



# A Proposed Dedicated Revenue Source

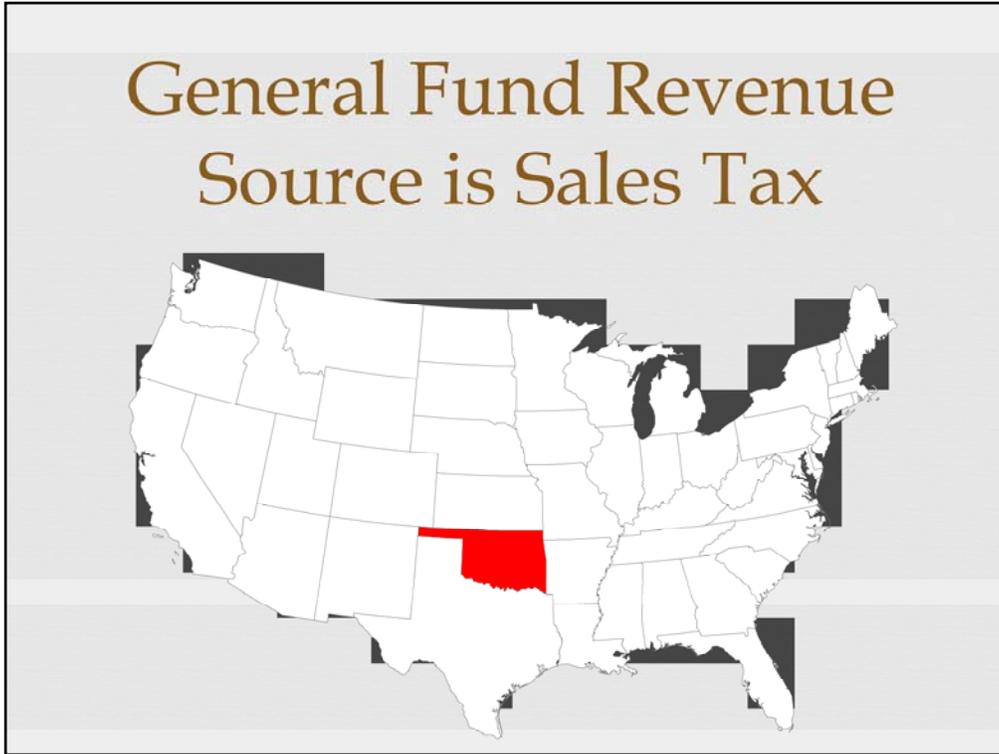
## $\frac{1}{2}$ Penny Sales Tax Initiative

# Sources for Operating Revenue

State of Oklahoma	Counties
Income Tax	Ad Valorem (Property Tax)
Sales Taxes	State Apportionment
Gross Production Taxes	Sales Tax
Motor Vehicle Taxes	
Misc. Taxes	
Public School Districts	Municipalities
Ad Valorem (Property Tax)	Sales Tax
State Appropriation	
Federal Appropriation	

The only dedicated **operating** revenue source for cities in Oklahoma is sales tax. While many cities utilize Ad Valorem (property tax) taxes for capital projects, the City of Owasso has not used ad valorem for this purpose since 1973. Following that, the decision was made to defer any ad valorem to schools. Owasso student population was growing more rapidly than the existing infrastructure could support. City leaders believed the development of our schools was vital to the overall success of Owasso and agreed that ad valorem taxes at that time should be used to benefit the development of our schools.

## General Fund Revenue Source is Sales Tax



Oklahoma is the only state in which municipal operating funds are limited to sales tax only. Sales Tax is used to fund Operations - Capital Improvement Projects, Police, Fire, Streets, Parks/Recreation, Community Planning, Municipal Court, Administrative Offices (HR, Finance, IT, etc.), Support Services

<b>WHERE DOES <i>my</i> SALES TAX GO?</b>	
<b>STATE</b>	<b>4.5 Cents</b>
<b>COUNTY</b>	<b>0.917 Cents</b>
<b>OWASSO</b>	<b><u>3.0 Cents</u></b>
<b>TOTAL</b>	<b>8.417 Cents Per Dollar</b>

Of the 8.417 cents in sales tax paid on every dollar purchase, 3 cents goes to Owasso. Of the 3 cents paid to Owasso, 2 cents funds the general government. This is the operational budget for nearly all City departments, including supplies, equipment and salaries.

