



CITY COUNCIL WORKSHOP

February 10, 2015

Purpose

1 Compliance

2 Strategy

3 Accountability

The full text of the Five-Year Forecast is available online at:
http://www.okc.gov/finance_tab/index.html

Agenda

Oklahoma City Economic Forecast

Presented by Dr. Russell Evans
Executive Director of the Steven C. Agee Economic Research and Policy Institute
at Oklahoma City University

Five-Year Financial Forecast

Financial Trend Monitoring System, Presented by Craig Freeman, Finance Director
Highlighted Department Issues, Presented by Craig Freeman, Finance Director
Revenue and Expense Forecast, Presented by Doug Dowler, Budget Director

FY16 Budget Outlook

Presented by Doug Dowler, Budget Director



Economic Forecast

**Oklahoma's Energy Industry and the State Economy:
Where have we been?
Where are we now?
Where are we going?**

Russell R. Evans, PhD
Executive Director,
Steven C. Agee Economic Research and Policy Institute
Meinders School of Business
Oklahoma City University



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& POLICY INSTITUTE

Outline of Comments

- Three minute review of Oklahoma's oil history
 - 1982-1986 bust by the numbers
 - Oklahoma's economy and the regional resource curse
- The outlook for 2015 and beyond
 - National – U.S. serving as the global economy's single engine; will U.S. power global economy or be pulled into malaise
 - State and local – the immovable object of oil's fall meets the unstoppable force of Oklahoma City's economic geography
- Oil bust or oil ebb?



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Oil and Natural Gas: Economic History

- Land runs, statehood, and the state's first major oil boom
 - Globally significant oil find fails to sustain long-run regional economic activity
- Oil boom of 1960's and 1970's yields to:
 - Recession of 1980-1982
 - Saudi Arabia assertion of market share in 1986
- Oklahoma's bust begins in 1982 (signaled by the Penn Square Bank failure) and continues through the late 1990's



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Gross State Product and Mining Share

Year	Real Gross State Product (Base = 1990)	Percent Change from Peak	Real Gross State Product from Mining Sector (Base = 1990)	Percent Change from Peak	Mining GSP as a Share of State Total GSP
1975	\$ 40,362.25		\$ 3,837.78		9.5%
1976	\$ 43,864.53		\$ 4,575.63		10.4%
1977	\$ 47,520.62		\$ 6,211.59		13.1%
1978	\$ 50,109.26		\$ 6,472.33		12.9%
1979	\$ 53,569.60		\$ 6,872.38		12.8%
1980	\$ 57,671.34		\$ 10,495.18		18.2%
1981	\$ 63,951.87		\$ 14,034.78		21.9%
1982	\$ 65,791.42		\$ 14,255.67		21.7%
1983	\$ 61,008.87	-7%	\$ 11,171.93	-22%	18.3%
1984	\$ 63,209.27	-4%	\$ 11,007.49	-23%	17.4%
1985	\$ 62,802.69	-5%	\$ 9,876.56	-31%	15.7%
1986	\$ 57,082.66	-13%	\$ 5,830.94	-59%	10.2%
1987	\$ 55,460.86	-16%	\$ 5,392.89	-62%	9.7%
1988	\$ 57,311.69	-13%	\$ 5,159.11	-64%	9.0%
1989	\$ 57,388.22	-13%	\$ 4,732.36	-67%	8.2%
1990	\$ 57,805.00	-12%	\$ 4,771.00	-67%	8.3%
1991	\$ 57,737.83	-12%	\$ 3,699.63	-74%	6.4%
1992	\$ 58,681.44	-11%	\$ 3,120.42	-78%	5.3%
1993	\$ 60,328.75	-8%	\$ 3,356.40	-76%	5.6%
1994	\$ 61,532.88	-6%	\$ 3,066.23	-78%	5.0%
1995	\$ 62,584.95	-5%	\$ 3,043.62	-79%	4.9%
1996	\$ 66,000.18		\$ 4,158.96	-71%	6.3%
1997	\$ 68,952.30		\$ 4,533.00	-68%	6.6%
1998	\$ 67,118.65		\$ 3,086.17	-78%	4.6%
1999	\$ 67,266.50		\$ 2,257.40	-84%	3.4%
2000	\$ 69,121.31		\$ 2,362.40	-83%	3.4%
2001	\$ 73,202.48		\$ 3,658.81	-74%	5.0%
2002	\$ 76,904.61		\$ 4,726.19	-67%	6.1%
2003	\$ 76,796.98		\$ 4,338.67	-70%	5.6%
2004	\$ 80,046.29		\$ 6,094.83	-57%	7.6%
2005	\$ 83,905.25		\$ 7,774.54	-45%	9.3%
2006	\$ 89,848.33		\$ 10,862.45	-24%	12.1%
2007	\$ 96,481.83		\$ 12,940.55	-9%	13.4%
2008	\$ 99,494.86		\$ 14,550.25		14.6%
2009	\$ 108,311.44		\$ 19,005.60		17.5%
2010	\$ 97,513.01	-10.0%	\$ 11,544.04	-39%	11.8%
2011	\$ 99,819.13	-7.8%	\$ 12,964.14	-32%	13.0%
2012	\$ 105,236.23	-2.8%	\$ 15,292.03	-20%	14.5%
2013	\$ 107,835.32	-0.4%	\$ 13,732.28	-28%	12.7%

State Total and Mining Employment				
Year	Total State Full and Part-Time Employment	State Mining Full and Part-Time Employment	Mining Employment as a Share of Total Employment	Mining Employment Percent Change from Peak
1975	1,268,539	53,461	4.21%	
1976	1,305,470	58,747	4.50%	
1977	1,359,195	65,545	4.82%	
1978	1,428,087	74,698	5.23%	
1979	1,481,253	85,413	5.77%	
1980	1,547,367	106,338	6.87%	
1981	1,625,130	144,858	8.91%	
1982	1,675,226	158,207	9.46%	
1983	1,637,587	134,529	8.22%	-15.0%
1984	1,665,397	130,152	7.82%	-17.7%
1985	1,647,651	125,841	7.64%	-20.5%
1986	1,588,059	101,009	6.36%	-36.2%
1987	1,598,762	95,206	5.95%	-39.8%
1988	1,608,236	88,230	5.49%	-44.2%
1989	1,622,640	83,964	5.17%	-46.9%
1990	1,654,743	81,643	4.93%	-48.4%
1991	1,668,179	79,443	4.76%	-49.8%
1992	1,680,022	70,933	4.22%	-55.2%
1993	1,715,718	67,104	3.91%	-57.6%
1994	1,748,232	69,316	3.96%	-56.2%
1995	1,799,650	62,994	3.50%	-60.2%
1996	1,849,559	56,455	3.05%	-64.3%
1997	1,896,861	60,338	3.18%	-61.9%
1998	1,938,882	58,394	3.01%	-63.1%
1999	1,953,977	56,337	2.88%	-64.4%
2000	1,993,644	54,930	2.76%	-65.3%
2001	2,010,657	59,061	2.94%	-62.7%
2002	1,989,192	53,694	2.70%	-66.1%
2003	1,973,202	61,487	3.12%	-61.1%
2004	1,997,468	58,261	2.92%	-63.2%
2005	2,041,230	63,719	3.12%	-59.7%
2006	2,098,663	73,359	3.50%	-53.6%
2007	2,154,646	81,686	3.79%	-48.4%
2008	2,193,652	101,125	4.61%	-36.1%
2009	2,146,748	91,574	4.27%	-42.1%
2010	2,135,440	105,291	4.93%	-33.4%
2011	2,166,127	102,659	4.74%	-35.1%
2012	2,224,002	131,845	5.93%	-16.7%
2013	2,254,523	137,213	6.09%	-13.3%

Figure 3: Oil and Natural Gas Economic Profile in Context

Oil and Natural Gas Wage and Salary Employment as a Share of Total Private Employment, 2012	4.7%
Oil and Natural Gas Wage and Salary Growth Since 2010 as a Share of Total Private Employment Growth	21.4%
Oil and Natural Gas Earnings as a Share of State Total Private Sector Earnings	17.0%
Oil and Natural Gas Value Added (GSP) as a Share of State Total Private Value Added (GSP)	14.9%
Oil and Natural Gas per Employee Compensation Relative to Total Private Sector per Employee Compensation	2.1
Growth Rate of Oil and Natural Gas per Employee Compensation relative to Total Private Growth Rate of per Employee Compensation, 2001-2012	1.3
Value Added per Employee 2012, Oil and Natural Gas Relative to Total Private	2.5



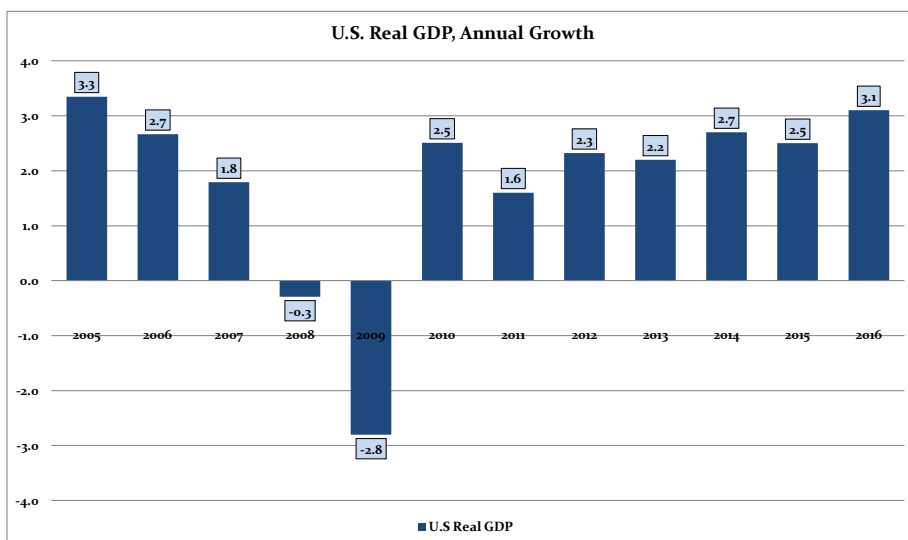
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Economic Outlook

