

MAYOR KATHY TAYLOR BUDGET SPEECH

TULSA CITY COUNCIL

MAY 1, 2008

We make a living by what we get. We make a life by what we give. Giving is what public service is all about.

Winston Churchill

It is my honor and privilege to present the management team's proposed FY 08-09 Budget. I am once again humbled by the enormous effort invested by my management team and our city employees to stretch the limited dollars we have to meet our City's ever expanding needs. But a balanced budget isn't just about balancing numbers. It's about the investments you make. And we're investing in this city strategically to create prosperity, livability and opportunity for all. With our high performance government initiatives, patterned after the lean practices businesses have used for decades, **we have made progress by focusing on growing partnerships not government.**

This budget year more than ever we must actively defend against allowing what we cannot do to interfere with we must do. Our priorities remain constant:

public safety • education • economic development

But, our priorities along with all of the essential services we provide must be delivered in the context of escalating budget pressures.

To do this we must be a **Proactive Tulsa**

A proactive Tulsa is a City that invests in its infrastructure to provide a solid foundation for the future. We must undertake the Complete our Streets initiative. When our road infrastructure is in good repair we enhance public safety, reduce congestion and environmental impacts and lower operating costs and travel time all while enhancing the appearance of our community.

In December of last year, along with Councilor *Martinson*, I established a citizen's panel called the Complete our Streets Task Force to take a comprehensive look at Tulsa's streets. With the results of their analysis and

the detailed work Councilor *Martinson* has continued, I am confident that we are moving closer to announcing a comprehensive plan to return our streets to good repair as well as to keep them in good condition for the next decade. The simple but compelling truth is that good roads cost less in the long run than bad ones.

The Citizens on the task force and Councilor *Martinson* should be commended for their tireless efforts in working towards a viable and fiscally responsible street improvement plan which we will discuss in detail with you in the near future.

For too long, there has not been a true and meaningful partnership between the branches of government within City Hall. As a result we have missed many opportunities to develop a strong, positive partnership with business and the community. Because of this, the entire city has not had a chance to reach its potential – until now.

A proactive Tulsa is one where elected officials, city employees, businesses and citizens come together to create a safe, prosperous and livable community. I challenge each of us to work together for progress and not to allow politics to get in the way of meeting the needs of our City.

Our ability to access such basic services as, public safety, water, refuse removal and sanitation depend on the efficiency with which our City finances are managed and the efficient way in which these and other resources are allocated.

So let's get down to the budget.

First I want to give you an overview of expenses, revenues and new revenues sources for this fiscal 2009 budget:

1. Expenses - Expenses fall into two categories
 - 1) those that are within our control and
 - 2) those that are not.

A significant part of our budget increase this year is due to costs that the City cannot control. Projections for energy costs have increased \$4.1 million from last year.

We are working to decrease these costs by reducing fuel consumption, pursuing alternative fuel use and by purchasing vehicles with better gas mileage. I am sure you know from your own trip to the gas pump, fuel and utility costs are substantially higher and are expected to rise.

Although health insurance costs are increasing dramatically across the country, we have fought hard to keep the cost of health insurance down for our employees. While we will have an increase in our health costs this next year, with the 4% decrease we negotiated for this fiscal year, our rates for the next fiscal year (on the IDEA plan) will only be .5% higher than they were in 2006. That is a ½ % increase over a two year period.

This is an exceptional achievement when compared to what is happening across the country. Thanks to Community Care and Jake Henry, in particular, for helping us to achieve this. We are hopeful that **Community Care will fulfill its promise** to once again step up and **support our health and wellness program** – marking an important investment in our human infrastructure.

Personnel costs are 50% of our total operating budget and 76% of our general fund. We already know that our increased costs in energy and personnel will claim at least 80% of any new revenue we hope to generate.

2. Revenues: As you may have heard me mention - Tulsa's revenues are limited by our unique financing mechanism, which relies primarily on sales tax revenues.

Not only is this method self-limiting but it fails to protect those in our community who can least afford to support our growing needs. Tulsa is one of the few Cities in the nation which is singularly focused on such a limited revenue source. Over 56% of our general fund is financed by sales tax. This was not always the case. During the period from 1960-1980, the City received up to 3.2 mils of property tax for its general operating revenues. In today's dollars this would amount to more than \$9 million in general fund revenues.