The 3<sup>rd</sup> penny is dedicated to Capital Improvements. This is the primary funding source for road improvements, park improvements, and facilities.

Ad Valorem \$ Collected FY 2013

**PUBLIC SCHOOLS**

<b>Tulsa Schools</b>	<b>\$141,193,503</b>
<b>Tulsa Tech</b>	<b>\$66,418,359</b>
<b>Union Schools</b>	<b>\$51,221,297</b>
<b>Jenks Schools</b>	<b>\$49,355,526</b>
<b>Tulsa Community College</b>	<b>\$35,924,711</b>
<b>Broken Arrow Schools</b>	<b>\$33,872,821</b>
<b>Bixby Schools</b>	<b>\$22,299,390</b>
<b>Owasso Schools</b>	<b>\$20,263,535</b>

The large majority of Owasso's ad valorem tax is dedicated to education.

Additional Ad Valorem taxes:

Tulsa County - \$57,650,286

Tulsa City County Library - \$26,507,552

Tulsa Health Department - \$12,855,166

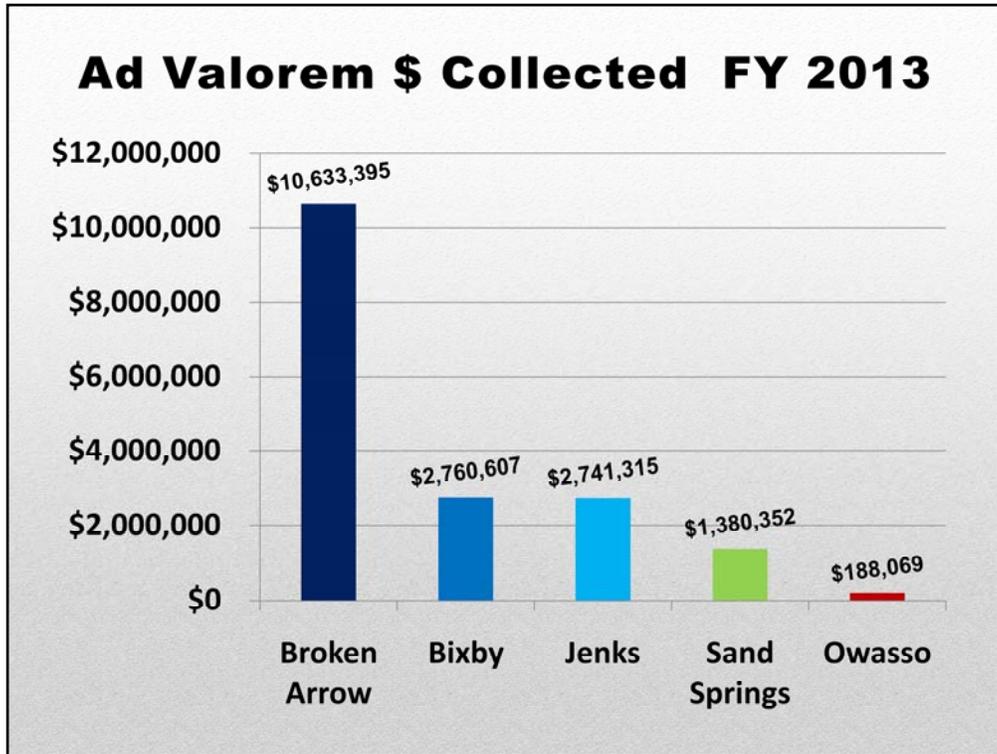
Ad Valorem \$ Collected FY 2013

CITIES

<b>Tulsa</b>	<b>\$67,075,671</b>
<b>Broken Arrow</b>	<b>\$10,633,395</b>
<b>Bixby</b>	<b>\$2,760,607</b>
<b>Jenks</b>	<b>\$2,741,315</b>
<b>Sand Springs</b>	<b>\$1,380,352</b>
<b>Owasso</b>	<b>\$188,069</b>

As can be seen, several area cities utilize property tax for public infrastructure projects such as streets, utilities, parks, buildings, and other facilities.