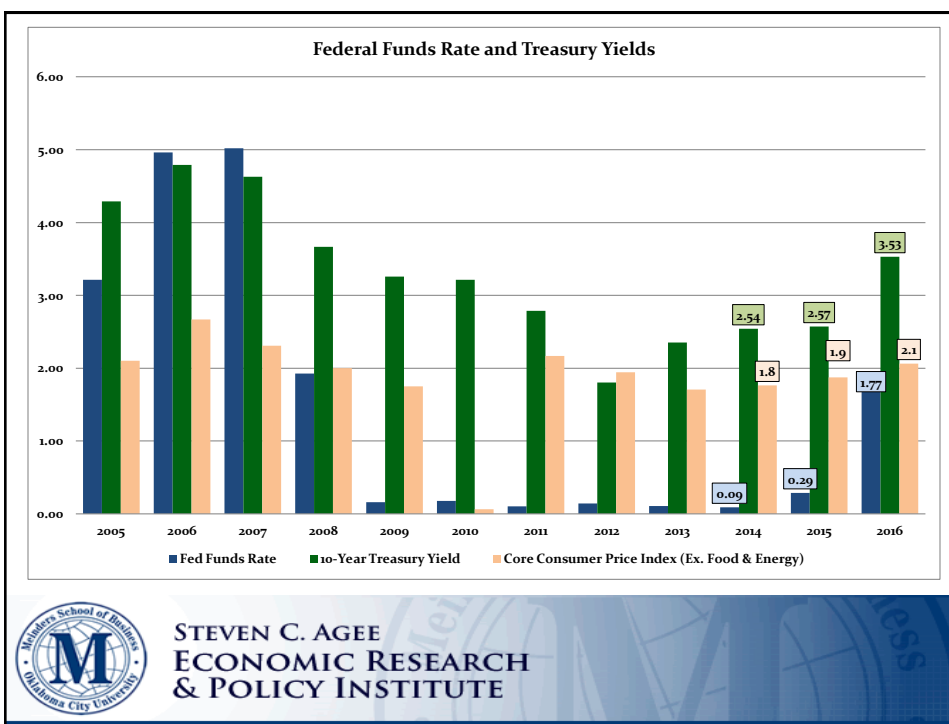
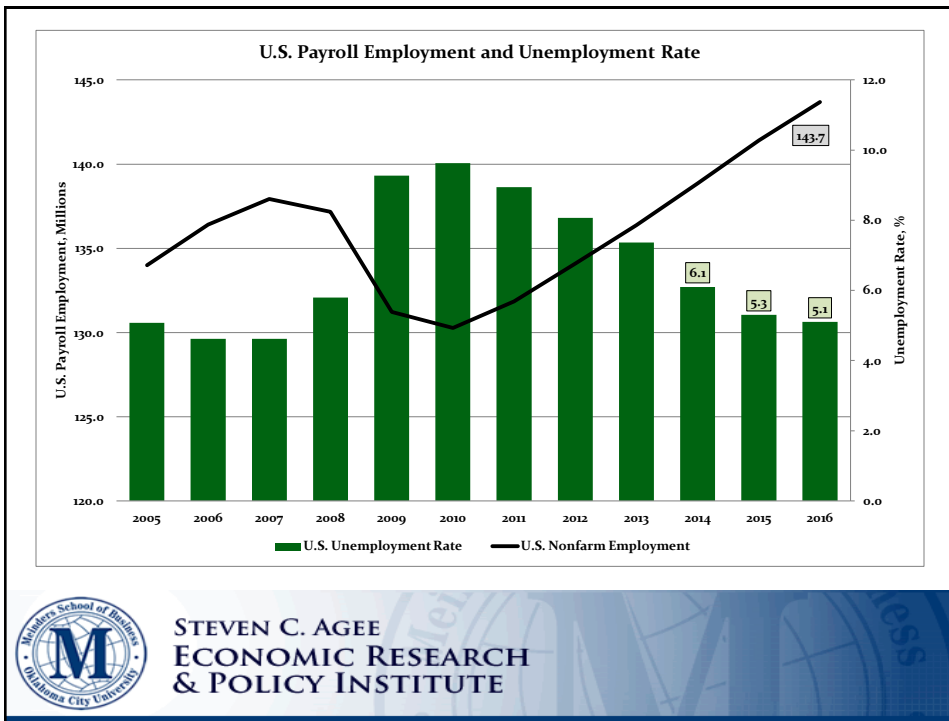
- National conditions relatively strong
 - Single engine in the global economy
 - Dollar strength complicates short run monetary policy while suppressing long term rates
- State braces for economic consequences of falling oil prices
 - Economic impacts just now moving into the state and will get more pronounced through the spring
 - Long run strength offsets oil and gas weakness with economic growth at half the rate of previous years
 - Disclaimers and the role expectations
- Oklahoma City sits at the crossroads of short and long run forces
 - Baseline expectation that long run strength cushions some of the short run challenges
 - Disclaimers and the role of expectations, again!

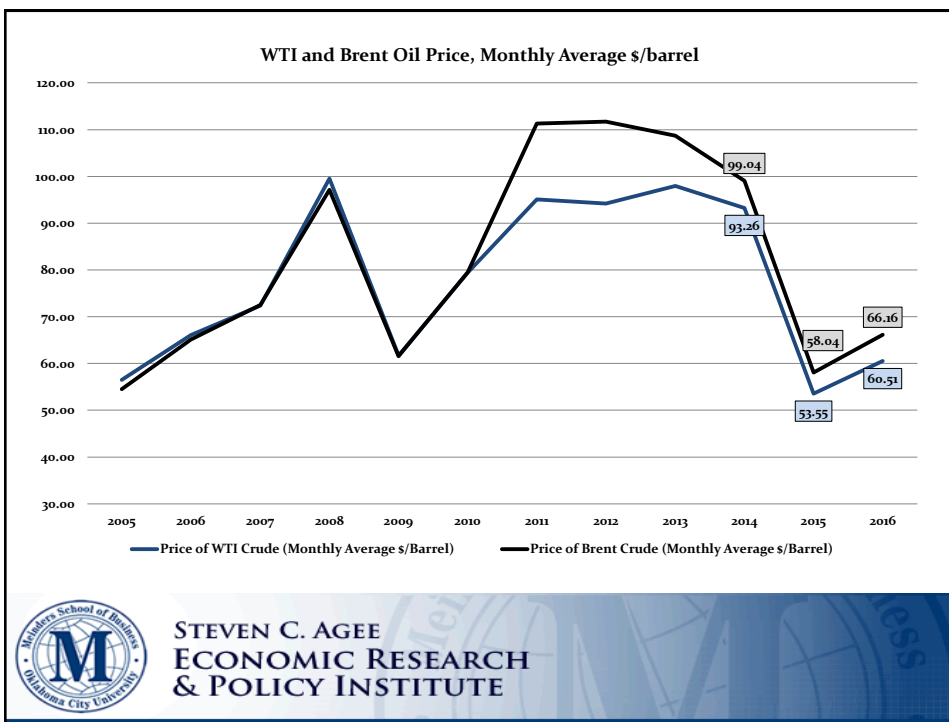
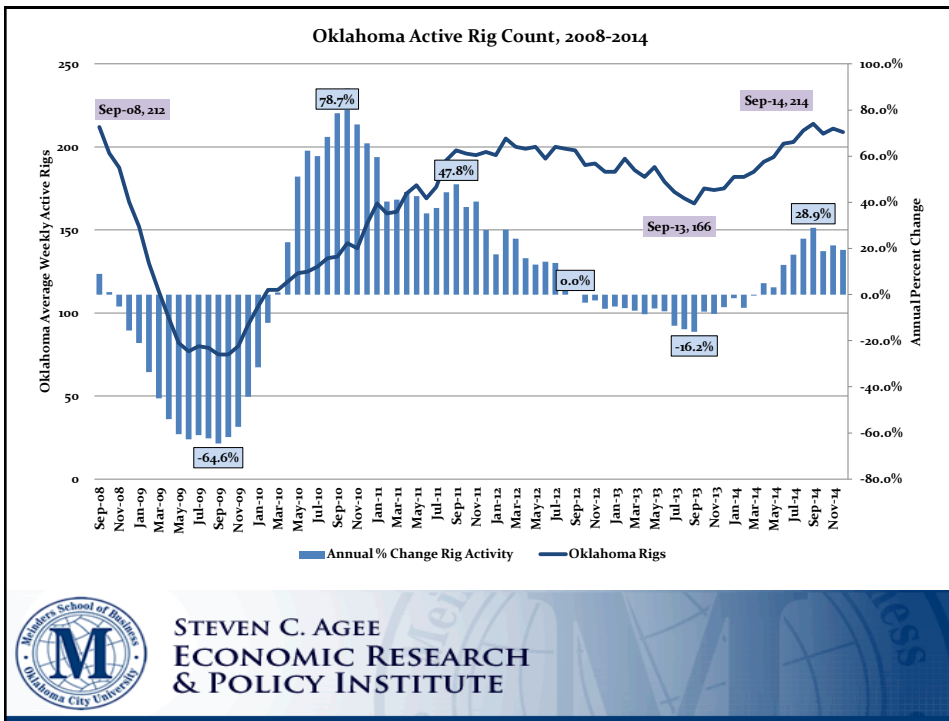


