

**CITY OF OWASSO
RESOLUTION 2014-11**

A RESOLUTION CALLING A SPECIAL ELECTION IN THE CITY OF OWASSO, STATE OF OKLAHOMA, FOR THE PURPOSE OF SUBMITTING TO THE REGISTERED, QUALIFIED VOTERS OF SAID CITY THE QUESTION OF THE APPROVAL OR DISAPPROVAL BY SAID VOTERS OF ORDINANCE NO. 1039 OF SAID CITY, LEVYING AND ASSESSING A SALES TAX OF ONE-HALF PERCENT (1/2%) IN ADDITION TO ALL OTHER EXCISE TAXES LEVIED AND ASSESSED UPON THE GROSS PROCEEDS OR GROSS RECEIPTS DERIVED THEREFROM; PROVIDING FOR THE USE OF THE PROCEEDS THEREOF TO BE RESTRICTED AS FOLLOWS: THIRTY-FIVE PERCENT (35%) TO OWASSO POLICE SERVICES, THIRTY-FIVE PERCENT (35%) TO OWASSO FIRE SERVICES AND THIRTY PERCENT (30%) TO THE OWASSO STREET DEPARTMENT; AND DESIGNATING TO THE SECRETARY OF THE ELECTION BOARD OF TULSA COUNTY THE PRECINCTS TO BE OPEN.

WHEREAS, the City of Owasso, holds public safety and the integrity of Owasso's transportation infrastructure in high regard; and

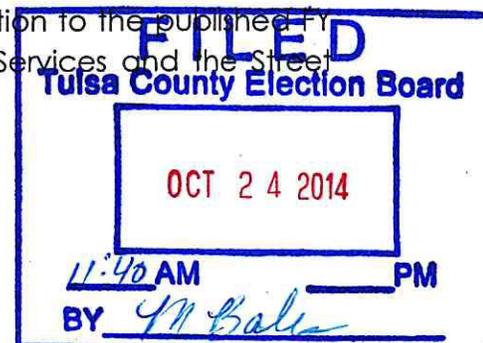
WHEREAS, the City of Owasso recognizes the importance of funding operational and capital needs in the Owasso Police Department, Owasso Fire Department, and Owasso Streets Department; and

WHEREAS, the intent of the Owasso City Council is to dedicate the additional revenues generated by the 1/2 penny sales tax increase, for the sole use by Police Services, Fire Services, and Streets Department; and

WHEREAS, the revenues dedicated to Police, Fire and Streets from the proposed 1/2 penny sales tax increase is separate and independent from the General Fund appropriations for Police Services, Fire Services and Streets Department; and

WHEREAS, the published FY 2014-15 General Fund appropriation for Police Services is \$5,291,345, for Fire Services is \$4,854,313, and for the Streets Department is \$929,515; and

WHEREAS, it is the intent of the Owasso City Council that the General Fund appropriations to Police Services, Fire Services and Streets Department budgets will be maintained at or above the published FY 2014-15 funding levels with the new revenues generated from the 1/2 penny sales tax increase to be in addition to the published FY 2014-15 General Fund appropriations for Police Services, Fire Services and the Street Department; and



WHEREAS, the City of Owasso's primary funding source for operational and personnel needs are dictated by Oklahoma Statute to come from sales tax collections; and

WHEREAS, the collection of revenues from the current Owasso sales tax rate is insufficient to provide adequate funding for Owasso's public safety and transportation needs; and

WHEREAS, it is deemed advisable by the Owasso City Council to provide responsible reinvestment in public safety and streets through a dedicated revenue source.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF OWASSO, STATE OF OKLAHOMA:

SECTION 1. That an election be held in The City of Owasso, State of Oklahoma, on the 13th day of January, 2015, for the purpose of submitting to the registered electors of said City the following proposition, to-wit:

PROPOSITION

SHALL ORDINANCE NO. 1039, INCREASING THE SALES TAX FROM THREE PERCENT (3%) TO THREE AND ONE-HALF PERCENT (3.5%); PROVIDING FOR THE PURPOSE OF THE ADDITIONAL ONE-HALF PERCENT (1/2%) SALES TAX AND RESTRICTING SAME AS FOLLOWS: 35% TO POLICE SERVICES, 35% TO FIRE SERVICES, AND 30% TO THE STREETS DEPARTMENT, BE APPROVED?