Owasso collects a small property tax, currently ½ of 1%, as allowed by law, to pay for judgments against the City.



Surrounding cities have approved the use of Ad Valorem (property tax) dollars to increase the livability in their community. In August 2014, Broken Arrow citizens voted a \$60 million bond issue to finance street improvements, increase parks, recreational facilities, and more.

Broken Arrow Bond Breakdown:

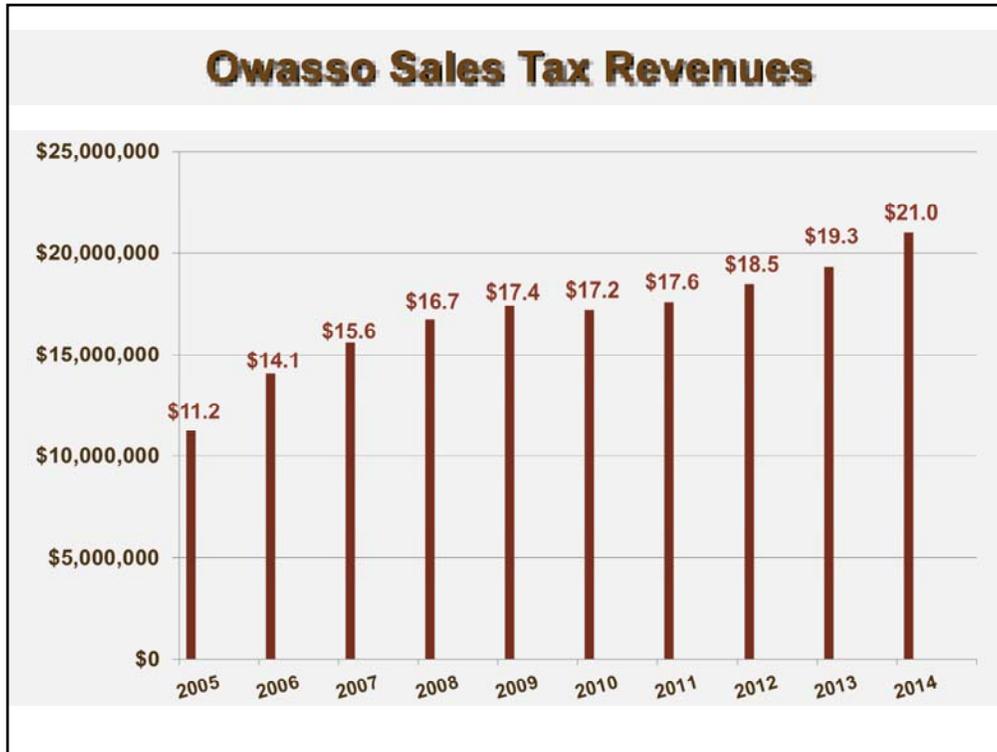
Streets - \$36 million      Public Safety - \$8 million      Quality Of Life - \$10 million  
 Public Buildings - \$1 million      Stormwater/Flood Control - \$3 million

Last 20 years – PROPERTY TAX COLLECTED & USED FOR COMMUNITY IMPROVEMENT PROJECTS: Broken Arrow - \$126 million, Bixby - \$30 million, Jenks - \$27 million, Sand Springs - \$13 million, Glenpool - \$3 million, Owasso - ZERO



What are the building blocks of a good community?

Cities provide core services that residents consider vital to health and safety. In addition to these, great communities provide amenities that improve the quality of life for residents such as parks and trails.



Sales tax revenue is historically a volatile revenue source. In looking at 2009 through 2011, sales tax flattened out. However, during the same time period the cost to provide services to citizens continued to rise.

The net result is that during a time of flat or reduced revenue from sales tax, the City is faced with making difficult decisions across all operations and services. For several years, departments were unable to hire additional staff, replace aging equipment, and maintain operations at sufficient levels to meet the demand for services.