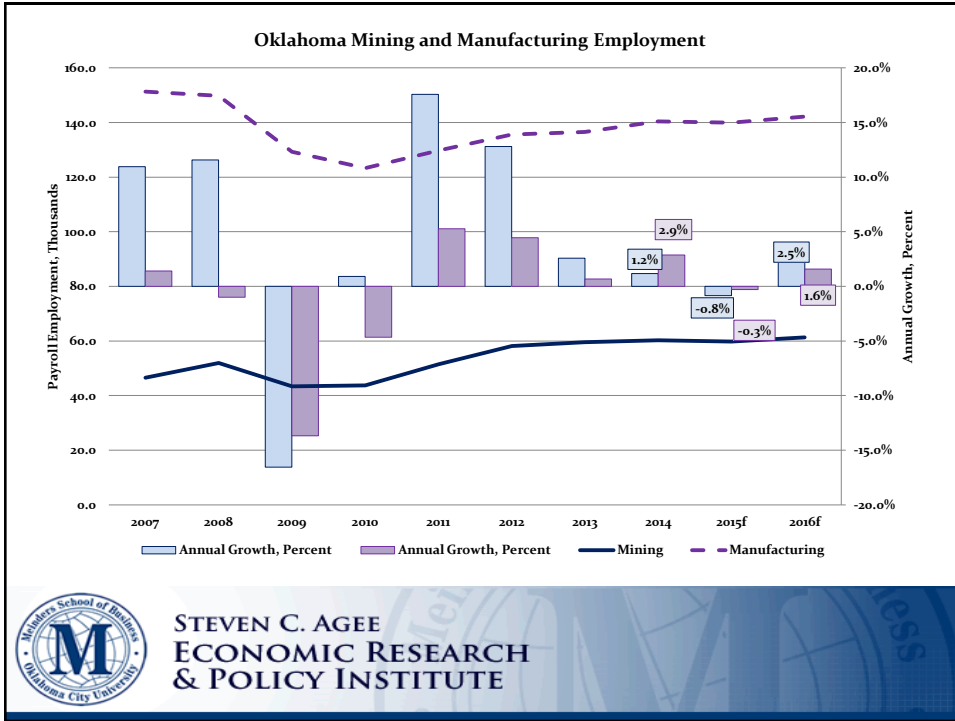
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Growth Trends: Major Employment Sectors Oklahoma


Annual Growth	2011	2012	2013	2014	10-Year Average 2005-2014	Pre-Recession Average 2005-2008	Post-Recession Average 2011-2014	2015
Nonfarm	1.4%	2.3%	1.2%	1.9%	1.1%	2.1%	1.7%	0.9%
Private	2.2%	2.7%	1.4%	2.4%	1.1%	2.1%	2.2%	1.0%
Mining	17.6%	12.8%	2.6%	1.2%	6.9%	12.5%	8.5%	-0.8%
Construction	1.9%	3.1%	5.8%	3.7%	2.2%	4.8%	3.6%	2.3%
Leisure and Hospitality	2.8%	3.0%	3.2%	4.9%	2.1%	2.2%	3.5%	3.0%
Manufacturing	5.3%	4.5%	0.7%	2.9%	0.0%	1.3%	3.3%	-0.3%
Trade, Transport, Utilities	1.9%	2.7%	1.4%	2.2%	0.9%	1.3%	2.1%	1.5%
Professional/Business Svcs.	2.1%	2.1%	1.2%	0.9%	1.2%	3.0%	1.6%	-0.5%
Education and Health	0.6%	1.4%	0.4%	2.3%	1.7%	2.3%	1.2%	1.9%
Financial Activities	-0.6%	0.8%	1.0%	3.0%	-0.1%	-0.2%	1.0%	1.4%
Government	-1.3%	0.9%	0.3%	-0.2%	1.2%	2.1%	-0.1%	0.5%
Other Services	-3.0%	-0.3%	-0.7%	2.0%	-0.3%	1.0%	-0.5%	1.3%
Information	-5.3%	-2.2%	-3.1%	-3.4%	-3.8%	-1.9%	-3.5%	-2.6%

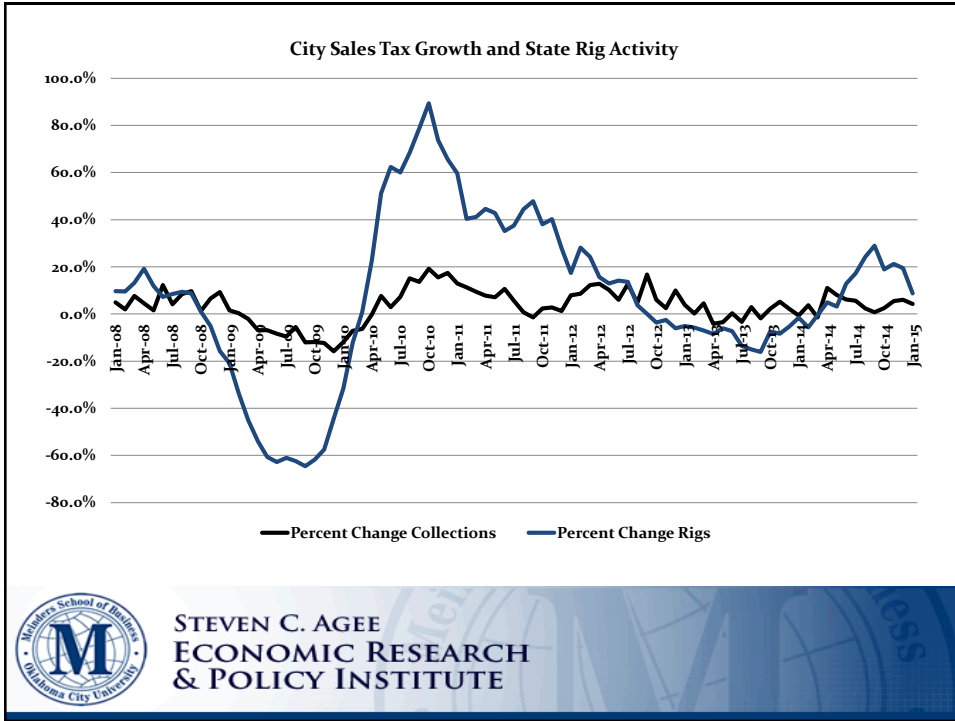
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Oklahoma City Growth Trends: Major Employment Sectors								
Year	2011	2012	2013	2014	10-Year Average	4-Year Average (Post Recession)	4-Year Average (2005-2008)	2015
Nonfarm	2.3%	2.4%	2.2%	3.0%	1.4%	2.5%	1.7%	1.7%
Private	3.0%	2.9%	2.2%	3.2%	1.4%	2.8%	1.7%	1.7%
Mining	18.9%	15.3%	2.6%	0.9%	8.9%	9.4%	15.2%	-2.0%
Leisure and Hospitality	4.2%	2.8%	4.7%	8.8%	2.8%	5.1%	1.7%	3.7%
Construction	2.8%	2.3%	2.6%	12.2%	2.8%	5.0%	4.2%	5.6%
Manufacturing	6.1%	6.7%	3.1%	-0.1%	-0.6%	4.0%	-1.3%	-0.8%
Trade, Transport, Utilities	2.9%	2.9%	3.7%	3.0%	1.3%	3.1%	1.0%	1.8%
Financial Activities	-0.6%	3.1%	1.8%	5.4%	0.2%	2.4%	-0.9%	2.5%
Education and Health Services	1.4%	2.4%	1.7%	2.8%	2.0%	2.1%	2.6%	2.7%
Professional Business Services	3.6%	1.2%	0.8%	-1.0%	1.2%	1.2%	3.1%	-0.3%
Government	-0.2%	0.7%	2.1%	1.9%	1.3%	1.1%	1.4%	1.6%
Other Services	0.0%	-1.3%	-3.1%	-1.1%	-0.8%	-1.4%	0.8%	-2.8%
Information	-6.3%	-4.4%	-5.8%	-2.3%	-5.2%	-4.7%	-2.6%	-2.5%


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I-35 Corridor Cities: Nonfarm Payroll Growth				
City	1991-2011	2012	2013	2014
Austin	3.5%	3.4%	4.5%	3.7%
Houston	2.0%	3.2%	3.5%	3.6%
Dallas	1.9%	2.7%	2.6%	3.5%
Oklahoma City	1.4%	2.3%	2.2%	2.9%
San Antonio	2.2%	2.0%	2.8%	2.4%
Sherman-Dennison	0.6%	0.7%	2.3%	1.6%
Tulsa	1.1%	1.1%	1.5%	1.5%
Kansas City	1.2%	2.0%	1.0%	0.6%



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Monthly Sales Tax Collections and Rig Activity

Date	Percent Change, Monthly Collections	Percent Change, Monthly Rig Activity
Nov-08	6.6%	-5.1%
Dec-08	9.3%	-15.7%
Jan-09	1.6%	-20.8%
Feb-09	0.4%	-33.7%
Mar-09	-2.2%	-45.1%
Apr-09	-6.8%	-54.0%
May-09	-6.9%	-60.6%
Jun-09	-8.4%	-62.8%
Jul-09	-9.6%	-61.0%
Aug-09	-5.5%	-62.4%
Sep-09	-12.1%	-64.6%
Oct-09	-11.8%	-61.7%
Nov-09	-12.3%	-57.4%
Dec-09	-15.8%	-44.3%
Jan-10	-12.0%	-31.6%
Feb-10	-7.2%	-12.3%


Collections Lag: 4 months
 Average Monthly Change in Collections: -9.2%



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Monthly Sales Tax Collections and Rig Activity		
Date	Percent Change, Monthly Collections	Percent Change, Monthly Rig Activity
Oct-12	6.0%	-3.6%
Nov-12	2.5%	-2.6%
Dec-12	9.9%	-6.1%
Jan-13	3.9%	-5.1%
Feb-13	0.2%	-5.9%
Mar-13	4.5%	-7.0%
Apr-13	-4.1%	-8.5%
May-13	-3.4%	-6.0%
Jun-13	0.3%	-7.3%
Jul-13	-3.4%	-13.5%
Aug-13	2.9%	-15.1%
Sep-13	-1.9%	-16.2%
Oct-13	2.2%	-7.4%
Nov-13	5.2%	-8.4%
Dec-13	2.2%	-5.4%
Jan-14	-0.6%	-1.6%
Feb-14	3.8%	-5.7%
Mar-14	-1.4%	-0.5%


Collections Lag: 6 months
Average Monthly Change in Collections: 0.1%



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Collections by Fiscal Year				
Fiscal Year	Annual Collections - Mixed View	Percent Change	Annual Collections -	
			Short Run Dominates	Percent Change
2011-2012	\$388,090,022	5.65%	\$388,090,022	5.65%
2012-2013	\$404,860,420	4.32%	\$404,860,420	4.32%
2013-2014	\$415,869,344	2.72%	\$415,869,344	2.72%
2014-2015	\$428,304,570	2.99%	\$425,419,364	2.30%
2015-2016	\$437,499,116	2.15%	\$427,747,071	0.55%