Today the County receives both property tax and sales tax. The County's sales tax includes a dedicated "city/county" Jail tax which, in and of itself, generates over \$22 million dollars a year to the County (over 70% of which is paid by Tulsans) and all of which is used to operate the David L. Moss correctional facility. This perpetual tax was only achieved with the support of then Mayor, Susan Savage. This dedicated tax, of which the citizens of Tulsa pay the lion's share, should be more than enough to operate the Jail without Tulsan's paying an additional amount in excess of \$1.8 million as the County has proposed.

While property development in our City is increasing, property tax revenues do not increase the City's general fund in any way. Expansion of sales tax due to property redevelopment happens slowly, if at all. Retail follows rooftops, but not for several years. And despite the fact that our unemployment rate is lower than the state and national average, sales tax revenues are almost flat due to spiraling fuel costs.

3. New Revenue Sources – If, as Tulsan Paul Harvey has said: **Growth is the process of responding positively to change**, then Tulsa is clearly on the road to growth.

Our work to increase revenues has been significant and will continue aggressively. I have exciting news for you in this regard. We have been quietly working on a new revenue source which also increases the economic viability downtown. Ben Stout, our chief technology officer made a recommendation last year that while our downtown streets were under construction, we should take advantage of that opportunity and we have. We are installing over 33,000 linear feet, or 6.25 miles of conduit in city right of ways to support future fiber and broadband technology. We have 2 six-inch conduits that provide a total of 12 leasable inner ducts.

Not only will this bring connectivity to 85% of the buildings in the downtown area, the City will own it. One of the inner ducts will be used for City fiber, to transition from aerial to underground for improved security and redundancy. The remaining space will be leased to broadband providers that

have high demand customers' downtown. This project improves the City's fiber infrastructure and enhances downtown for economic development of high tech companies, provides a cost effective solution to broadband companies AND prevents costly additional street and sidewalk construction in the downtown area.

Great thoughts reduced to practice become great acts.

Enhancing revenue streams can occur when the team works together. Congratulations to IT, public works, finance and legal for working to add desperately needed dollars to this year's budget. This exciting fiber optic conduit installation downtown is almost 95 percent complete.

Also, with the new office of grants administration our work to obtain state and federal grants will become more disciplined. Thanks to Councilor *Eagleton* and private citizens, the prospect of revenue from oil and gas drilling appears achievable. We are continually looking for ways to leverage our current assets for revenues, without raising taxes.

In addition to being a proactive Tulsa we must be a Creative Tulsa. Modern economics are all about thinking creatively. It is the kind of the creativity we have seen demonstrated by our world-class universities, colleges, cultural institutions and leading businesses.

In a creative Tulsa we must look to BUILDING PARTNERSHIPS not growing government.

As the revenue numbers show, this is an essentially flat budget year. Our management team has found creative ways to make this budget work in the face of one of the most challenging years ever.

We continue to deal with the aftermath of a monumental natural disaster. The ice storm was one of the worst our city has ever seen. It has cost over \$25 million dollars to date. But, instead of allowing this disaster to paralyze us, we focused our efforts, leveraged resources and worked across department lines teaming with private groups to crunch the numbers and

hold the line on expenditures while still delivering critical services to our community.

And I am happy to report that this creative approach to partnering has continued with our high performance government training. Over 300 City employees, many of whom are with us tonight, have been trained to work at a grassroots level to find ways to deliver services to the citizens in a more efficient and fiscally responsible way. Although this has just begun, six initiatives are already underway to save the City more than \$165,000. The potential for substantial savings in the years to come is truly limited only by our collective imaginations.

For the second budget year, each department has refined their service measures to insure they are managing their budget in a way which allows us to reach our goals. An example of the service measures is shown for the equipment management department. I firmly believe you can't manage what you can't measure. Service measures have allowed city departments to prioritize their limited resources and measure the outcomes of their spending.