# Police Department Profile

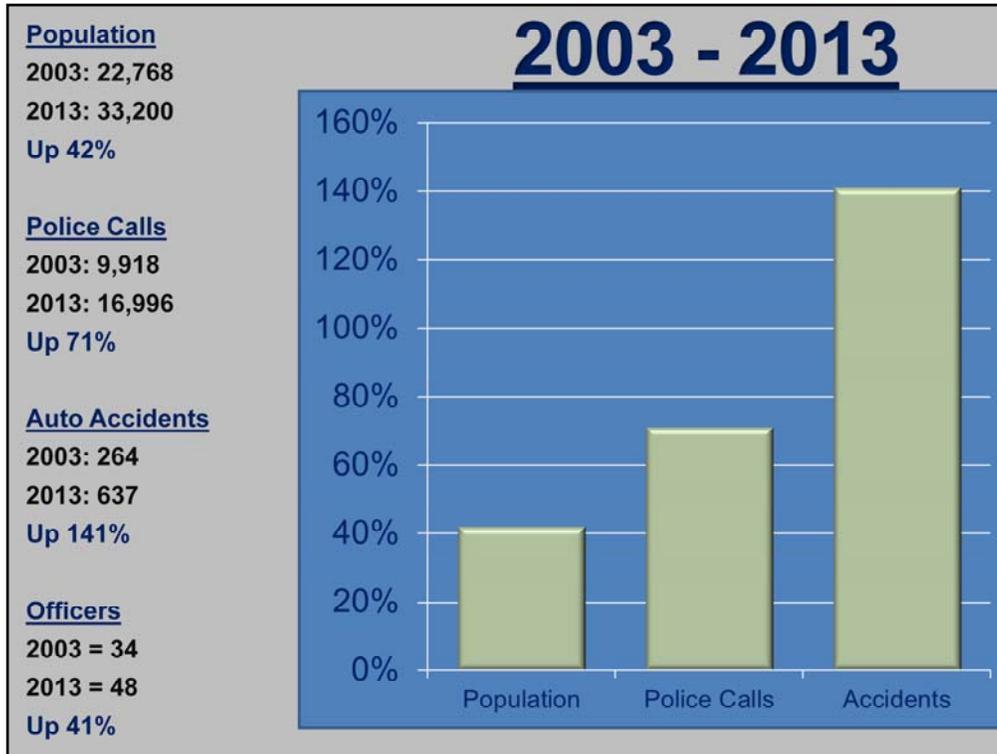


## **Patrol Division - 32 Officers**

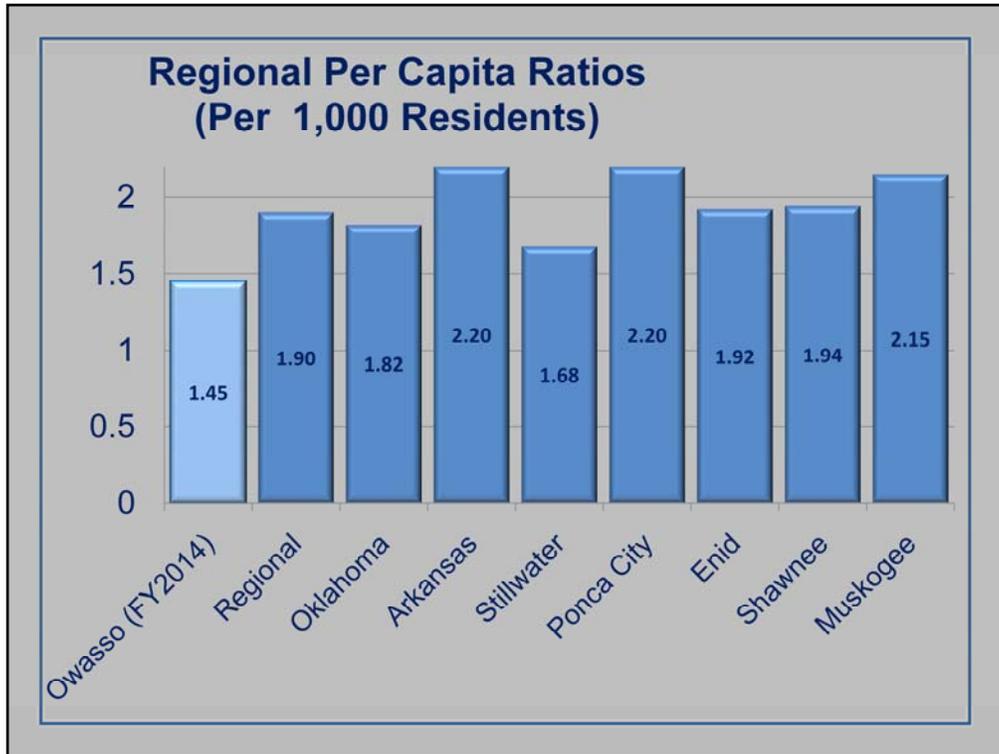
- 4 Patrol Shifts (12 Hours)
- 8 Officers Assigned Per Shift
- Usually only 5-6 officers on duty - Absences for training, sick leave, vacation
- Ability to respond to two serious incidents