Source: Steven C. Agee Economic Research and Policy Institute



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Collections by Fiscal Year				
Monthly Detail	Annual Collections - Mixed View	Percent Change	Annual Collections - Short Run Dominates	Percent Change
Mar-15	\$33,297,636	4.5%	\$32,985,632	3.5%
Apr-15	\$34,423,740	0.0%	\$33,520,564	-2.6%
May-15	\$35,670,577	0.5%	\$35,031,171	-1.3%
Jun-15	\$35,123,957	1.0%	\$34,014,422	-2.2%
Jul-15	\$36,026,977	1.8%	\$35,080,072	-0.8%
Aug-15	\$36,594,263	2.1%	\$35,752,425	-0.2%
Sep-15	\$36,811,365	3.4%	\$35,887,775	0.8%
Oct-15	\$37,354,870	1.7%	\$36,628,063	-0.3%
Nov-15	\$36,013,256	0.1%	\$35,238,102	-2.1%
Dec-15	\$35,791,538	-1.3%	\$35,049,557	-3.3%
Jan-16	\$37,487,446	3.1%	\$36,837,678	1.3%
Feb-16	\$38,311,556	1.9%	\$37,602,628	-0.2%
Mar-16	\$34,344,301	3.1%	\$33,675,899	2.1%
Apr-16	\$35,445,977	3.0%	\$34,566,559	3.1%
May-16	\$36,846,491	3.3%	\$35,931,803	2.6%
Jun-16	\$36,471,076	3.8%	\$35,496,510	4.4%

Source: Steven C. Agee Economic Research and Policy Institute



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Conclusions (more questions than answers)	
<ul style="list-style-type: none"> Economic profile of the oil and natural gas industry is expanding both in absolute terms and in terms of relative importance to the state's economic health <ul style="list-style-type: none"> Creates concern of exposure to economic weakness from price collapse Extent of economic weakness will be governed by producer expectations of the future price path of oil U.S. is the world's only fully functioning economy and signs of weakness are developing (poor earnings, decline in pace of manufacturing output, decline in durable goods orders, etc.) <ul style="list-style-type: none"> Can we power the global economy or will we get pulled into malaise Oil and gas has powered the state's economy out of recession <ul style="list-style-type: none"> Can rural opportunities absorb released oil and gas labor force? Oklahoma City's economic geography offers long-run strength to support local economic activity <ul style="list-style-type: none"> Can long-run forces of strength offset short-run forces of weakness? Can this be the year of the oil ebb? 	



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Financial Trend Monitoring System

Financial Trend Monitoring System (FTMS)

Adapted from ICMA handbook
Evaluating Financial Condition

Designed to provide an overall picture of Oklahoma City's financial condition



FTMS

Looked at 22 indicators in the economy
and within the City's finances specifically

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TRENDING POSITIVE



7

TRENDING NEUTRAL



1

TRENDING NEGATIVE



FIVE-YEAR FORECAST FY16 – FY20

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What can we learn?

Understand the City's Financial condition

Identify hidden and emerging problems

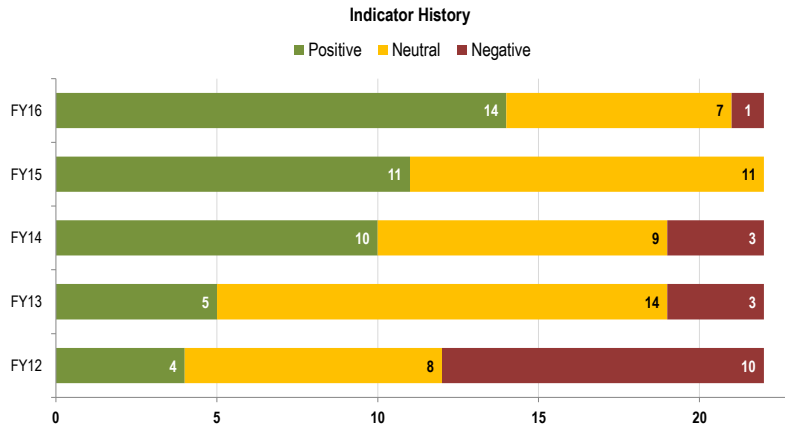
Show where we have had success

Present a straightforward picture of financial
strengths and weaknesses

FIVE-YEAR FORECAST FY16 – FY20

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Overall Results



FIVE-YEAR FORECAST FY16 – FY20

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Positive Indicators



1. Revenue Per Capita
2. Sales Tax Revenues
3. Hotel/Motel Tax Revenue
4. Fund Balance
5. Liquidity
6. Enterprise Working Capital **(Improved)**
7. Pension Funding Ratio
8. Population
9. Airport Activity
10. Crime Rate **(Improved)**
11. Average Weekly Wages
12. Employment Base
13. Active Drilling Rigs **(Improved)**
14. Private Development Plans Submitted for Approval

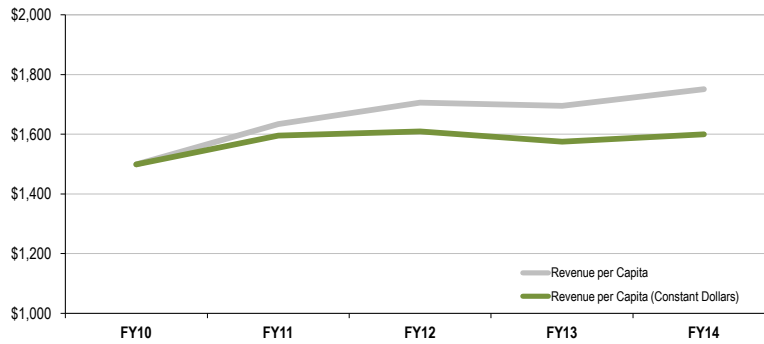
FIVE-YEAR FORECAST FY16 – FY20

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Revenue Per Capita



POSITIVE TREND



FIVE-YEAR FORECAST FY16 – FY20

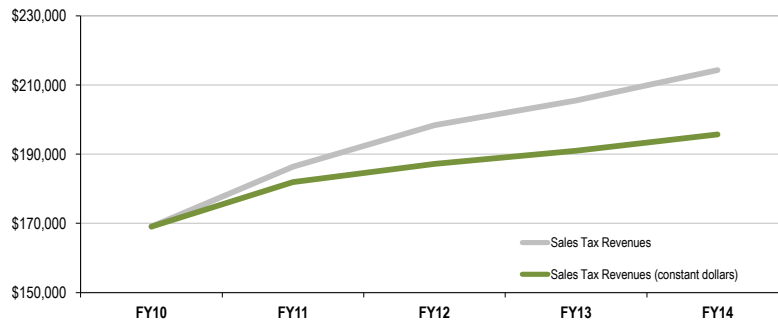
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Sales Tax Revenue

(in 000's)



POSITIVE TREND



FIVE-YEAR FORECAST FY16 – FY20

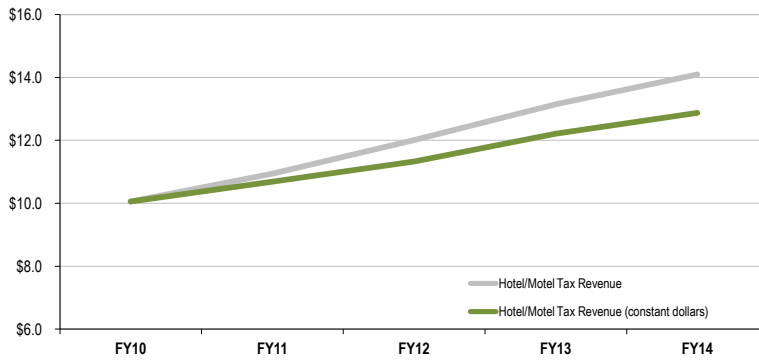
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Hotel/Motel Tax Revenue

(adjusted for inflation)



POSITIVE TREND



FIVE-YEAR FORECAST FY16 – FY20

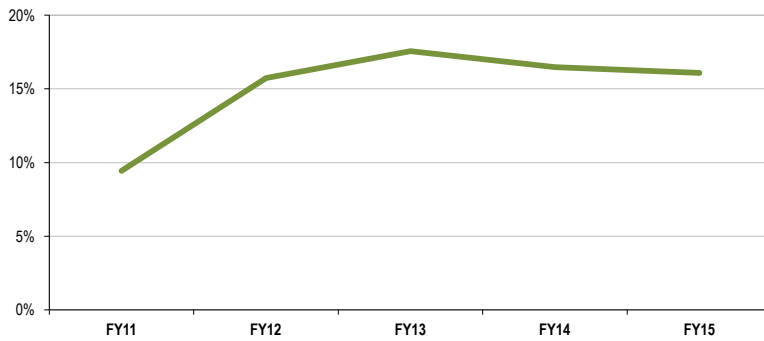
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Fund Balance

(as a % of General Fund Budget)



POSITIVE TREND



FIVE-YEAR FORECAST FY16 – FY20

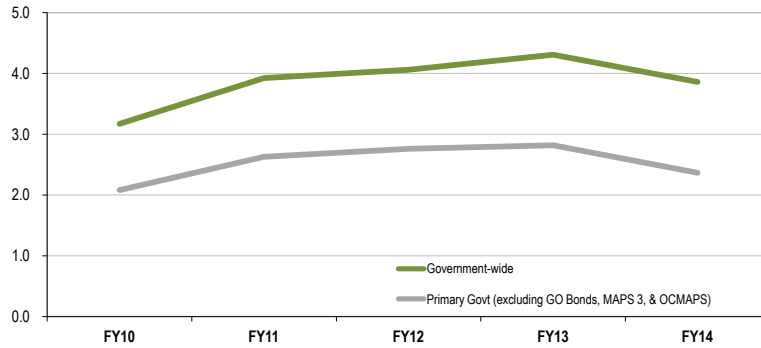
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Liquidity

(Ratio of Cash, Cash Equivalents, and Current Investments to Current Liabilities)



