TulStat

Cash Reserves
June 15, 2018
Feedback from 4/6/18 Cash Reserves TulStat Meeting

A perfect score!

- Good use of time
- Action steps
- Collaborative discussion
- Data presented to understand problem
- Clear way to measure success
- Problem clearly stated
- Meeting Purpose communicated
The Process

1. Problem Definition and Context
2. Measurement Framework
3. Defining Success
4. Possible Solutions
5. Action Plan
Today’s Process

• FY19 Budget Impact on Emergency Operating Reserve

• Follow-up Items from April meeting

• Follow-up Items for August Meeting
Defining the Problem

What is the right-sized problem?

We do not have a systematic way to consistently fill reserve funds to mitigate unexpected expense and revenue fluctuations.
Tulsa’s Reserve Funds

Emergency Operating Reserve

Goal: 10% of General Fund = $26.9 million
Currently $17 Million $17.9 Million (6.46% of General Fund)

No Deposit Policy

Can be used for:
1. Responding to Disasters

Can *not* be used for:
1. New programs
2. Wage increases
3. New personnel costs

Economic Stabilization Reserve

Cap/Goal: Cannot exceed 30% of General Fund = $80.7 million
Currently $2 million

Deposit Policy: 50% of excess of a 4% increase in general fund automatically deposited in Economic Stabilization Reserve

Can be used when:
1. General Fund revenues will be less than current budget year, OR
2. Less than any other previous year’s General Fund Revenues

“Rainy Day Fund”
Reserve Funds

Emergency Operating Reserve:
- FY18 Funding Level (61.29%)
- Added for FY19 (3.23%)
- Needed to reach 10% goal (35.47%)

In Millions:
- 17.02
- 898
- 9.85

Economic Stabilization Reserve:
- Current funding level (2.47%)
- Needed to reach 30% goal (97.53%)

In Millions:
- 78.82
- 2
Measuring Success

How can we measure ultimate success?

1. The Emergency Operations Reserve is funded at 10% of the General Fund Budget. Currently at 6.39% - 6.46% (+0.07%)

2. The Economic Stabilization Reserve is funded at 30% of the General Fund. Currently at 2.47%

How can we measure incremental progress?

1. Emergency Operations Reserve is funded at an additional 0.25% to 0.5% annually. FY19 addition is 0.07%

2. Economic Stabilization Reserve (?) No add to ESR in FY19
Follow-up from April 2018 Meeting

- Executive Order for all Real Estate Sales to go to the Economic Stabilization Reserve (COMPLETE)
- 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)
- % of revenue growth to go to rainy day fund (Kier)
- 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
- An increment to serve 3 purposes (operating, emergency & maintenance fund)?
**Action Plan**

Before the next meeting on __________ I will…

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