## **Criminal Investigation - 6 Detectives**

This is a current snapshot of the City's police operations.



From 2003 to 2013 calls for police assistance have risen 71% while the number of officers has increased only 41%.



Owasso is currently behind other communities in terms of officers per capita ratios.

## Calls for Service

Anticipate - 18,000 Calls in 2014

Heavy call volume and limited resources cause a reactive response to crime

- Lack of Proactive Capability
- Limited Preventative/Directed Patrols
- Limited Field Investigations
- Limited Customer Service

The result of low staffing levels is that police response becomes reactionary, rather than proactive or preventative in nature.

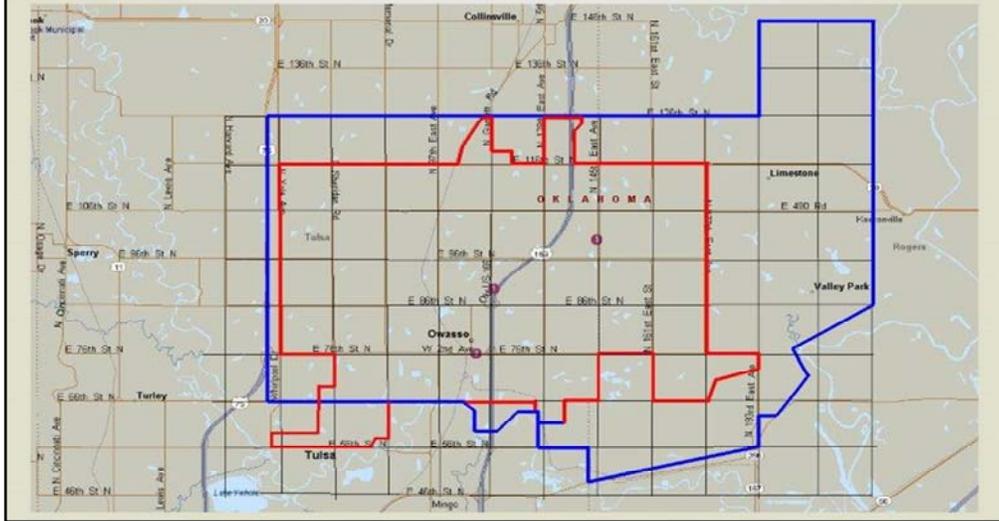
# Fire Department Profile



- 54 Personnel (Firefighter/Paramedics, Administrative Staff)
- 3 Fire Stations
- Fire District - 45 square miles
- Ambulance District - 75 square miles

This is a current snapshot of the City's fire operations.

# Fire District – Red EMS District - Blue



As can be seen here, the area covered by Owasso Fire and EMS operations extends well beyond the City limits of Owasso.

# **NATIONAL STANDARDS**

## **FIRE**

Response Time:  
5:20 (min/sec)

Staffing on Scene:  
14 Firefighters

## **EMS**

Response Time:  
5:00 (min/sec)

Staffing on Scene:  
4 Paramedics per Critical  
2 Paramedics per Non-Critical

Current national standards for Fire and EMS response.