POSITIVE TREND



FIVE-YEAR FORECAST FY16 – FY 20

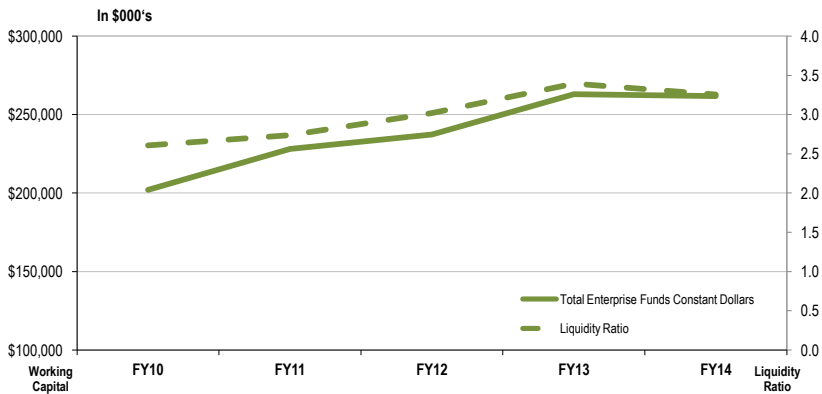
37

Enterprise Working Capital

(Improved)



POSITIVE TREND



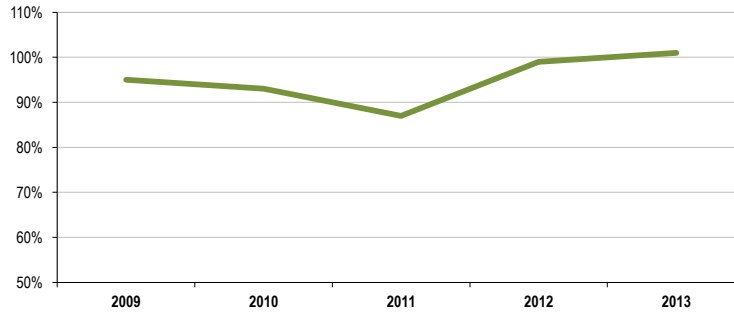
FIVE-YEAR FORECAST FY16 – FY20

38

Pension Funding



POSITIVE TREND



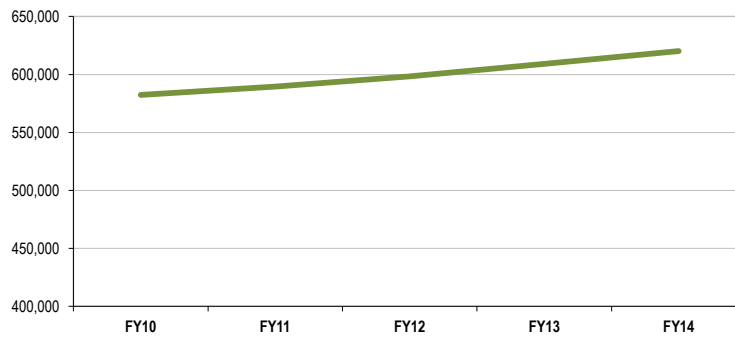
FIVE-YEAR FORECAST FY16 – FY20

39

Population



POSITIVE TREND



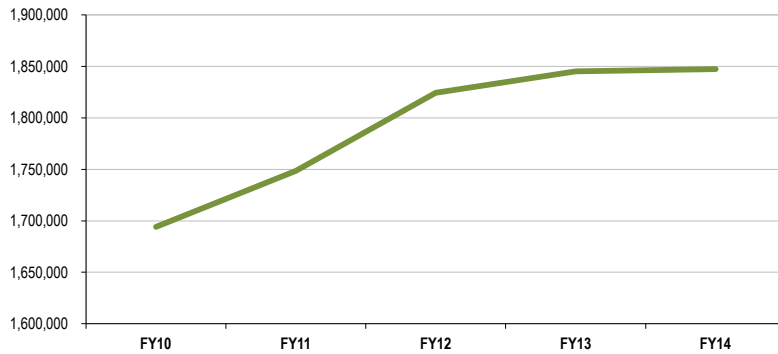
FIVE-YEAR FORECAST FY16 – FY20

40

Airport Activity



POSITIVE TREND



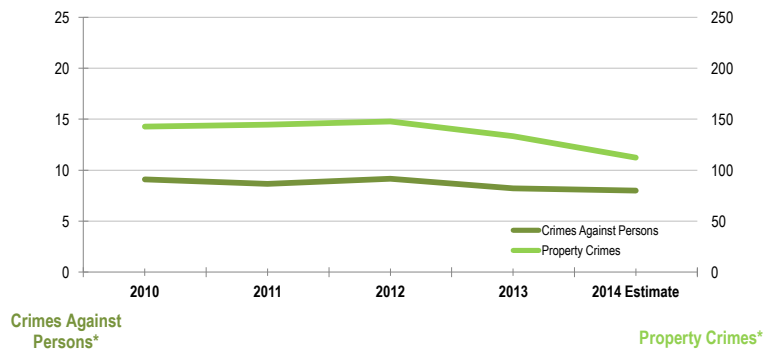
FIVE-YEAR FORECAST FY16 – FY20

41

Crime Rate



POSITIVE TREND



FIVE-YEAR FORECAST FY16 – FY 20

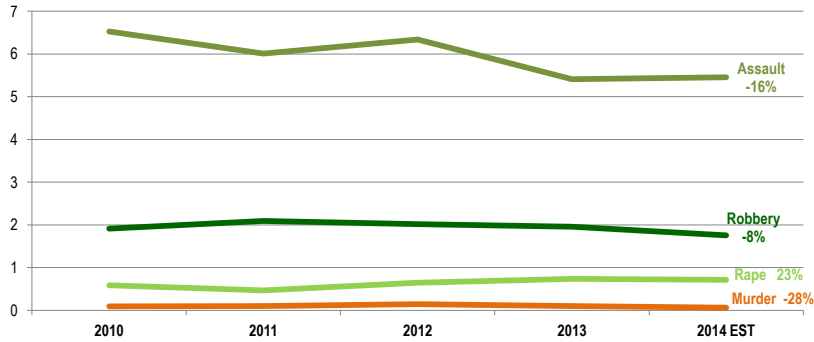
42

Person Crimes

Per 1,000 residents
5 year history by category and % change from 2010



POSITIVE TREND



FIVE-YEAR FORECAST FY16 – FY 20

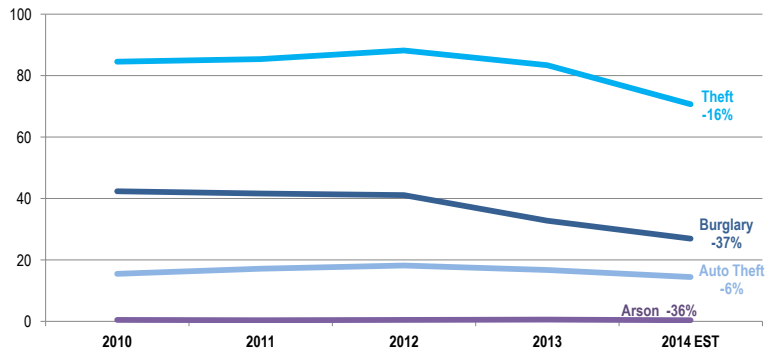
43

Property Crimes

Per 1,000 households
5 year history by category and % change from 2010



POSITIVE TREND



