

Fiscal Year 2025 Budget Presentation

Thank you, Madam Chair. The budget before you reflects total proposed expenditures in the coming fiscal year of \$1,023,445,000. These funds can be broken into two main categories: capital expenditures of \$110.3 million, which are largely determined by voter-approved programs, and operating expenditures of \$913.13 million across all funds, which are largely determined by the 10 of us as the elected representatives of the citizens. The General Fund, which is our main source for the City's daily operations, is budgeted at \$407.6 million, a 2.5% increase over the previous year.

At the outset, I want to set expectations for this budget. I am mindful that every new mayor going back to at least 1992 had to address budget deficits the moment we were sworn into office. I have no intention of continuing that tradition, so this budget was developed very conservatively.

Over the last two years, we have funded a 20.7% increase in compensation for City employees. That has outpaced inflation at 12.4%. But we've also been hit like everyone else with inflationary pressures on things we need to do our work. Our natural gas expense is up in the last two years by 49%, electric is up 35%. Our expense for chemicals is up almost 50%, and our expense for controlling vegetation is up nearly 36%. I could go on, but you get the point.

I am also mindful that in two of the last three months, our tax revenue was below our receipts from a year ago. This should give us pause. As I have said before, the significant revenue gains we saw over the last few years were essentially a mirage - the result of inflation driving the cost of goods and our corresponding sales tax revenue higher. But our employees - the most important asset in the City of Tulsa's work - were seeing those costs cut into their paycheck. So you and I funded the largest pay increases for first responders in Tulsa history and met the recommended pay allocations for each non-sworn employee group. Maintaining those pay gains while also providing for job stability must remain our top priority.

So while I have always enjoyed presenting new and exciting initiatives in my budget presentation, this budget is not that. New and exciting will come in December when you have a new mayor with new initiatives to launch. My goals for this budget are to provide for our team, follow through on the work we've been doing, and leave the city government on the strongest possible financial footing when I walk out the door.

So now that I've been clear on what this budget will not do, let me share what it would do.

Last year, you and I achieved a goal many never thought the City would actually reach: fully funding our emergency operating reserve. And it is a good thing we did because the response to the Father's Day storm absorbed nearly half - 46% - of that emergency reserve. While we can expect much of that to be reimbursed by FEMA, reimbursement typically takes two to three years. We can't hope that nothing bad happens for the next three years while we are waiting on the federal government to reimburse us, so we have to restore that fund as much as possible now.

This budget restores our Emergency Operating Reserve to a level of 8.5% of the General Fund.

When I became mayor, our Rainy Day Fund had \$2 million in it. As our Finance Director said at the time, that wouldn't even cover a light mist. I am proud of the fiscal discipline this Council and my Administration have shown over the last seven years, and this budget will bring our Rainy Day Fund to nearly \$23 million. That's an over 1,000% increase during my time as mayor.

This budget protects the compensation increases we have implemented over the last several years, and it provides for an across-the-board pay increase for all employees of 2% in the coming year.

This budget covers the full cost of what we expect to be a substantial increase in our employee health care premiums.

These top three priorities - restoring our emergency reserves, funding a modest pay increase, and anticipating the full cost of health care increases - are intended to protect and improve the livelihoods of our team.

This budget funds a Tulsa Fire academy to keep that department fully staffed, and funds 60 academy positions in the Tulsa Police Department.

New policy objectives funded within this budget are the direct result of work done by Mayor-Council working groups over the last year. These include:

- Enhancements to the Fire side of the 9-1-1 Center as a result of the Pre-hospitalization Working Group's review of those operations
- A new app to provide instantaneous direct connection between first responders and citizens in need, as a result of the Pre-hospitalization Working Group's assessment of needs
- A new homeless services coordinator as part of our Path To Home initiative recommended by the Housing, Homelessness, and Mental Health Task Force

This budget also provides for follow-through on significant capital projects approved by voters, including the operations of a new public safety center and our new lake in the Arkansas River as well as operations of a new jail when we reach an agreement to relocate our existing facility.

Thanks to voter approval of our franchise agreement with PSO, this budget funds a 2-year program to completely convert our highway lights to LED lighting. On the day I was sworn in as mayor, 93% of our highway lights were out. Today, we have a dedicated program to maintain and repair them.

On the utility side, we have received board recommendations for rate increases that keep us in line with the cost of service. These include 3% for water (though this increase will not impact residential customers inside the city limits), 3% for sewer, 15% for stormwater, and 9% for trash. As a reminder, the City by law can only charge for the cost of service - we do not generate a profit from these utilities.

This budget funds the initiation of major capital improvement projects approved by voters, including:

- Doubling our street work project delivery to over \$100 million
- Widening 91st Street from Memorial to Mingo
- Construction of our new Tulsa Animal Welfare shelter
- Acquiring a new public safety center
- Establishing new Police and Fire vehicle maintenance facilities
- Purchasing new Fire apparatus
- Continuing our automatic meter reading conversion
- And more

In closing, I want to thank our budget team, led by Jarrod Moore, and our Finance Department led by Tammy Pitts and Christy Basgall. They have worked diligently to make sure every taxpayer dollar is utilized responsibly and effectively. We are a fortunate city government to have this budget team watching over our finances.

I want to thank each councilor who has committed your time and effort to these evaluations of the opportunities before us. I am grateful for your partnership in the development of this proposed budget.

Thank you.