## **Fire/EMS Performance**

2013 Compared to National Standards -

- Staffing Levels  
met standard < than 10%
- Response Time performance  
met standard < than 65%
- In North and Northwest areas  
met standard < than 7%

The National Standard for Fire performance is 90% of the time responding in 5m:20s from the time of dispatch. With current levels of staffing and number of stations, the City is not meeting these standards satisfactorily. The most problematic areas for response time are the north and northwest regions.

# Street Department Profile



- **RESPONSIBLE FOR 252 LANE MILES IN CITY LIMITS**
- **38 SIGNALIZED INTERSECTIONS**
- **AVERAGE 6-8 NEW LANE MILES ANNUALLY**
- **STREET REHABILITATION EFFORTS ADDRESS ONLY  
3 LANE MILES PER YEAR**

The City's Street Rehabilitation Program was established in **1996**. At that time, the City was responsible for the maintenance of **104 lane miles**.

Since that time, the City has gained an additional 148 lanes miles for a total of 252 lanes miles. On average, the City is adding an additional 8 lane miles per year.

Since the program was established, approximately 52 lanes miles have received preventive maintenance and/or rehabilitation. On average, the City is providing maintenance and/or rehab to approximately 3 lane miles per year.

## MANPOWER COMPARABLE CITIES

	Bartlesville	Owasso	Ponca City	Ardmore	Claremore
<b>Population</b>	34,885	33,200	24,710	24,280	18,745
<b>Streets</b>	11	5	19	17	12
<b>Refuse Collection</b>	35	7	36	14	13
<b>Stormwater &amp; Vegetation</b>	N/A	5	N/A	N/A	1
<b>Cemetery</b>	1	0	N/A	4	2
<b>Recycle Center</b>	N/A	1.5	2	2	N/A
<b>Mapping Services</b>	1	2	0	1	N/A
<b>Engineering</b>	4	3	7	4	2
<b>Construction/ Inspection</b>	4	3	5	4	N/A
<b>Wastewater Treatment</b>	N/A	5	11	16	N/A
<b>Water Distribution</b>	15	7	10	9	6
<b>Wastewater Collection</b>	12	4	6	6	6
<b>Maintenance</b>	6	2	26	3	N/A
<b>Administration</b>	6	5	8	5	N/A
<b>Total</b>	94	49.5	130	85	42

This chart shows a manpower comparison of all Public Works divisions to that of similar sized cities. In the area of Streets, Owasso has significantly fewer than the comparison cities.

## Streets Response Time

- February 2010 - 2014, Streets Division received **1,543** requests for service
- **941** work orders have been completed
- More than **600** work orders remain open, with new work orders daily

As more streets are built, the number of requests to address street issues is expected to continue to climb.