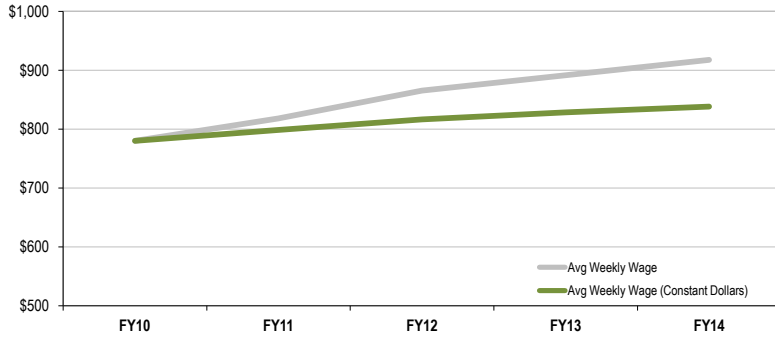
FIVE-YEAR FORECAST FY16 – FY 20

44

Average Weekly Wage



POSITIVE TREND



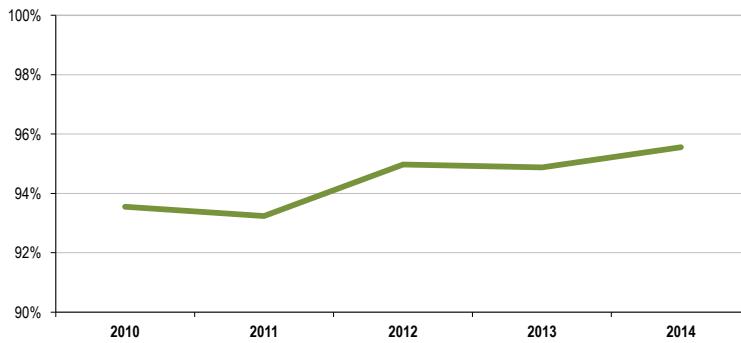
FIVE-YEAR FORECAST FY16 – FY20

45

Employment Base

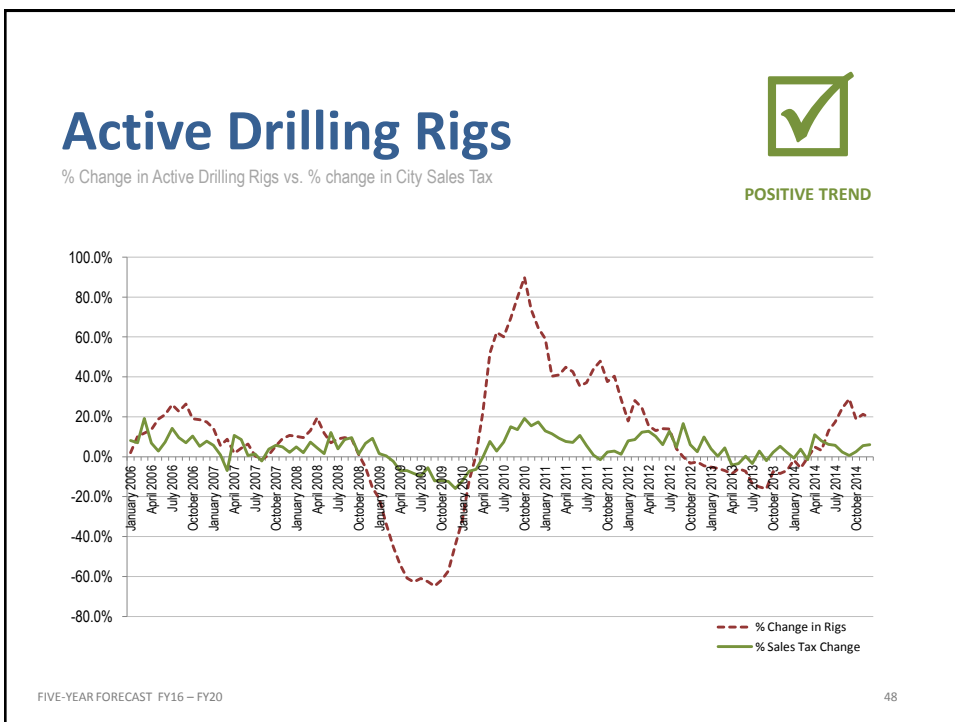
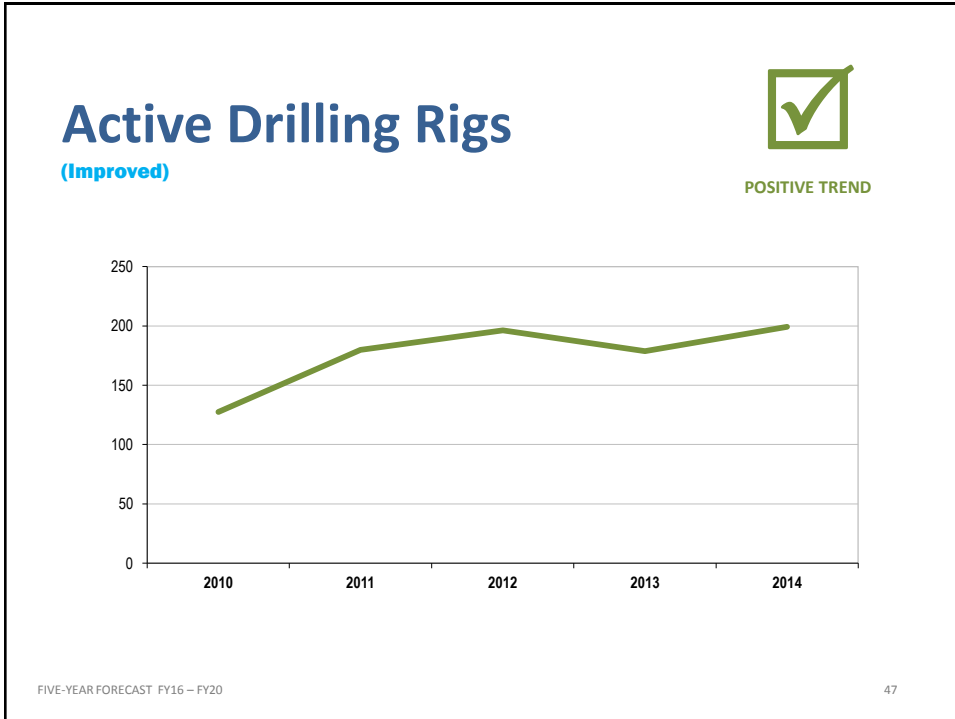


POSITIVE TREND



FIVE-YEAR FORECAST FY16 – FY20

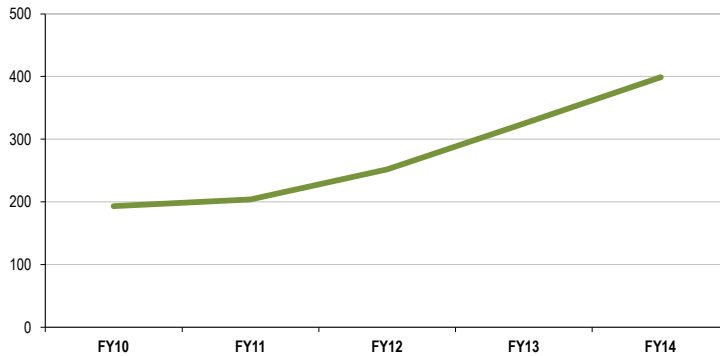
46



Private Development Plans



POSITIVE TREND



FIVE-YEAR FORECAST FY16 – FY20

49

Neutral Indicators



1. Sales Tax as a % of General Fund
2. Revenue Accuracy
3. Fringe Benefits
4. Employees per 1,000 Citizens
5. Long-term Debt
6. Property Value
7. Office Vacancy Rate

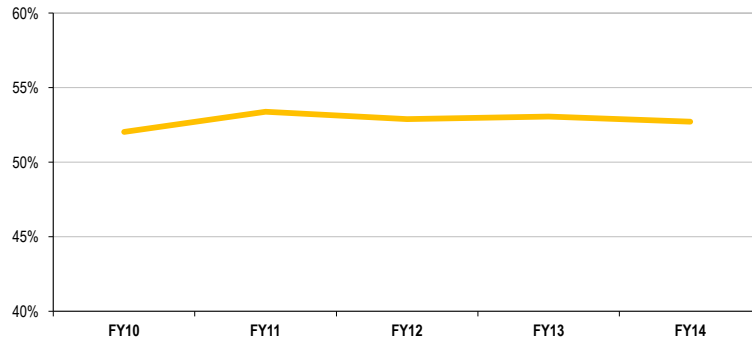
FIVE-YEAR FORECAST FY16 – FY20

50

Sales Tax as a % of General Fund



NEUTRAL TREND



FIVE-YEAR FORECAST FY16 – FY20

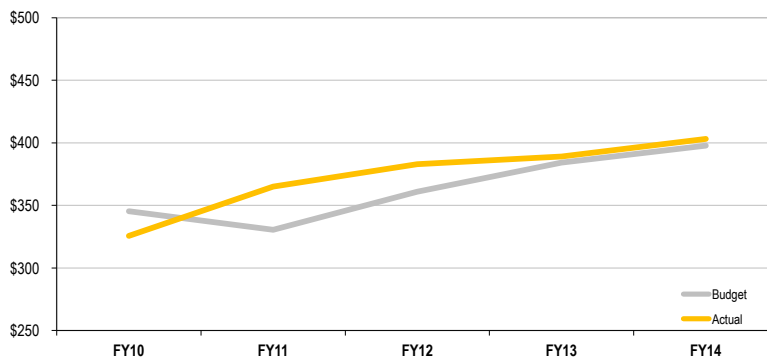
51

Revenue Accuracy

(shortfall or surplus in millions)

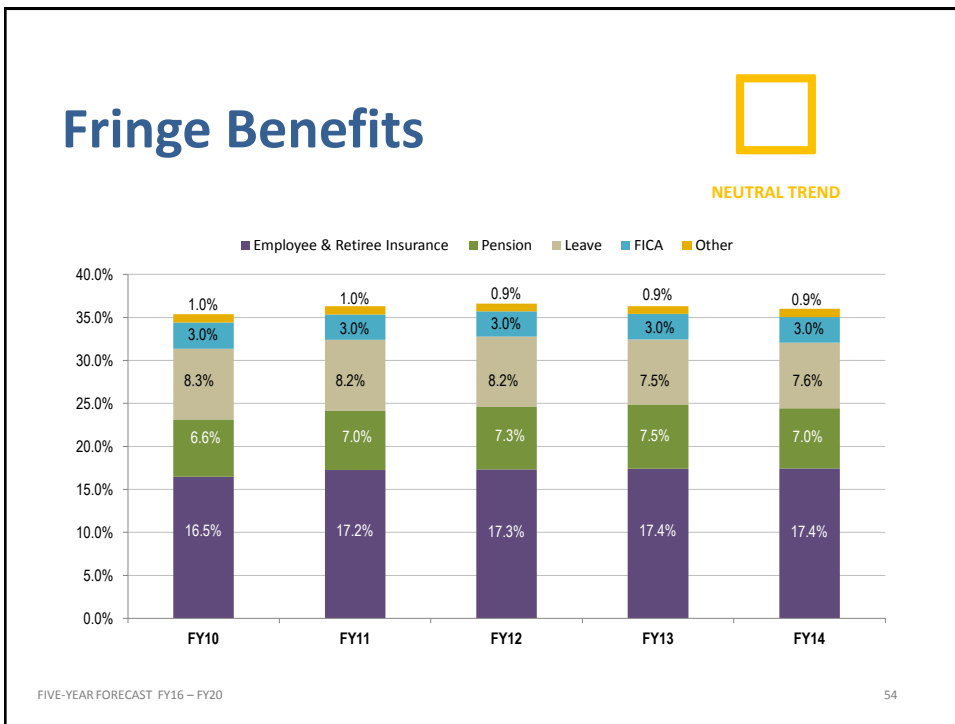
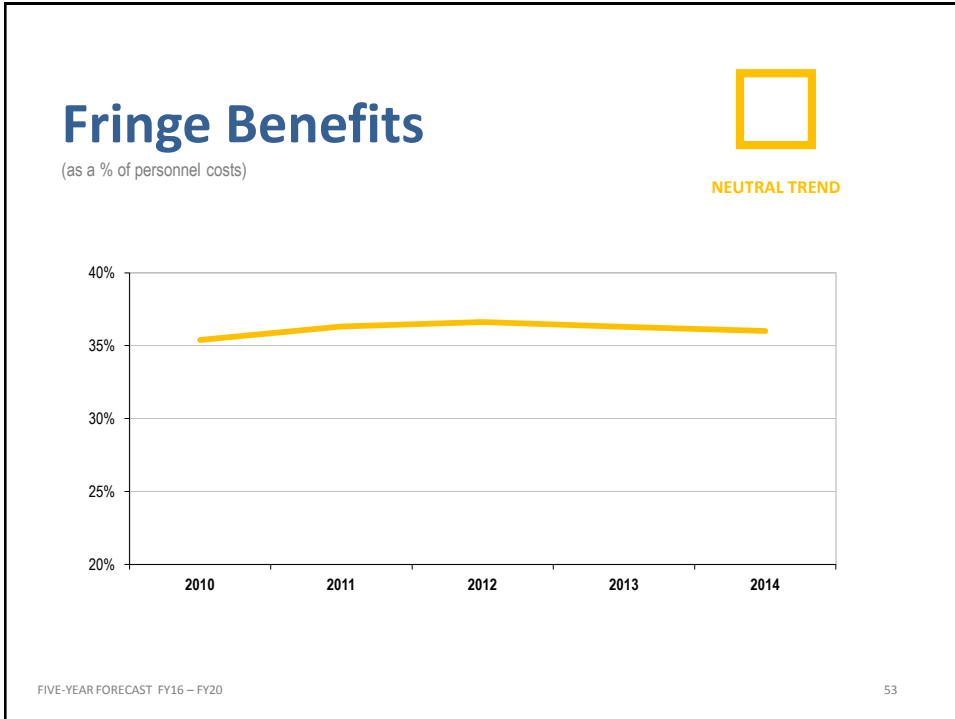