/___/

YES – FOR THE ABOVE PROPOSITION

/___/

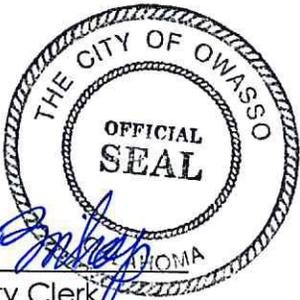
NO – AGAINST THE ABOVE PROPOSITION

SECTION 2. That the City Council of the City of Owasso, Tulsa County, Oklahoma, hereby certifies to the Tulsa County Election Board that Tulsa County precincts #750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760 and Rogers County precincts #31 and 130 are to be opened; and Tulsa County precinct #21 and Rogers County precincts #6, 21, 29, and 30 are to remain closed as there are no residents of Owasso in those precincts.

SECTION 3. That a copy of the this resolution shall be personally delivered to the office of the County Election Board of Tulsa County, State of Oklahoma, at least sixty (60) days prior to the date of said election.

Dated this 21st day of October, 2014.

Jerri Moberly
Jerri Moberly, Mayor



ATTEST:

Sherry Bishop
Sherry Bishop, City Clerk

Approved as to Form:

Julie Lombardi
Julie Lombardi, City Attorney



APPROVED BY COUNCIL
OCT 21 2014

TO: The Honorable Mayor and City Council
City of Owasso

FROM: Warren Lehr
City Manager

SUBJECT: Resolution No. 2014-11 Calling for a Special Election
Ordinance No. 1039

DATE: October 17, 2014

BACKGROUND:

Currently Owasso Police Services, Fire Services, and the Streets Department operated by the City of Owasso are funded from revenues collected and deposited in the General Fund. The primary revenue source for the General Fund is the municipal sales tax. The City of Owasso has a three percent (3 cents) sales tax levied on the sale of eligible goods and services. Two cents of that tax is utilized for city operations and one cent is restricted for funding capital improvement projects. Currently, one cent of sales tax is projected to generate approximately \$8 million annually. From the two cents sales tax dedicated to operations, the city must fund all programs and services excluding water, wastewater, court services, ambulance services and refuse operations. The two cent sales tax must pay for streets, drainage, parks, administration, police, fire, planning, engineering, the community center, etc. and all insurances, fees, and other needs of a \$24 million business. Defining what are considered to be core services in a growing community is difficult. Often, conflicting priorities force core services to compete with each other for a limited funding source.

A growth-mode city faces challenges on every front to maintain and improve services while functioning within a financial framework that inhibits the community from "keeping up" with that growth and the resulting demand on its departments. Over the last several years, a goal of the staff has been to develop additional efficiencies and/or revenues for municipal operations in Owasso.

Oklahoma is currently the only state in the nation which statutorily requires cities and towns to fund their general funds with the sole source being sales tax. Sales tax is a volatile revenue source that fluctuates with the trends of the national economy. The system, as is, dictates that a growing city will be behind in its ability to fund improved or expanded services. It is clearly apparent that in order to meet the citizens' growing demand for services, there must be a consideration of additional revenues for operations. Owasso citizens have recognized these needs in past years when they gave overwhelming support for the first penny sales tax (1968), the second penny sales tax (1973), and the third penny sales tax for funding of capital improvements (1983).

Current funding sources are inadequate to meet the essential needs of the city due to our past, present, and anticipated future growth. While the General Fund revenues are increasing each year, the amount of money needed to fund public safety and transportation services grows at

an unsustainable rate. We are unable to keep up with those needs and continue to meet the increasing demand for other municipal services.

Currently the Police services, Fire Services and Streets Department budgets account for almost 60% of the city's 2 pennies allocated for the general fund budget. This does not include the 3rd penny dedicated solely to capital improvements projects. While those combined divisions currently utilize the majority of general fund allocations, each is lacking in adequate manpower, equipment, facilities and other resources needed to provide services necessary to Owasso citizens.

The above figures are not intended to indicate that the city is not meeting its obligations to serve the citizens, but rather to indicate that it is not realistic to expect that increasing demands for services can continue to be met without the financial resources required for those tasks.