**1996 STREET ASSESSMENT**

**by Poe & Associates**

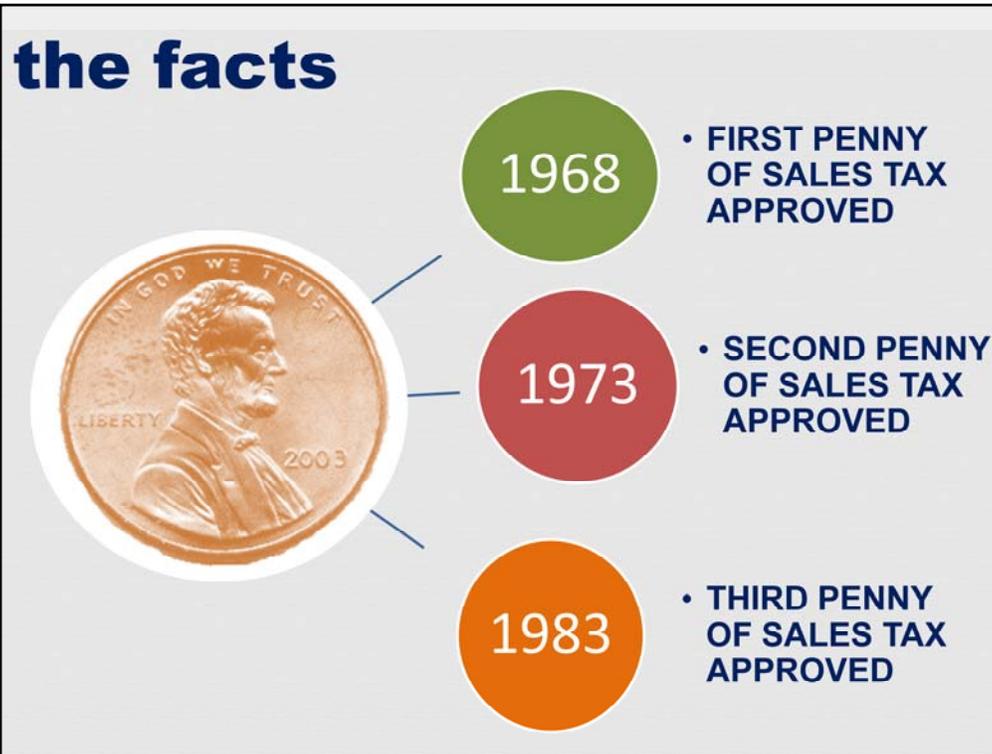
**Recommended:**

\$1.6 Million Annual  
Investment for  
Corrective Road  
Maintenance



**Actual Spent – approx. \$385,000 annually**

Though Owasso has spent at least 1 million in two of the past three years, over the last 18 years, the City has spent an average of only \$385,000 in annual street maintenance.



### Sales Tax History

In 2003, the 3<sup>rd</sup> penny was voted permanent by Owasso residents.

There has not been an **increase** in the rate of sales tax collected in more than 30 years

The last time the City utilized ad valorem (property tax) for an infrastructure project was in 1973, more than 40 years ago.

## **the facts**



**Main funding source = Sales Tax**

***Collecting 3 pennies  
for every dollar spent  
on taxable goods***

The collected sales tax pays for Police, Fire, Ambulance, Streets, Parks, Community Planning, Building Inspections, Code Enforcement, Municipal Court, Capital Improvement Projects, Economic Development, etc.

What are Taxable goods? These pertain primarily to purchases of food, clothing, other merchandise, and entertainment. Services are NOT taxable purchases.

## **the problem**

*“How are we going to sustain public infrastructure and services offered to Owasso citizens while keeping up with the growth?”*

Owasso residents have voted **not** to use Ad Valorem dollars for City projects, as recently as October 2011. With Owasso collecting the lowest sales tax (3%) and NO property tax to fund capital infrastructure projects, sustainability becomes a significant problem in gaining ground on an ever growing concern.

## **the Proposed SOLUTION**

**Increase Sales Tax to  
3½ pennies** collected  
for every dollar spent  
on taxable goods



The proposed solution is to supplement Public Safety and Street funding with an additional half penny of sales tax, bringing Owasso's sales tax to 3.5%.

An increase in the city's sales tax rate will require a vote of the people.

## **the Proposed SOLUTION**

**1/2 penny = Dedicated Revenue**

- Police
- Fire
- Streets

**in addition to their General Fund allocation  
to add personnel & equipment**

This solution would provide a dedicated revenue source for Police, Fire and Streets, in addition to their current General Fund appropriation. This would benefit the three areas by providing for additional personnel, equipment, and other capital needs.

## **the Proposed SOLUTION**

**Terminate** the \$3.00 per month  
Public Safety Capital **fee** paid by  
Owasso water/sewer customers

**Saving customers \$36.00 per year**

In conjunction with the proposed half penny sales tax increase is a proposal to eliminate the Public Safety Capital Fee currently paid by utility customers. This would go into effect if the sales tax increase is approved by voters. The reduction of this fee would save Owasso utility customers \$36.00 annually.



WHO PAYS SALES TAX? Anyone who shops in Owasso regardless of where they live.

An increase in the number of visitors in Owasso = increased traffic, activity, road wear and tear, accidents, fender benders, shoplifting, injuries, health related calls for service, etc.

For example the traffic count averages on E 96<sup>th</sup> St N between Garnett and Smith Farm are shown below.