NEUTRAL TREND



FIVE-YEAR FORECAST FY16 – FY20

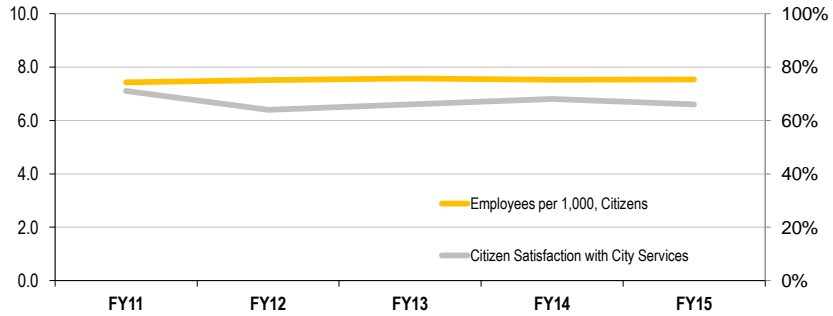
52



Employees per 1,000 Citizens



NEUTRAL TREND



FIVE-YEAR FORECAST FY16 – FY20

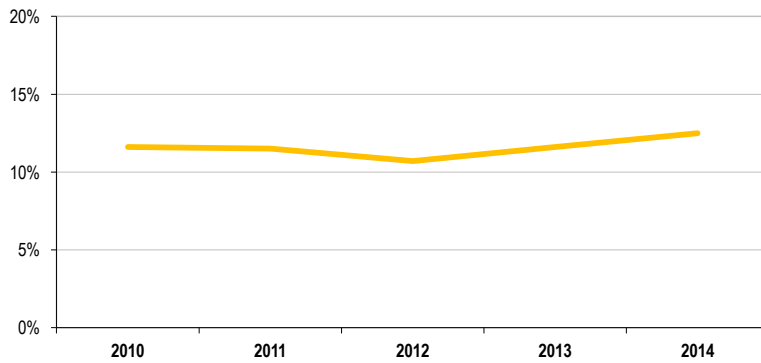
55

Long Term Debt

(Ratio of Net General Obligation Bonded Debt to Net Assessed Value)



NEUTRAL TREND



FIVE-YEAR FORECAST FY16 – FY20

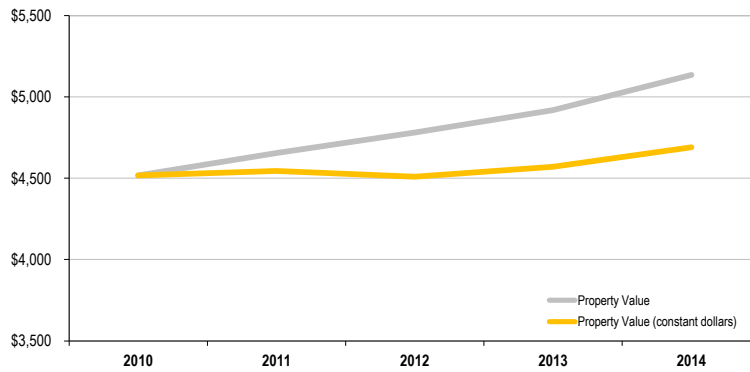
56

Property Value

(Assessed Property Value in Millions of Dollars)



NEUTRAL TREND



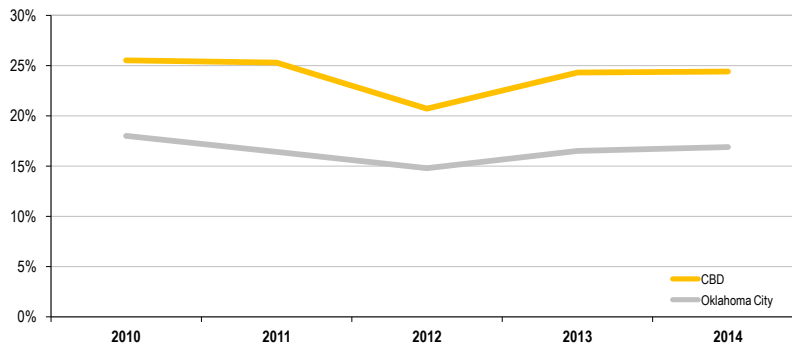
FIVE-YEAR FORECAST FY16 – FY20

57

Office Vacancy Rate



NEUTRAL TREND



FIVE-YEAR FORECAST FY16 – FY20

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Negative Indicators



1. Grant Revenues (worsened)

FIVE-YEAR FORECAST FY16 – FY20

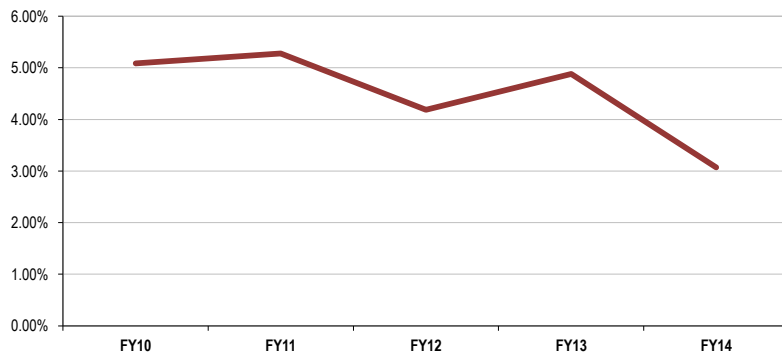
59

Grant Revenue

(worsened)



NEGATIVE TREND



FIVE-YEAR FORECAST FY16 – FY20

60

Now What?

The economy continues to improve

More Indicators trending positive

Indicators that we need to continue monitoring

- Average Weekly Wages
- Active Drilling Rigs
- Office Vacancy Rate
- Private Development Plans



Forecast Issues

What are forecast Issues?

Top issues for the City

- General overview of the issue – not a detailed cost estimate
- Provides early warning for emerging issues departments will face in coming years

All department issues are included in the forecast document

HIGHLIGHTED ISSUES

Funding of street improvements

NEW Implementation of Comprehensive Plan

Long-term Water Capital

MAPS 3 Operating Costs

Public Safety Communication System

Public Safety Service Level Improvements

Public Transportation System Improvements

Retiree Health Costs - OPEB

HIGHLIGHTED ISSUE

Funding of Street Improvements



COUNCIL PRIORITY LINK

Develop a
Transportation System
That Works For All
Citizens

\$5 million is needed in annual supplemental funding to G.O. bonds

\$750,000 added to budget so far

Supplemental funding could come from sources such as impact fees

HIGHLIGHTED ISSUE

NEW

Implementation of Comprehensive Plan



COUNCIL PRIORITY LINK

Promote Thriving
Neighborhoods

Modifications to development review process

Changes to codes and subdivision regulations

Additional studies and planning

HIGHLIGHTED ISSUE

Long Term Water Capital



Second pipeline from Lake Atoka to Lake Stanley Draper to begin construction in 2016

Additional improvements needed to transport the Kiamichi River water supply at Sardis Lake to Oklahoma City

FIVE-YEAR FORECAST FY16 – FY20

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HIGHLIGHTED ISSUE

MAPS 3 Operating Cost



COUNCIL PRIORITY LINK

Enhance Recreation Opportunities and Community Wellness

City responsible for project operating costs

Sidewalks / Trails / Modern Streetcar / Downtown Park Convention Center

Preliminary projections included in the forecast based on current timelines

FIVE-YEAR FORECAST FY16 – FY20

68

HIGHLIGHTED ISSUE

Public Safety Service Level Improvements



COUNCIL PRIORITY LINK

Provide a Safe and Secure Community

Fire Department Staffing

- Two new additional Fire Stations
- Costs will increase to \$3.8 million per year in FY20

Police Department Staffing

- Staffing study recommended increased uniform and civilian staffing
- Added 116 positions since FY13

FIVE-YEAR FORECAST FY16 – FY20

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HIGHLIGHTED ISSUE

Public Safety Service Level Improvements



COUNCIL PRIORITY LINK

Provide a Safe and Secure Community

Public Safety Fleet Replacement

Annual costs are estimated at \$14.7

Police Department Facilities

Air Support Unit, Firing Range, and Training Center will need to be relocated or renovated in the future

Police Technology Equipment

FIVE-YEAR FORECAST FY16 – FY 20

70

HIGHLIGHTED ISSUE

Public Transportation System Improvements



COUNCIL PRIORITY LINK

Develop a Transportation System That Works For All Citizens

\$3.6 million needed annually for replacement of aging buses

\$3 million needed for Modern streetcar operations beginning in FY18

HIGHLIGHTED ISSUE

Retiree Health Costs - OPEB



COUNCIL PRIORITY LINK

Maintain Strong Financial Management

City funds benefits for employees in retirement

Employees have not been contributing toward this future benefit

Staff will bring proposals back to Council to address the future liability



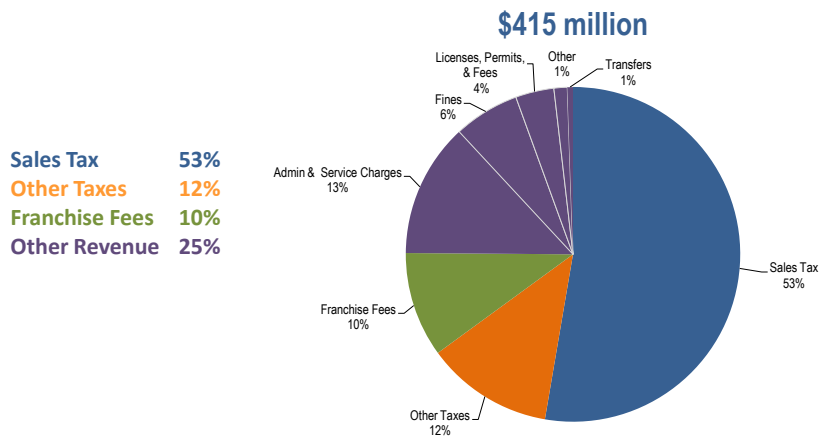
Revenue and Expenditure Trends and Forecast