PROPOSED SOLUTION:

Various solutions were reviewed and time frames were developed. Possible solutions considered were increased fees for services in all areas of municipal services, a reduction in some levels of existing services, the elimination of some existing services, the privatization of certain city services and an increase in the city's basic revenue source (sales tax). Staff ultimately agreed that the most feasible and impactful solution would be to ask the voters for an additional .5 cent sales tax. This solution has the least adverse impact on the citizens due to Owasso being a retail shopper's destination with the majority of our sales tax revenues coming from non-citizens. This recommendation also includes the elimination of the public safety capital fee on every Owasso utility customer's monthly bill, saving each utility customer \$36 per year.

Additional revenues from the 1/2 penny in sales tax should be dedicated to police, fire and streets in the following manner:

- 35% (.175 cents) to the Police Services budget,
- 35% (.175 cents) to the Fire Services budget and
- 30% (.15 cents) to the Streets Department budget.

This allocation is estimated to produce approximately \$4 million additional dollars in the first year allowing for a potential \$1.4 million each to both police and fire and \$1.2 million to streets.

The additional 1/2 penny would not be subject to a sunset or expiration and the revenues could be used by these divisions for any purpose. Personnel, equipment, facilities, training, etc. would all be allowed expenditures. The dedicated monies collected annually from the 1/2 penny would roll over from one budget year to the next for each division allowing for the opportunity to forecast budget needs and make large acquisitions over more than one fiscal year.

It is the intention to recommend that the general fund allocation to operating budgets for Police Services, Fire Services and Streets continue to be maintained at the current funding levels and that new revenues generated from the 1/2 penny would be in addition to the departments' current adopted budgets.

COLLABORATION:

There have been months of discussion and collaboration among Owasso's elected officials, staff members, citizen groups and representatives from the local IAFF and FOP unions for the purpose of finding needed answers to Owasso's growing concerns in the areas of public safety and transportation infrastructure. While the addition of a 1/2 penny sales tax does not cure all the needs of our city, it certainly gets us moving in the right direction in a manner consistent with responsible financial management and consideration for all Owasso citizens. The efforts and considerations of all of the participants have made this process successful up to this point and our hope is that similar efforts will convince Owasso citizens to reinvest in their community for their future.

TIMELINE:

Currently staff is conducting community meetings at various locations throughout Owasso for the purpose of informing the citizens of this proposal. Community meetings will continue to be presented through the end of the year up until the election date.

The Owasso City Council is required by Oklahoma Law to pass a resolution calling for the election and have in place an ordinance outlining the specific ballot language by November 13, 2014, and delivered to the Tulsa County Election Board in order to conduct a special election on January 13, 2015.

If the ballot measure were to pass by a majority vote, the new tax rate would take effect on April 1, 2015 as long as the election is certified 60 days prior to the effective date. This date coincides with the Oklahoma Tax Commission's quarterly calendar and will allow them to make notification to all necessary vendors in the taxing jurisdiction.

As stated in the proposed solution above, the recommendation includes the elimination of the existing fee dedicated to the public safety capital fund. That fee is established by ordinance and could be removed by council action should the voters approve the sales tax increase. In the interim, a resolution will be presented for council consideration at the November 4, 2014 meeting that would assure the public of the council's desire and intent to repeal the public safety capital fund fee.

ORDINANCE:

If approved by the voters, Ordinance No. 1039 would increase the sales tax rate from 3.0% to 3.5% effective April 1, 2015. The ordinance also states that the purpose of the new tax would be to fund appropriations as follows:

- 35% for Police,
- 35% for Fire, and
- 30% for Streets.

RESOLUTION:

Resolution 2014-11 calls the election and creates the Proposition language. Additionally the resolution establishes the intent of the Council not to reduce the general fund appropriations to the police, fire and street departments in future years.

RECOMMENDATION:

Staff recommends Council approval of Ordinance No. 1039 increasing the sales tax rate by 1/2% and restricting the use of those funds to the police, fire and street departments.

Staff recommends approval of Resolution No. 2014-11 calling a special election for January 13, 2015 submitting to the voters the 1/2 penny sales tax increase.

ATTACHMENTS:

Ordinance No. 1039

Resolution No. 2014-11