



OKLAHOMA CITY

2019 FEDERAL LEGISLATIVE PROGRAM

PRIORITIES

1 Funding to enhance the City’s investment in transportation and transit.

The City supports the long-established Federal Transit Administration’s CIG program that provides competitive grants for New Starts (transit projects with \$100 million or more in federal funds), Small Starts (transit projects with less than \$100 million in federal funds) and Core Capacity (funding for existing at-capacity fixed guideways). Recent THUD Appropriations bills approved by the House and Senate include funding for the CIG program, and this program should continue to be funded at the levels and duration authorized in the FAST Act. Funding for the BUILD program, replacement to TIGER, should also be continued. The City of Oklahoma City has benefitted from this program in the past and was recently awarded a \$14.3 million BUILD grant to assist in financing a future Bus Rapid Transit (BRT) corridor.

The CIG program refers to the New Starts, Small Starts and Core Capacity projects funded through the FTA grant program. Projects that qualify for such funding under these programs are significant transit projects that are often not possible without the assistance of federal funds. As Oklahoma City looks to the future of transit in our community we anticipate Small Starts and the BUILD funds will be beneficial in the financing of future street-car extensions, BRT and commuter rail.

2 Airport transportation infrastructure

Will Rogers World Airport (WRWA) is a vital resource to Oklahoma City and the region. It is one of the largest small-hub commercial hub airports in the nation.

The airport serves over 4.2 million passengers annually with daily nonstop service to 23 airports and an average of 74 daily departures. The airport serves an additional five nonstop destinations with less than daily or seasonal service. The airport has more than 70 businesses that employ approximately 12,000 workers.

The City appreciates support for continued funding of federal grants to support the City’s airports and infrastructure, funding to support air traffic control towers, and for FAA operations at the MMAC as well as Transportation Security Administration (TSA) operations.



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3 Support for economic development and local grant programs

Community Development Block Grant (CDBG) Funding
Since 2010, funding for the federal Community Development Block Grant program has been cut significantly and continues to be at risk at the federal level. Congress supported the program and provided a slight increase in our 2018 allocation to \$4,901,496. This is a critical program, and funding cuts would hurt housing supply, affordability and living conditions within the City.

The CDBG program is OKC’s primary federal funding mechanism for broad-based housing rehabilitation services for low and moderate income households, and also for providing needed public facilities and services in low-income areas. CDBG and the Section 108 Loan Guarantee Program also provide flexible funding sources to help small businesses create jobs.

The CDBG program’s formula-based funding approach enables the City to take a long term approach to address housing, community development and economic development needs. Notable OKC economic development efforts include helping Dell, Inc. create more than 1,500 jobs, the Skirvin Hotel create more than 250 jobs and most recently, the 21C Hotel (projected to create 138 jobs). The job creation alone is reason for undertaking these needed economic development activities, without mention of the rescue of iconic historic buildings within the community.

Last year, CDBG is used to rehabilitate approximately 60 housing units under the City’s Housing Exterior Maintenance Program and helped 75 households under the Emergency Home Repair program administered by Community Action Agency (CAA). The City also annually secures about 85 buildings per year and repaints hundreds of graffiti sites using CDBG funding.

Each year, neighborhood sidewalk, signage and lighting projects are accomplished in low and moderate income neighborhoods. Over 33,000 discounted transit fares are provided to seniors and people with disabilities. Last year, improvements were made to parks in the Strong Neighborhoods Initiative (SNI) areas. These areas also received CDBG funding for legal assistance, hazardous tree removal and science, technology, arts and math after-school programs. Last year, over 100 small business owners benefitted from the CAA’s Small Business Development training program. Over 1,000 were in attendance.

The CDBG program also provides the City’s Urban Renewal Authority with operating funds. The program, in partnership with HUD, has continued to address blighted areas within the community including the Oklahoma Health Center, Central Business District, John F. Kennedy district, and most recently the NE Renaissance Area. Recent efforts include buying dilapidated properties for demolition and redevelopment, developing mixed-income income housing within the areas and providing infrastructure improvements.