This year's total budget (including capital) is \$591 Million. The general fund budget is up less than 3% and the operating budget is up about 3.4%

In line with our core objectives, this budget prioritizes public safety. Police and Fire represent 56% of the general fund budget. And despite the serious challenges of this budget, we have prioritized money for police and fire academies, putting another five dozen police and firefighters on the street (as well as a reserve police academy).

The prioritization of public safety has paid off.

As of March 31:

- **Overall crime is down 7.5%**
- **Crimes against persons is down 5.9%**
- **Crimes against property is down 7.8%**

- **Homicides are down 62.5%**
- **Rape down 17.5%**
- **Auto Theft down 31.8 %**
- **Fatality\high injury traffic collision- down 10%.**

Congratulations and thanks are in order for our police department. Chief Palmer and his team have led the police department through more strategic community based policing to attack violent crime, gang activity and illegal guns.

When I took office there were 750 fully trained officers available for field assignment based on an authorized force of 780. Today we have 820 sworn officers. Attrition rates and overtime are beginning to come down. I know that the Council joins me and our Citizens in refusing to surrender our streets to those who would make them unsafe.

We need to continue to focus our efforts, leverage resources and partner in the way we spend our dollars investing in cutting edge strategies that enhance community policing, suppress gang violence, and support critical technology such as CompStat, cameras in cars and electronic ticketing. We must maintain our commitment to efforts such as operation safe cities, our new downtown police substation and bike patrol (with bikes funded by community partners such as St. Francis Hospital.) I know the council shares my priorities.

Chief Allen LaCroix, a true partner from the very beginning of my term, lead the firefighters, to literally come to the rescue of over 66,000 households during the ice storm. But for this effort, the trauma experienced by our community would have been much greater. In this budget by investing in the growth of our Fire Department we hope to return our force to authorized strength so that we can enhance safety in our community while also helping to reduce overtime.

We have struggled mightily to include pay increases for city employees in this budget. With a regional unemployment rate of 3.3%, retention of hard

working city employees is vital. Moving towards competitive wages will help us to hire and retain the best workforce. However, we are currently in the midst of difficult union contract negotiations. We are working to hold the line on escalating benefit costs along with leave and other non-wage costs in this period of scarce revenues.

It is time we quantify the true cost of generous benefit packages. Competitive wages cannot be accurately compared between cities without an accurate understanding of the cost to the City and the value to the employee of the entire compensation package. The financial value of such benefits must be acknowledged as an important part of compensation. In the coming months, I will ask this Council to join me to fully analyze our employee compensation package and work to minimize the impact of continued unaccounted for escalations in this area.

The fact that I stand here with a balanced budget is even more remarkable when you consider the forces that are threatening our revenue base.

We have fought hard at the state legislature this year to prevent further sales tax exemptions. Over the years, the state legislature has granted hundreds of sales tax exemptions which are estimated to have cost Tulsa up to \$20 million dollars annually.

There is a movement nationally to prevent cities from charging right of way fees. Should this occur, it could mean the loss of millions of dollars in City revenue.

To make matters worse, federal funding is decreasing and becoming more restrictive. We have worked with HUD to successfully change the way Tulsa manages, oversees and spends CDBG and home funds to be more effective for our community. We appreciate Councilor *Henderson's* support and guidance on this issue.

We are working with the Tulsa Development Authority on a new mission to aggressively market and develop their properties, which have been held (with a maintenance cost associated with them) for more than a decade.

Pursuing aggressive marketing and redevelopment opportunities for these properties will positively impact our low and moderate income communities.

It is amazing to think that during this fiscal year, I was able to secure \$10 million dollars from the State to increase city owned infrastructure at Tulsa International Airport and support aerospace jobs in our City. These jobs pay an average of 83% above the per capita income of our city. Sadly, just a few short months later, with the current State standstill budget, such funds are not likely to be available again anytime soon.

Like businesses and governments across the nation, we are fighting to keep health care costs down. Before I took office two employee groups were given the right to withdraw from the City's health insurance plan while still requiring that the City subsidize the cost of their outside insurance at an amount *exceeding their actual cost. This choice places this financial burden squarely on the shoulders of **other** City employees. This is an issue we are and will continue to closely examine until a fiscally responsible solution, fair to all, can be found.*

We have spent almost a year studying our health care offerings and ways to impact costs both to the City and our employees. In partnership with OU Tulsa, as well as local companies who have successfully developed a healthier workforce (such as Bama and Semgroup), we will be launch a much more meaningful health and wellness program for city employees.