FIVE-YEAR FORECAST FY16 – FY20

73

FY15 General Fund Revenue

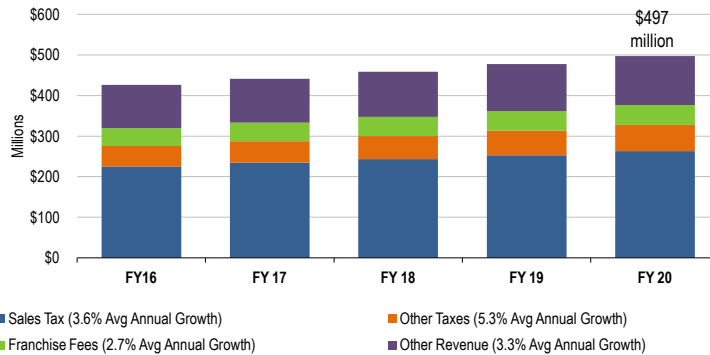
(adopted budget)



FIVE-YEAR FORECAST FY16 – FY20

74

Projected Annual Revenue Growth 3.7%



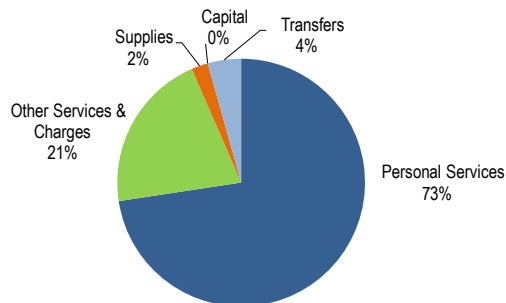
FIVE-YEAR FORECAST FY16 – FY20

75

FY15 General Fund Expenses

(adopted budget)

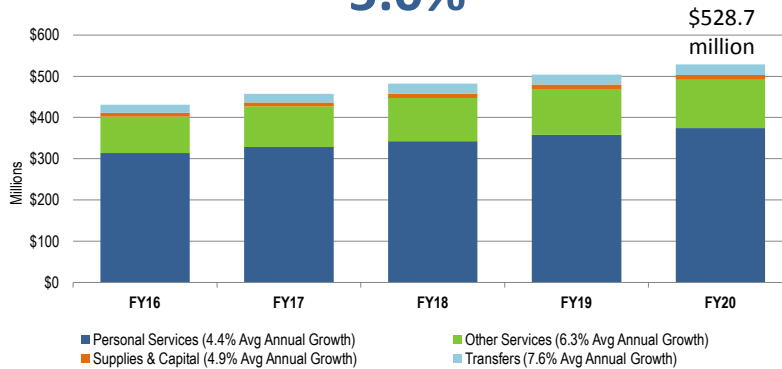
**FY15 Adopted General Fund Expenditure Budget
\$415,048,224**



FIVE-YEAR FORECAST FY16 – FY20

76

Projected Annual Expenditure Growth 5.0%



FIVE-YEAR FORECAST FY16 – FY20

77

Expenses included in the forecast

(additions to current service level)

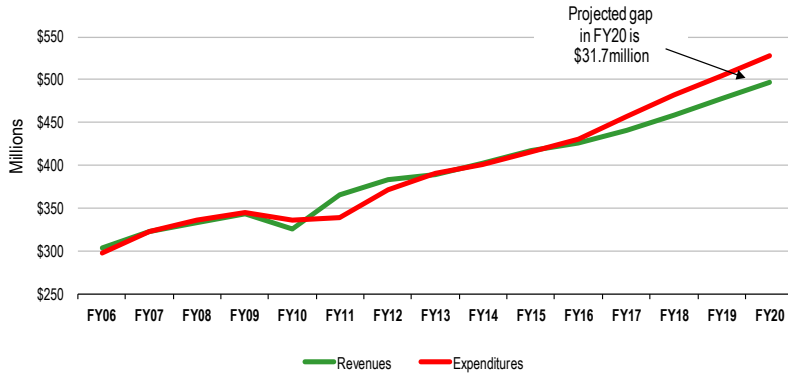
	FY16	FY17	FY18	FY19	FY20
Increase Fire Staffing	\$881,172	\$1,790,982	\$1,849,189	\$3,758,477	\$3,880,627
Increase Police Staffing	\$1,510,700	\$3,061,239	\$4,710,966	\$6,464,692	\$8,357,435
MAPS 3 Park (Net Cost)		\$787,800	\$798,996	\$1,216,574	\$1,669,730
MAPS 3 Modern Streetcar Phase I		\$1,500,000	\$3,000,000	\$3,090,000	\$3,182,700
Bus Replacement		\$3,600,000	\$3,600,000	\$3,600,000	\$3,600,000
Convention Center				\$250,000	\$500,000
Total	\$2,391,872	\$10,740,021	\$13,959,151	\$18,379,743	\$21,190,492

FIVE-YEAR FORECAST FY16 – FY20

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Closing the Gap

FY15 Five-Year Projection for General Fund Revenues and Expenditures

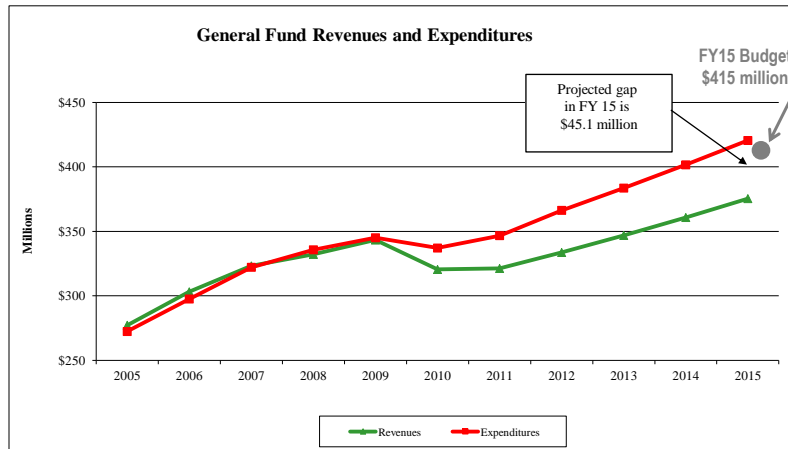


FIVE-YEAR FORECAST FY16 – FY20

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FY10 Forecasted Gap for FY15

General Fund Revenues and Expenditures



FIVE-YEAR FORECAST FY16 – FY20

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Closing the Gap

(additions to current service level)

CONTROL EXPENDITURES	INCREASE REVENUE
<ul style="list-style-type: none"> ▪ Limit salary and benefit growth ▪ Improve operational efficiency ▪ Reprioritize city services 	<ul style="list-style-type: none"> ▪ Sales Tax could grow at a higher rate ▪ Identify new funding sources ▪ Internet Sales Tax



FY16 Budget Outlook

FY15 General Fund Revenue Status

\$2.1 million above target

Eight of the 10 revenue categories were above target

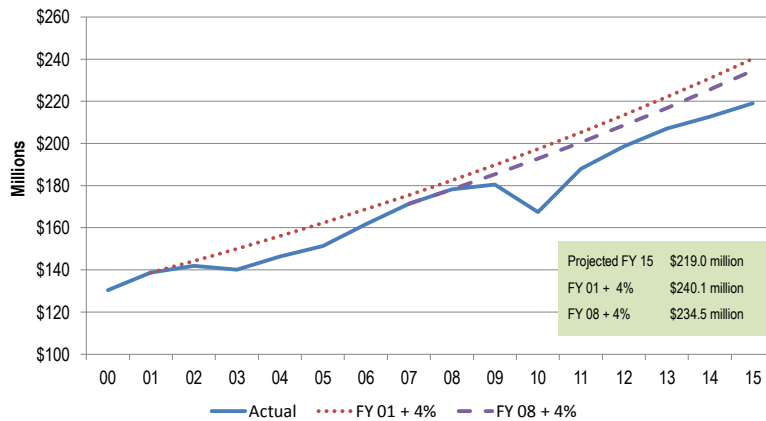
▲ Sales Tax	\$0.4 million
▲ Other Taxes	\$0.1 million
▲ Transfers In	\$0.7 million
▲ Licenses, Permits, Fees	\$0.3 million
▲ Franchise Fees	\$0.3 million
▲ Service Charges	\$0.04 million
▲ Fines and Forfeitures'	\$0.2 million
▲ Other Revenue	\$0.2 million

FIVE-YEAR FORECAST FY16 – FY20

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General Fund Sales Tax Growth

Actual and Hypothetical General Fund Sales Tax



FIVE-YEAR FORECAST FY16 – FY20

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FY16 General Fund Revenue Outlook

Expect to end FY15 with 3.86% growth or \$417.8 million in revenue; 0.66% above budget

Revenue estimates are based on current year-end estimates

FY16 revenue is projected at \$426.7 million

2.14% above FY15 estimated year end revenue

2.8% above FY15 budget

Projected Revenue Growth in FY16

Sales Tax	2.15%
Sales Tax (Increased remittance)	0.5%
Use Tax	0.0%
Franchise Fees	2.5%
Licenses and Fees	4.8%
Fines	2.3%
Service Charges	1.6%

Risks to FY16 Revenues

Low oil and gas prices result in energy sector contraction

National economy could contract

Reduced construction activity

FIVE-YEAR FORECAST FY16 – FY20

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FY16 Expense Assumptions

Growth in a number of areas

Salary, Insurance and Retirement - \$7.2 million

Added 21 Fire Fighter Positions for ½ year for new fire station 29 - \$0.9 million

Additional day (2096 working hours instead of 2088) - \$0.9 million

Increase in subsidies = \$0.8 million

Internal Service Funds = \$1.4 million

Other Adjustments = \$0.7 million

Expenditure cuts of 1% requested from all (except Police and Fire)

Expenditure cuts of 0.3% requested from Police and Fire

FIVE-YEAR FORECAST FY16 – FY20

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FY16 Budget Calendar