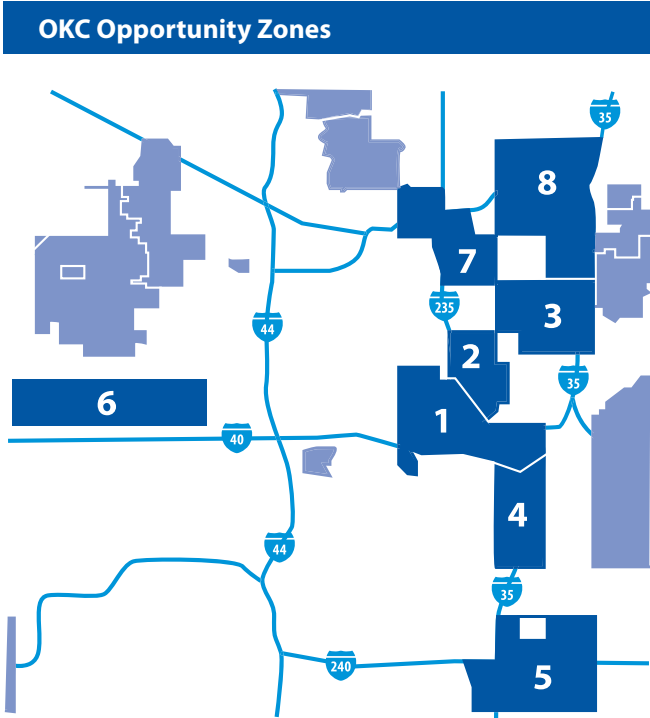
In short, CDBG is critical funding that helps to address the community’s immediate needs in housing, community development and economic development. Continued funding cuts jeopardize the City’s ability to address these needs.

The HOME investment Partnership Program (HOME)
Administered by the U.S. Department of Housing and Urban Development

Since 2010, the HOME Investment Partnerships (HOME) program funding has been cut by over 43 percent. In 2010, the City’s HOME funding was \$3,133,027. In 2018 Congress supported the program and ultimately provided us an allocation of \$2,482,884. Funding for this program is important to the supply and affordability of housing and living conditions within the City.

The HOME program is the primary federal funding mechanism used by the City to provide whole housing rehabilitation services for low and moderate-income households, to construct affordable rental and for sale housing, and to provide down payment and closing cost assistance to lower income homebuyers.

Annually, HOME is used to rehabilitate approximately 20 housing units under the City’s Whole House Rehabilitation Program and provide down payment assistance to 50 households. In addition, the City has spent HOME funds to support construction of new affordable apartments, and rehabilitation of existing units to house those with low/moderate incomes. Without HOME funds, our ability to construct new owner housing and invest in affordable rental housing and senior housing developments would be eliminated.



4 Implementation of “Opportunity Zones”

The 2017 Tax Cuts and Jobs Act created Opportunity Zones. These zones encourage long-term investments to help revitalize low income areas. Early interest from investors is encouraging. The Greater Oklahoma City Chamber and Alliance for Economic Development are helping the City promote and manage this program.

Timing is crucial. Investors can defer tax on any prior gains invested in a Qualified Opportunity Fund (QOF) until the earlier of the date on which the investment in a QOF is sold or exchanged, or Dec. 31, 2026. There is a 10 percent exclusion of the deferred gain if it is held for more than 5 years, rising to 15 percent after 7 years. Second, if the investor holds the QOF investment for 10 years, they are eligible for an increase in basis equal to its fair market value on the date of the sale or exchange.

Each zone has a distinct competitive position that will naturally drive investment in certain products.

- | | |
|--|------------------------|
| 1 Central Business District | 2 Innovation District |
| > Bricktown | 3 NE 23rd St. Corridor |
| > Arts District | 4 1-35 Industrial |
| > Film Row | 5 1-35 & I-240 |
| > Deep Duce | 6 1-40 Industrial |
| > Automobile Alley | 7 1-44 & I-235 |
| > Boathouse District | 8 Adventure District |
| > American Indian Cultural Center & Museum | |

SUPPORT

1 Support for FAA operations

Efforts to privatize FAA operations have been proposed recently. This is a critical issue both from a national safety and security standpoint, as well as being an integral part of Oklahoma City.

The FAA's Mike Monroney Aeronautical Center (MMAC) is Will Rogers World Airport's largest tenant. MMAC provides vital services and support missions for the FAA and the U.S. Department of Transportation. MMAC provides a significant number of high-paying jobs and brings hundreds of visitors to our city for training.

The nearly 6,000 employees of the MMAC oversee the safety of private, corporate, and commercial aviation in the United States. Among its many functions, MMAC provides essential training in electronics, air traffic control, inspection and management, accounting and finance for the Department of Transportation, logistics, research, technical training and support for the National Airspace System (NAS), and regulates and certifies safety related positions and equipment. The numerous and varied NAS support functions performed at the MMAC serve to distinguish it as the largest single site of NAS equipment within the FAA, underscoring its critical role.

2 Support for Tinker Air Force Base

The Oklahoma City community has supported Tinker AFB since its inception in 1941, when it provided the initial 1,440 acres of land. The City has a good working relationship with Tinker, and with over 26,000 employees, it is an important part of the region. The installation has an annual statewide economic impact of \$3.51 billion, creating an estimated 33,000 secondary jobs.