We will focus on greater participation of employees in the wellness program, particularly those with high health risks. This is the only meaningful way to keep our health care costs down long term. We must aggressively work to stop this out of control expense.

In the words of Booker T. Washington: Excellence is doing a common thing in an uncommon way. We must hold the line on government expansion and team with the private sector and non-profit groups to build partnerships. **In this way, we can provide common government services in an uncommon way and achieve excellence together.**

Over the past two years, City partnerships have allowed over **60 million dollars** to be contributed to directly help the City achieve its objectives. Let's talk about a few of these partnerships which are helping us to achieve all that we are capable of.

* Golf - We have partnered, thanks to the leadership of Councilor *Westcott*, with a national leader in golf course management, the Billy Casper Company, to begin to turn around the deterioration of our City golf courses, while saving the City approximately \$337,000 in operating costs this year alone.

* Gilcrease - We have partnered with the University of Tulsa to provide better marketing, management and expansion opportunities to the Gilcrease Museum of Art, solving the decade old governance issues and allowing Gilcrease and its treasures to remain City owned, but privately managed.

* Entrepreneurs - Spirit Bank has been a constant support and true community partner, awakening the entrepreneurial mind of Tulsa with the second annual Entrepreneurial Spirit Award—providing \$105,000 in cash prizes and mentoring support (privately funded,) to the winning business plans. Last year's winner, Seeking Sitters, a locally owned service that provides sitters nationwide, is now operating through franchisees in 13 states. They were recognized by Working Mother Magazine as one of the top women-owned businesses in the nation.

* Jobs – This year alone, our partnership with the Tulsa Chamber has brought over 6100 jobs to Tulsa. Councilor *Troyer* should be applauded for his work this year in bringing Coca Cola to the Eastgate Metroplex.

* Downtown - A downtown trolley service is now provided by a private vendor. TU is providing their own trolley service for their students to visit our revitalized downtown area.

* Neighborhoods – Our neighborhood enhancement initiative provided Northgate Neighborhood revitalization. Partnering with the North Peoria Church of Christ and Tulsa

Housing Authority, we saw the first new home built and sold in Northgate in 30 years.

* Small Business – BRIDGE is the City's business certification program. We partnered with the private sector to match developing and growing enterprises with larger businesses in a mentoring relationship to provide education, networking and contracting opportunities.

* Retail - With the support of only \$70,000 in city funds to date and Councilor *Westcott's* leadership, the Red Fork Main Street raised private dollars to rebuild Tulsa's historic Red Fork Main Street. This has resulted in over \$3 million dollars of private investment in that area.

* Beautification - We have partnered with the Tulsa Community Foundation to obtain over two million dollars for beautification funding for our City. This includes a \$1.5 million challenge grant for our Regreen Tulsa initiative to plant 20,000 new trees by 2010. We have cleaned up limbs, but the regreening of our City's parks and right of ways is the next step. The Citizen Tree Advisory Committee has insured we were able to launch this effort. The Tulsa Beautification Foundation has also added to our city's beauty by upgrading the gateways to the City such as the newly refurbished exit area at Tulsa International Airport.

(See www.regreentulsa.com)

* River. We have partnered with the George Kaiser Family Foundation, whose generous contribution of \$12 million in concert with the City's investment of \$2.4 million is widening our running and biking paths and refreshing riverparks with improved lighting and landscaping.

* Parks - When fitness equipment broke at Hicks Park Recreation Center, used extensively by our senior citizens, Councilor *Martinson* and I called upon Nautilus who stepped up to donate the needed equipment.

* Transportation - When employers at Cherokee industrial park were having difficulty hiring employees, MTTA, the City, the State and private employers joined together to fund a bus route to help unemployed and underemployed citizens without transportation have access to the jobs.

