



# MEMORANDUM

Council Agenda  
Item No. VII.AL.  
11/22/2016

## The City of OKLAHOMA CITY

TO: Mayor and City Council

FROM: James D. Couch, City Manager

Resolution setting a public hearing date of December 6, 2016, for a proposed amendment to the Fiscal Year 2017 Budget for the Debt Service Fund; General Fund; the Internal Service Fund; and the Storm Water Drainage Utility Fund; and directing the City Clerk to publish appropriate notice.

### Background

The following is a summary of the proposed changes to the FY17 budget.

#### **Mid-Year Budget Reduction**

Sales Tax revenue for the City has underperformed projections every month in Fiscal Year 2017 through November. Through November, the gap between budgeted sales tax revenue and collected revenue was nearly \$3.8 million. In response to the growing shortfall, this amendment reduces Sales Tax revenue projections for the year by \$9.2 million dollars. This changes the projected growth rate in sales tax for FY17 from 1.6% to -2.6%.

To address the expenditure side of the budget the City Manager directed Staff to seek out 1.25% in budget reductions for General Fund departments. These cuts, of approximately \$4.4 million, combined with a \$2 million dollar reduction in capital spending and a \$2.8 million dollar reduction of contingency funds, yield a total \$9.2 million decrease to the General Fund. Below is a brief summary of changes in General Fund departments.

- **The City Auditor** reduces their budget for salary reserve and part time wages by \$14,373.
- **The City Clerk's Office** reduces their budget for advertising by \$12,406.
- **The Development Services Department** deletes a Code Inspector, an Animal Welfare Officer, a Unit Operations Supervisor from the Development Center, and reduces various line items for a total reduction of \$227,259.
- **The Finance Department** deletes a Management and Budget Analyst, and reduces line items including employee training and auditing services for a reduction of \$105,557.

- **The Fire Department** reduces its personal services budget by \$1,160,999. To achieve this savings the department will be temporarily placing various pieces of equipment out of service based on weather conditions and other factors. For example, when the danger of wildland fires is low, brush pumpers may be taken out of service to maintain staffing on other apparatus and avoid calling in off-duty firefighters when leave usage is high. The reduced number of callbacks of firefighters will result in reduced overtime pay saving the money necessary to meet the reduction.
- **The General Services Department** deletes a Mechanic's Helper in the Internal Service Fund and reduces its line item budget for electricity by \$11,165. This will result in a \$49,140 reduction in the Internal Service Fund and a \$60,305 reduction in the General Fund.
- **The Municipal Counselor's Office** eliminates one Assistant Municipal Counselor II and decreases the line item budget for reference materials to reduce its budget by \$85,380.
- **Municipal Courts** deletes two vacant Deputy Marshal positions for a reduction of \$117,490.
- **Non-Departmental** contingency is reduced by \$2.8 million and the transfer to the Capital Improvement Projects Fund is reduced by \$2 million for a total reduction of \$4.8 million for the department.
- **The Parks and Recreation Department** deletes 4 vacant Ground Maintenance Operators, a vacant Maintenance Supervisor, and a vacant Field Operations Supervisor in the Grounds Management Division. The department further deletes a vacant Municipal Accountant and Custodian position from the Civic Center, as well as a filled Inventory Technician from its Recreation Division. Parks reduced its budget beyond the required cut in order to add a Municipal Accountant II to its Administration Division and a Unit Operations Supervisor to its Grounds Management Division. The department was also able to increase its line item budget for Part Time Wages by \$48,499 through savings achieved by cutting positions. The net reduction for the department is seven positions and \$321,853.
- **The Personnel Department** reduces its line item budget for background checks by \$36,122 as a result of the hiring freeze.
- **The Police Department** deletes 11 vacant Police Officers positions from Operations, 4 Police Sergeants serving as School Resource Officers in the I-89 elementary schools, a vacant Equipment Services Worker, and 2 vacant Report Clerks. The department additionally cut its inmate processing management contract with Oklahoma County by \$347,788 through negotiated savings. The total reduction in the department is \$1,674,176.

- **Public Transportation & Parking** budget was reduced by \$209,478 through a decrease in General Fund subsidy.
- **The Public Works Department** deletes 2 vacant Heavy Truck Drivers and 2 vacant Concrete Finishers in the Streets, Traffic, and Drainage Maintenance Line of Business. The department additionally deletes a vacant Construction Inspector I position from the Field Services Line of Business as well various line items for a net reduction of \$361,983 in the General Fund. Reallocations of some staff to the Stormwater Drainage Utility Fund as well as reductions to line items in that fund resulted in a net increase of \$7,513.

This \$9.2 million reduction in the General Fund will result in the elimination of 39 positions. That brings the number of authorized full-time positions in the City to 4,660 for FY17. The amended General Fund budget totals \$405,445,504. As noted above, changes in the General Services and Public Works Departments will also result in changes in the Internal Service and Stormwater Drainage Utility Fund.

#### **Debt Service Fund – Realignment**

The Debt Service Fund is amended each year to align with the budget approved by the County Excise board. Since the County approves the budget after the City's fiscal year begins, the original adopted budget was an estimate. The amended budget increases anticipated revenue and expenses by \$443,737.

No other City funds are being amended. The net effect on the total budget for the City is a decrease in expenses and revenue of \$8,844,727. The City's total budget for FY17 will be \$1,258,890,638.

The resolution presented today will set a public hearing date of December 6, 2016, to receive public comment on the proposed amendment. The amendment will be considered and voted on after the public has had an opportunity to comment. This is in keeping with the requirements of the 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

Recommendation: Resolution be adopted.

Attachment