

OKC 2020 FEDERAL LEGISLATIVE PROGRAM



Priorities

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

The City supports maintaining funding levels for the transit Capital Investment Grant (CIG) program and Better Utilizing Investments to Leverage Development (BUILD) grant program. The Federal Transit Administration’s long-established CIG program provides competitive grants for New Starts (transit projects with \$100 million or more in federal funds), Small Starts (less than \$100 million) and Core Capacity (existing at-capacity fixed guideways). While recent THUD Appropriations bills approved by the House and Senate include funding for the CIG program, funding should continue at the levels and duration authorized in the FAST Act. Funding for the BUILD program, which replaces TIGER, should also be continued.

Oklahoma City has benefitted from these programs in the past and appreciates the support of our delegation for these projects. Significant transit projects that qualify for funding are often not possible without federal help. As OKC looks to the future of transit, we anticipate Small Starts and the BUILD funds will be beneficial in financing potential streetcar extensions, BRT and commuter rail.

2 Airport transportation infrastructure

Will Rogers World Airport (WRWA) is a vital resource to the Oklahoma City region. It’s one of the largest small-hub commercial airports in the nation. It serves over 4.2 million passengers annually and averages 74 daily departures to 29 nonstop destinations. The airport has nearly 70 businesses employing more than 12,000 people.

Continued funding for federal grants that support airport infrastructure and funding to support air traffic control towers is a point of emphasis for Oklahoma City. Also critical to OKC are the FAA operations at the MMAC as well as Transportation Security Administration (TSA) operations.

3 Implementation of Opportunity Zones

The federal 2017 Tax Cuts and Jobs Act established the creation of Opportunity Zones to encourage long-term investments to help revitalize areas with lower median incomes. It’s designed to help spur investment in economically distressed areas. The areas identified in Oklahoma City are pictured below.

The Greater Oklahoma City Chamber and the Alliance for Economic Development of Oklahoma City are helping the City promote and manage this program.

Investment timing is crucial. Investors can defer tax on any gains invested in a Qualified Opportunity Fund (QOF) until the investment in a QOF is sold or exchanged, or Dec. 31, 2026, whichever is earlier. If the QOF investment is held for longer than 5 years, there is a 10% exclusion of the deferred gain (or 15% if longer than 7 years). If the investor holds for at least 10 years, the investor is eligible for an increase in basis of the QOF investment equal to its fair market value on the date it’s sold or exchanged.



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 | |

Mayor & Council
David Holt, Mayor
Craig Freeman, City Manager
James Greiner, Ward 1
James Cooper, Ward 2
Larry McAtee, Ward 3
Todd Stone, Ward 4
David Greenwell, Ward 5
JoBeth Hamon, Ward 6
Nikki Nice, Ward 7
Mark Stonecipher, Ward 8

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4 Economic Development and Local Grant Programs

Community Development Block Grant (CDBG) Funding

CDBG funding is critical for cities. Continued Congressional support for this program helps housing supply and affordability for Oklahoma City's residents. In FY 2020 the program was reauthorized and OKC received a slight decrease in our allocation to \$4,869,051. The CDBG program is the primary federal funding mechanism the City uses to provide broad-based housing rehabilitation services for low- and moderate-income households, and critical public facilities and services in low-income areas within the community.

CDBG and the Section 108 Loan Guarantee Program also provide flexible sources of business funding that has created low- and moderate-income jobs in our community.

Formula-based CDBG funding enables the City to take a long-term approach for addressing housing, community development and economic development needs. Without consistent and reliable access to CDBG funding, the City would have missed out on notable economic developments like Dell, Inc.'s creation of over 1,500 jobs, and renovating historic buildings now home to the Skirvin Hotel (250 jobs) and 21C Hotel (138 jobs). Job-creation alone is reason for undertaking these needed economic development activities, without mention of the rescue of iconic historic community buildings.

In the last year, CDBG funding rehabilitated about 60 housing units under the City's Housing Exterior Maintenance Program and provided emergency home repairs to 75 households under a program administered by Community Action Agency (CAA). The City also secures about 85 buildings per year using CDBG funding and repaints hundreds of graffiti sites. Each year neighborhood sidewalk, signage and lighting projects are completed in low- to moderate-income neighborhoods, and over 33,000 discounted bus and transit fares are provided to seniors and people with disabilities. Last year, we also improved parks in the City's

Strong Neighborhoods Initiative (SNI) areas. CDBG also funded other SNI programs like legal assistance, hazardous tree removal, and science, technology, engineering, arts and math (STEAM) after school programs. Finally, small businesses owners are provided annual training by the CAA's small business development program. Last year, 1,000 people from over 100 businesses attended training.

The CDBG program also provides the City's Urban Renewal Authority with operating funds. The City's CDBG program, in partnership with HUD, has continued to address blighted areas that include the Oklahoma Health Center, Central Business District, the John F. Kennedy district and most recently the NE Renaissance Area.

Recent efforts include buying dilapidated properties for demolition and redevelopment, developing mixed-income housing and providing infrastructure improvements. CDBG is critical funding that helps to address immediate housing, community development and economic development needs. Continued funding cuts jeopardize the City's ability to address these needs.

HOME Investment Partnerships Program

Administered by the U.S. Department of Housing and Urban Development

Congress supports the HOME Investment Partnerships (HOME) program, but the City's allocation has continued to decline. The FY20 allocation was \$2,214,939. Funding reductions harm the supply and affordability of housing and living conditions within the city.

The HOME program is the City's primary federal funding mechanism for whole housing rehabilitation services in low- and moderate-income households, affordable rental and for-sale housing construction, and down payment and closing cost assistance to low-income home buyers.