* Leadership - As we worked with a group of community leaders to address expansion of housing, retail, and commercial development in north Tulsa, we realized many emerging north Tulsa leaders were disconnected from our community. We piloted a program, with a state grant, to provide leadership training specifically for emerging leaders in North Tulsa.

* Veterans – As we reviewed our population we learned that Tulsa is ranked 7th in the nation with a population of 36,000 veterans and has a high number of guard and reserve troops deployed. As a result, we knew we had to address the needs of our veterans, service members, and their families and convened a Military and Veterans Advisory Council, the first in Tulsa’s history.

Through this Council, we have worked with the United States Department of Veterans Affairs and other veterans organizations to develop a network of resources and programs. We have also partnered with Tulsa businesses to provide a network of discounts for veterans.

Also a Tulsa first, we partnered with the private sector and developed a Military and Veterans Resource Lounge at Tulsa International Airport. This Lounge contains computers, printers, a flat screen television, and many other amenities to provide a comfortable place for soldiers and their families to relax and receive information concerning veteran’s services. *For more information on military and veteran resources, please visit www.tulsaveterans.com*

* Public Safety - With private funds from St. Francis Hospital and others, bikes were purchased for Tulsa Police Department’s popular bike patrol.

* Education - As a result of our Building a Safer Tulsa summit held in partnership with U.S. Attorney David O’Melia, we learned that having a responsible adult in the life of a child decreases the rate of dropouts significantly. So, we partnered with Bank of America and 211 to launch Mayor’s Mentoring to the Max and have placed over 300 new mentors in Tulsa’ schools located in at risk areas.

Bank of America believed in our accomplishments and is now funding 18 after school programs serving 450 elementary school students. The Tulsa

Fire Department believed in the results and is now mentoring kids at 10 schools located near fire stations.

* Drop Out Prevention - In August we will host, with other partners we have brought to the table, a drop out summit with a grant from America's Promise (started by General Colin Powell and wife)

* Workforce - To address workforce issues, we built a partnership with Career Tech to develop:

- a. MOVES - Manufacturing for Oklahoma's Vital Economic Success- a program for 18-24 year old high school dropouts who are unemployed or underemployed
- b. Tulsa Manufacturing academy to train offenders at Taft so that they have a job when they are released from prison to Tulsa.

* Entertainment - We have partnered with SMG to operate the BOK Center and Maxwell Convention Center. And the convention center arena is being enhanced to provide opportunities for Tulsa to attract regional and national sporting events.

As an aside I would be remiss if I did not acknowledge Bank of Oklahoma who has stepped up on so many occasions to partner with the City. Bank of Oklahoma is the true corporate embodiment of community spirit.

* Baseball - To help keep the Drillers downtown, we are working with private funders to help build a downtown ballpark. Newly elected Councilor *Gomez* is already helping.

* Community Engagement - To reconnect and engage our community, we will hold our third annual NeighborFest—where we have partnered with Borden's and others, to hold community picnics in each council district. This year we will showcase, Tulsa Talents, a local talent competition, with Wayman and Regina Tisdale serving as hosts. The winning musical talent performing at the City wide NeighborFest will receive a \$500 college scholarship donated by Bill Witt and Borden's dairy.

* Pools - We will open all operable pools this summer and rehab an additional pool that was not open last summer, with city operating funds supplemented with over \$165,000 in private funds.

* Parks – In the near future to accommodate a parks budget which has decreased substantially since 2002, we will be announcing an adopt a park program where citizens can adopt a city park by agreeing to provide grounds maintenance. Our partnership with hundreds of citizens in ReGreen Tulsa, where we have held seminars on tree planting and maintenance in conjunction with *Up with Trees*, has provided for the planting of over 500 trees in City parks and schools. Citizens like Jim and Mary Bush have donated over 31 trees to Whiteside Park as part of our ReGreen initiative.

In building partnerships rather than growing government, we can and are accomplishing many meaningful objectives for our city with minimal budget impact.

