts.

General fund revenues saw a serious decline in the most recent reporting period. The primary source for the general fund which serves to support the operations of the City is the 2 cent sales tax collected within the City of Tulsa. In addition to declines in sales and use taxes, a cooler than normal summer and lower energy prices resulted in a drastic reduction in franchise fees. Enterprise fund revenues from water, sewer, trash and storm water charges remain healthy.

Taylor said property valuation in the city of Tulsa topped \$3 billion for the first time.

“This is an increase in property valuation of more than 4%. If our operating fund was supported by property tax like the County, we would be seeing an increase in revenue instead of a decrease. This further underscores the need for Tulsa (and other cities in our state) to have a more diversified revenue stream,” she said.

None of the funding for major projects, such as the Drillers Stadium, comes from the general fund. Drillers Stadium will be paid for entirely through the business improvement district and private donations.

The expenses associated with operating City Hall at One Technology Center are paid for through the OTC building fund. There was no increase in the general fund budget for the purchase or maintenance of OTC. As the result of the purchase and relocation of City Hall the cost of operating five building were consolidated and transferred into the OTC Building Fund. The only expenses that have increased are tied to the rate increases obtained by the utility companies and would have been more significant had the purchase of OTC and consolidation of operations not occurred.

City management has scoured their departments looking for any viable cuts in the operating budget. By making significant cuts in equipment ownership and usage, virtually eliminating training paid for by the general fund and our continued high performance government efficiency processes, our team has, to the extent possible, minimized the reduction of services and abolishment of positions within the city.

“The actions taken by our team over the past two years include eliminating the subsidy on golf

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courses and entering into a management agreement with TU for the Gilcrease Museum, as well as dozens of other efficiency initiatives, have placed us in a much better position than we could have been.” said Mayor Taylor. “Our team has placed a priority on efficient use of taxpayer dollars which has enabled us to be prepared for this difficult economy.”

The Mayor also requested that Fire Chief Allen LaCroix lead a review of all vehicles owned by the City for reduction of underutilized vehicles. As a result of the review, over 220 vehicles will be surplus. This will result in an estimated annual savings of maintenance and fuel of approximately \$150,000 and one-time revenues from surplus vehicles of approximately \$300,000 . The Mayor will ask the City Council to support a policy to recommend that all one-time funds from this surplus sale be retained to support short term capital needs in years 2012 to 2014.

“I am once again proud of this management team as they wrestled with hard decisions and made difficult choices. We must review the restrictive method in which our state allows cities to fund the most basic services for our citizens.” Taylor said.

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