HOME is used to rehabilitate about 20 housing units under the City's Whole House Rehabilitation Program and

provide down payment assistance to 50 households every year. The City also uses 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.

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 for training.

The nearly 6,000 employees of the MMAC oversee the safety of private, corporate, and commercial aviation in the U.S. MMAC provides essential training in electronics, air traffic control, inspection and management, accounting and finance for the Department of Transportation. It also provides 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

Oklahoma City has supported Tinker AFB since its inception in 1941, when the City provided the initial 1,440 acres of land. OKC has a good working relationship with Tinker, and with over 27,000 employees, the base is regionally important.

The City partnered with the 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. The initial facility opened in October 2019. 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. Acquisition of this property would not have been possible without the partnership between all levels of government.

3 Support for Amtrak and Passenger Rail Service

Passenger rail service has been in place from Oklahoma City to Fort Worth via the Amtrak Heartland Flyer since 1999. Passenger rail had previously 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 the only passenger rail service in Oklahoma. It was a key component in the City's efforts to secure a federal transportation TIGER grant to support the renovation of the Santa Fe Depot multimodal transportation hub.

The Heartland Flyer serves Oklahoma City, Norman, Purcell and Pauls Valley, then Gainesville and Fort Worth in Texas.

Growing ridership is now about 81,000 annual passengers. Proposals to expand service to Kansas and to Tulsa are part of the passenger rail conversation. Passenger and commuter rail service is also part of ACOG's regional long-range transportation plan. It's important to keep existing service and consider expansion.

4 Support for National Weather Service operations

National Weather Service operations in the metropolitan area are significant to Oklahoma and nationally. Because of the risks that go along with severe weather conditions, this is an important public safety function of government that must be taken seriously.

5 Support for long-term reauthorization of the National Flood Insurance Program (NFIP)

Oklahoma City is one of about 22,355 communities in the National Flood Insurance Program (NFIP) and has done so since 1972. Nationally, there are around 5.1 million policyholders with more than \$1.3 trillion in coverage through the NFIP. Residential and commercial property owners are required by the NFIP to buy flood insurance if in a Special Flood Hazard Area (SFHA) designated high-risk for flooding (a 100-year floodplain, or area with an estimated 1% or greater risk of flooding every year).

About 112 square miles of OKC (18% of the city) are designated as a floodplain or floodway. Ninety-six of those 112 square miles (86%) are designated SFHAs. From 1985 to early 2019, OKC properties have filed 463 NFIP claims which paid out \$8.6 million (no inflation adjustment), an average of \$18,570 per claim.

From September 2017 to August 2019, Congress avoided funding lapses with 12 short-term extensions for the NFIP, some for as little as two weeks. Lapses like the four from 2008 and 2012 prevent borrowers from getting flood insurance to close, renew, or increase loans secured by property within a floodplain. During one lapse, from June 1 to July 2, 2010, researchers estimated more than 1,400 home sale closings were cancelled or delayed. It makes sense to provide a long-term funding authorization for this important program.

6 Support for mental health treatment options under Medicaid

Many issues affecting quality of life in OKC are tied to lack of available mental health services. The City is working to address this, but there are ways the state and federal government can help.

One issue is that federal Medicaid rules prohibit the use of Medicaid funds to pay for substance use disorder treatment at inpatient mental health facilities with more than 16 beds. But there is also a suspension for this rule that extends until FY 2023 if the state has amended their state Medicaid plans and included the following:

- information on how the state will improve access to outpatient care
- the process for transitioning people to appropriate outpatient care
- how people will be screened and assessed

The state must also certify maintenance of effort regarding mental health services they are already providing. With collaborative effort on state and federal levels, this issue can be addressed, with momentum towards permanent change in the rules.

Monitor

1 Monitor implementation of internet sales tax collection

Oklahoma City's top legislative priority for the past 28 years has been to address inequity created by the 1992 U.S. Supreme Court ruling (Quill Corp. v. North Dakota). The 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 Court ruled on Wayfair v. South Dakota and reversed the Quill decision. The State of Oklahoma is expected to implement the new decision, and businesses have begun to comply. This process shouldn't be disrupted by harmful legislation.

2 Ensure retention of tax-free status of municipal bonds

As federal budget challenges continue, several concepts will either raise additional revenue or cut expenditures. One such concept 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. 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

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 metro area's compliance. Central Oklahoma has remained in compliance, though we are working with

ACOG to fund a study to determine the potential economic impact of falling out of compliance.

Several of the City's programs funded through the Energy and Environmental Community Block Grant (EECBG) program are geared toward staying in compliance with the Clean Air Act. For example, the City's fleet includes CNG vehicles. The City upgraded our CNG fueling station to provide rapid filling. The City's solid waste utility continues to invest in CNG trucks and technology. EMBARK also recently received a \$1.9 million grant to buy CNG buses and a \$797,550 grant to buy electric buses and chargers.

The Spokies bike share program provides bikes in kiosks accessible to people who live, work and visit areas in OKC's core. The program is expanding and improve with new, sturdier bikes. The City is monitoring the issue and collaborating with ACOG and regional partners to promote clean air activities.

4 Monitor issues that affect water and wastewater

One of the primary functions of local government is to provide drinking water and wastewater services. Problematic superfund sites in Oklahoma City cause drinking water contamination. The City seeks to remedy those situations by working with state and federal officials.

The Oklahoma City Water Utilities Trust is also in the process of finalizing a contract with Tinker Air Force Base to provide water and wastewater infrastructure and operations for the base. The acquisition process has proceeded slowly but is expected to be on track for approval soon.