In recent years, the City partnered with the U.S. Air Force and Oklahoma County to purchase 158 acres of land on the southwest side of the base to house a depot maintenance facility for the Air Force's next-generation aerial refueling aircraft, the KC-46A Pegasus. Tinker leaders believe support for this new project will create the bedrock for the base for the next 50 years.

The land was formerly owned by the Burlington Northern Santa Fe Railway Co., where it operated a rail yard that primarily served the former General Motors manufacturing facility. The acquisition of this property would not have been possible without the partnership between all levels of government.



3 Support for the American Indian Cultural Center and Museum's efforts to secure funding for exhibits

The American Indian Cultural Center and Museum (AICCM) is on track to continue construction and become an important cultural landmark at the crossroads of Interstates 35, 40, 235 and 44. The mission of the AICCM is to educate the broader public about the unique cultures, diversity, history, and contributions of the tribal nations that were removed from their homelands to Indian Territory, now the state of Oklahoma.

The AICCM may seek to secure federal funding for exhibits and the design and build-out of the Smithsonian gallery to display and create the necessary environment to house and display federal collections of items on long-term loan to the AICCM.

4 Support for Amtrak and passenger rail service in Oklahoma

Passenger rail service has been in place from Oklahoma City to Fort Worth via the Amtrak Heartland Flyer since 1999. Prior to that, passenger rail had been absent from Oklahoma for 20 years.

The Heartland Flyer is state-sponsored by Oklahoma and Texas. Recently, funding for the service has come under fire as the state has been facing difficult budget cycles. This important passenger rail link between Oklahoma City and the Dallas/Fort Worth metroplex is currently the only passenger rail service in Oklahoma. It was a key component in the City's efforts to secure a \$13.6 million federal transportation TIGER grant to support the City's renovation of the multimodal transportation hub at the Santa Fe Depot.

The Heartland Flyer starts in Oklahoma City and then makes station stops in Norman, Purcell, Pauls Valley and Ardmore before stopping in Gainesville, Texas, and then Fort Worth. Ridership has continued to grow over the years, with roughly 81,000 passengers per year.

Proposals to expand service to Kansas and to Tulsa are both part of the overall passenger rail conversation. Passenger and commuter rail service in the metropolitan area is also part of ACOG's regional long-range transportation plan. It is important to both keep the service that is currently in place and contemplate options for additional passenger rail service in the future.

MONITOR

1 Monitor implementation of internet sales tax collection

Oklahoma City's top legislative priority for the past 27 years has been to address the inequity created by the 1992 U.S. Supreme Court ruling (*Quill Corp. v. North Dakota*). That ruling prohibited states from imposing sales and use tax collection obligations on vendors without a physical presence in a given state.

Fortunately, in the summer of 2018, the U.S. Supreme Court ruled on *Wayfair v. South Dakota* and reversed the *Quill* decision. The State of Oklahoma is expected to take steps to implement the new decision, and businesses have already begun to comply. This process should not be disrupted by harmful legislation.



2 Ensure retention of tax-free status of municipal bonds

As federal budget challenges continue, there are several concepts floated that will either raise additional revenue for the federal government or cut expenditures. A concept that has been discussed is the elimination of local tax-exempt status for bonds.

Oklahoma City and its trusts use bonds to fund capital projects. If local bonds lose their federal tax-exempt status, the cost to the City in lost opportunities to fund capital projects would be roughly \$9 million and for the state, the cost would be roughly \$13 million.

3 Monitor enforcement and definitions of compliance with the Clean Air Act and EPA standards

Several of the City's programs funded through the Energy and Environmental Community Block Grant (EECBG) program are geared toward keeping our region in compliance with the Clean Air Act. For example, the City's fleet currently includes CNG vehicles. To fuel these vehicles, the City's CNG fueling station was upgraded to provide rapid filling for city vehicles that run on CNG. The City's Solid Waste Utility continues to invest in CNG trucks and technology. The EMBARK system also recently received a \$1.9 million grant to purchase CNG buses and received a \$797,550 grant to purchase electric buses and chargers.

The bike share program, called SPOKIES, is providing bikes in kiosks that are accessible to people who live, work and visit areas in Oklahoma City's core. The program continues to expand and improve with new, sturdier bikes.

Under the Clean Air Act, compliance standards for ground-level ozone were reduced from .075 parts per billion (ppb) to .070 ppb. The City works with ACOG and state agencies to monitor the metropolitan area's compliance. The Central Oklahoma region has remained in compliance, though we had a challenging summer in 2018, and came within one failed pollution reading to be out of compliance.

The City continues to monitor the issue and collaborate with ACOG and our regional partners to promote clean air activities.

