TulStat Cash Reserves
April 6, 2018

Attendees: Amy Brown, Jack Blair, TFD (?), Mark Hogan, Mike Kier, Michael Dellinger, Michelle Barnett, Gary Hamer, Dwain Midget, Lucy Dolman, Cathy Criswell, Terry Ball, Michael Radoff, Kate Tillotson, Matt Liechti

Incremental success: @ .25% it would take us about 15 years to get from where we are to 10% for emergency operating fund (Kier) – no policy that requires us to contribute to this fund (James)

Economic stabilization reserve, while it has mandatory level to contribute it is really high so if we wait for that to happen it probably won't (Kier)

Pew Charitable Trust report 2017 – looked at 47 states rainy day funds. Recommendation (1) design fund with clear goals that can transcend elected official periods, (2) structure them to be in line with the locale's economy (focus on state revenue volatility and business cycle of the state), (3) focus on the fiscal situation and policy makers on how they tap into the fund

Examples of municipal rainy day funds (Yukon, OK, Los Angeles, North Carolina & Oklahoma) – Kate T presentation

- Cathy Criswell – we have sales tax that are used for operating funds. Does Yukon? Yes (Gary H.)

Recession Proof – rainy day fund is a factor in creating resilience against recessions. It is not the "get out jail free" card in terms of city's ability to recover.

Gary – it's really important for our employees to understand how volatile our climate is and how reliant we are on sales tax.

Is the difference from saving projected revenues vs saving actual growth really just how you shore up accounts at the end? How does it work in practice? (Amy) Let's say this year we project 2% increase. In OK model that growth is built in and you'd have to grow more than that to save. In NC model you say no matter what the projection is we're going to save. So if there's .05% you still save a portion of that. Not sure how they functionally do the movement of the money.

Where you set the money would make a difference in when you start to set money aside (Kier). Problem with working off of projections, every once in a while there are certain collective bargaining groups that believe growth is going to be more than what we say but we just gave a # to make it look like there wouldn't be money for raises (kier). Equalization fund at state level makes it difficult without independent 3rd party setting projections

TMUA has a line of credit and that's their kind of rainy day fund. Not sure if city can do letter of credit as a sort of stopgap while we're making contributions (M. Liechti). We could have a letter of credit but we can't invoke it because we can't incur debt for operations. We could put it on the ballot to get voter authorization to allow for borrowing up to a certain amount (could borrow against something like the ad valorem for paying it back).

When is next funding package? November 2019 for a vote. Developmental work taking place now. Will probably move more into public arena around January 2019.

Opportunities to generate new revenues – transportation user fees (e.g. fee for # of parking spaces you generate people on the road (just like Stormwater fee)) transportation impact fee – we use capital $ to increase roads. Other cities charge developers to pay for some of that. If you have a transportation impact fee the lots go up in value. In a way overnight lots can go up. Then ad valorem goes up. Opportunities to look at alternate revenue sources. We have ability to do street improvement districts.

Broken Arrow charges user impact fee for sewer.

We have run districts before to fund road resurfacing in 1950s-1960s. Was really unpopular so we haven't done it since. You have a social economic issue with that.

Not a social economic issue with transportation impact fees.

Street assessment district would work along the lines of if we're doing a mile of road we bid that project and take total linear feet and have bidder provide cost per linear square foot. Goes on taxes as special assessment.

Knowing developers – they wouldn't pay to widen a street. If we had that kind of development impact fee before we started allowing development. But to impose it now puts a risk that

Every time someone builds something out in south Tulsa we lose money. So either our rates aren't high enough

Follow Up

- The Mayor has asked legal department to draft an executive order to capture or propose to appropriate all proceeds of surplus real estate sales to the rainy day fund and Mark Hogan has developed a list of properties that could be sold. As a policy going forward any non-recurring real property sales will go to council for appropriation **(Jack)**
- 0.05% increment of next IOT renewal. Might be beneficial to look a little more at how that would be over the long term. Might require tweaking rainy day fund ordinance **(Jack)**
- Would like to explore % of revenue growth to go to rainy day fund **(Kier)**
- Not sure we know what % it should be for mandatory (4% was wrong number for sure) **(Kier)**
- What would it look like to do proposal of dedicated sales tax & proposal of % of growth? **(Kier/Hamer)**
- More thought needed on the Withdrawal policy – how would these funds best be saved & used?
    - Requirements to identify uses and restrictions for use? Would need some thought but can probably can get it to a single subject matter
- Shouldn't we separate out emergency operating reserves vs. rainy day fund?
- Maybe this increment serves 3 purposes (operating, emergency & maintenance fund)?

Next meeting: Friday, June 1 @ 1pm