In spite of the budget limitations, we have remained focused on addressing our core priorities and the Council’s compendium of needs, by:

1. Funding police and fire academy classes
2. Funding support to neighborhood revitalization through a focused effort by Working In Neighborhoods (WIN) to deal with the issue of rebuilding substandard housing and also aggressively dealing with abandoned houses
3. Funding a graffiti crew to impact needed graffiti clean up as outlined to us by Councilor Patrick on his first day on the job.
4. Funding best in class leadership training for our police department through the International Association of Chief of Police (IACP) leadership training—and train the trainer programs
5. Supporting police and community relationships through MPACC - Mayor’s Police and Community Coalition.

6. Implementing an e-newsletter to communicate weekly with citizens
7. Launching PlanIt Tulsa on May 13 with a grassroots effort to engage citizens in the first comprehensive overhaul of our land use planning that our city has seen in 30 years. Councilor *Bynum* has already taken leadership by engaging and educating our community on the infill development issue.
8. Continuation and expansion of NeighborFest with “Tulsa Talents”.
9. Providing funding, marketing and recruiting of retail opportunities to Tulsa, as our surrounding suburban communities have done for years
10. Supporting small businesses through the BRIDGE program, Spirit Entrepreneurship award and the disparity study
11. Making it easier to do business with the City and providing for a higher quality and more efficient delivery of services to our citizens through our high performance government initiatives
12. Pursuing additional revenue by closely monitoring collection.
13. We have analyzed where we are providing services to neighboring communities at less than cost. As an example, neighboring communities bring over 4,000 animals a year to the Tulsa Animal Shelter. The unrecovered cost of this to the City is at least \$60,000. We will be asking you to approve ordinance changes in the near future to help insure that we properly recover our cost of services.
14. Our oil and gas drilling task force will be working to insure that we responsibly explore opportunities for permitting oil and gas drilling in the City of Tulsa as an additional revenue source.
15. To improve our community’s health and wellness, we are challenging city employees to join me in participating in the Tulsa

Run and providing training classes. We will be announcing a new community wide health initiative in June. We will be implementing a more focused health and wellness plan for employees this fiscal year.

16. Holding our Safety Rodeo last year for the first time, we are working on improving the safety of our workforce and decreasing costly injuries
17. We are helping to support funding and operation of OU Tulsa's School of Community Medicine and its new north Tulsa health clinic as well as the OSU Ardent healthcare system.
18. Our newly formed task force for Tulsa light rail will begin meeting this month to develop a long term plan to develop a light rail connecting West Tulsa to downtown on already existing tracks. Councilor *Westcott's* passion for rail has driven this train! Our goal will be to have an initial plan outlined to develop state funding support before the next legislative session.
19. Our energy plan was on track to decrease fuel consumption until the December ice storm. With the constant encouragement of Councilor *Christiansen*, we will continue those efforts this year.
20. We held the 60 Minute Makeover in August and are holding quarterly litter clean up days and encouraging our school kids to participate and educate others about the need to keep our city litter free.
21. With the guidance of the APWA discipline, we are undertaking to conduct a performance audit of the public works department.
22. We are working to find funding to promote the use of technology to develop cost savings across departments. An example is our HPG processes that show a citywide time and attendance system would allow us to redeploy human and financial resources.

23. We are continuing our weekly leadership meetings with the City council and will be publishing a guide to management team responsibilities.
24. With a neighborhood inspection department focused exclusively on code enforcement issues and prioritizing enforcing and educating citizens about the top ten code violations; code enforcement will be even more effective.

In the end, real leaders are simply ordinary people with extraordinary determinations.

Given the realities of our city and our state revenue position, we have done what was necessary in this budget to stretch dollars to maximize our limited resources so that we can continue to move toward decreasing costs and growing revenues.

It has been my pleasure to work with Don Cannon, Council Administrator - a truly loyal public servant who has provided critical insight by joining the management team at our budget meetings. I look forward to a continuing partnership with Don and the Council as we work towards even greater fiscal responsibility, employee involvement and delivering a higher quality of services to our citizens.

I applaud the hard work of our budget team, our print shop, our management team and the high performance government team for all of their exceptional work they have accomplished despite difficult fiscal constraints.

If it is true that we tend to get what we expect – then it is a good thing I expect as much as I do from myself and from each of you. We ARE in this together and I look forward to our continued hard work to make life better in Tulsa.

City Seal/HPG Logo