Weekday Traffic Count	16,842 vehicles
Holiday Traffic Count	18,873 vehicles

CITY	SALES TAX RATE %
Glenpool	4.0
Muskogee	4.0
Sapulpa	4.0
Collinsville	3.75
Bixby	3.5
Sand Springs	3.5
Catoosa	3.25
Tulsa	3.1
Bartlesville	3.0
Broken Arrow	3.0
Claremore	3.0
Jenks	3.0
<b>Owasso</b>	<b>3.0</b>

Where will this increase put us in comparison to other cities?

Currently Owasso has the lowest rate of sales tax in the Tulsa area, equal to Bartlesville, Broken Arrow, Claremore and Jenks.

<u>CITY</u>	(CITY/COUNTY/STATE) TOTAL RATE %
Catoosa	9.583
Sapulpa	9.5
Glenpool	9.417
Claremore	9.333
Collinsville	9.167
Muskogee	9.15
Bixby	8.917
Sand Springs	8.917
<b>Owasso w/ ½ Penny</b>	<b>8.917</b>
Tulsa	8.517
Bartlesville	8.5
Broken Arrow	8.417
Jenks	8.417
Owasso (current)	8.417

Owasso’s total rate, including state and county taxes, puts it at 8.417%, equal to the lowest in the area. A half penny increase would raise it to 8.917%, which is mid-range, and the same rate as Sand Springs and Bixby. Even with the increase, there are several cities that would have a higher rate of sales tax.

A slight increase in sales tax does not generally have a detrimental impact on shopping trends. With a wide variety of shopping options and recent retail announcements, Owasso continues to be considered a desirable shopping destination for this region.

## the Proposed SOLUTION

Annual Income	\$25,000	\$65,000	\$95,000
Taxable Spending Amount *	\$7,500	\$19,500	\$28,500
Annual increase with ½ penny	\$38	\$98	\$142
Remove Public Safety Capital Fee	(\$36)	(\$36)	(\$36)
Annual Difference	\$2.00	\$62.00	\$106.00

\* Using an average of 30% of income spent on taxable goods

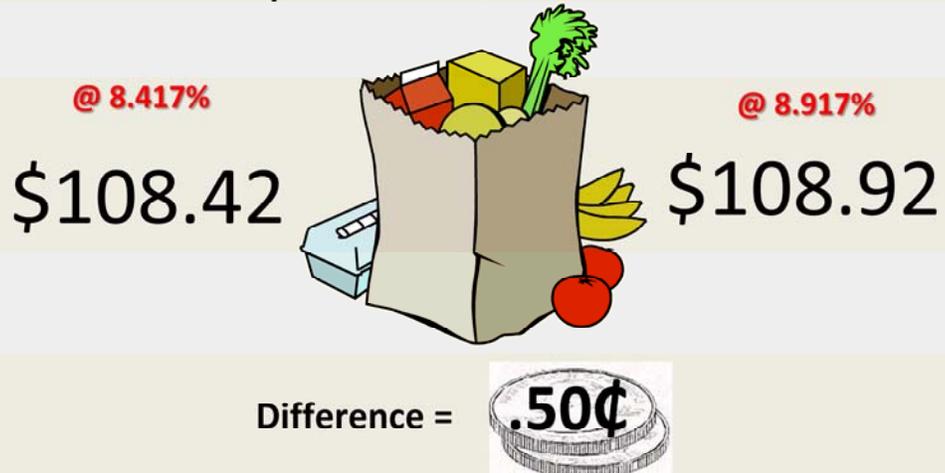
How will this increase affect me and my loved ones?

This slide shows the impact of the half penny increase with an estimated taxable spending rate of 30%. If you make \$25,000 annually and spend \$7,500 of that income on taxable goods, you will pay \$38 dollars in additional tax. With the elimination of the Public Safety Capital Fee, this would result in \$2 more than is currently paid.

It stands to reason that the more disposable income a residents spends, the more impact. However, the benefit to Owasso residents is substantially greater because sales tax is paid by all who shop in Owasso, not just those who reside here.

## How does the ½ penny affect you?

**\$100 in Groceries**



How does this increase affect you?

As a simple example, if you were to spend \$100.00 on groceries, you would see a 50 cent increase in the total cost of this purchase.



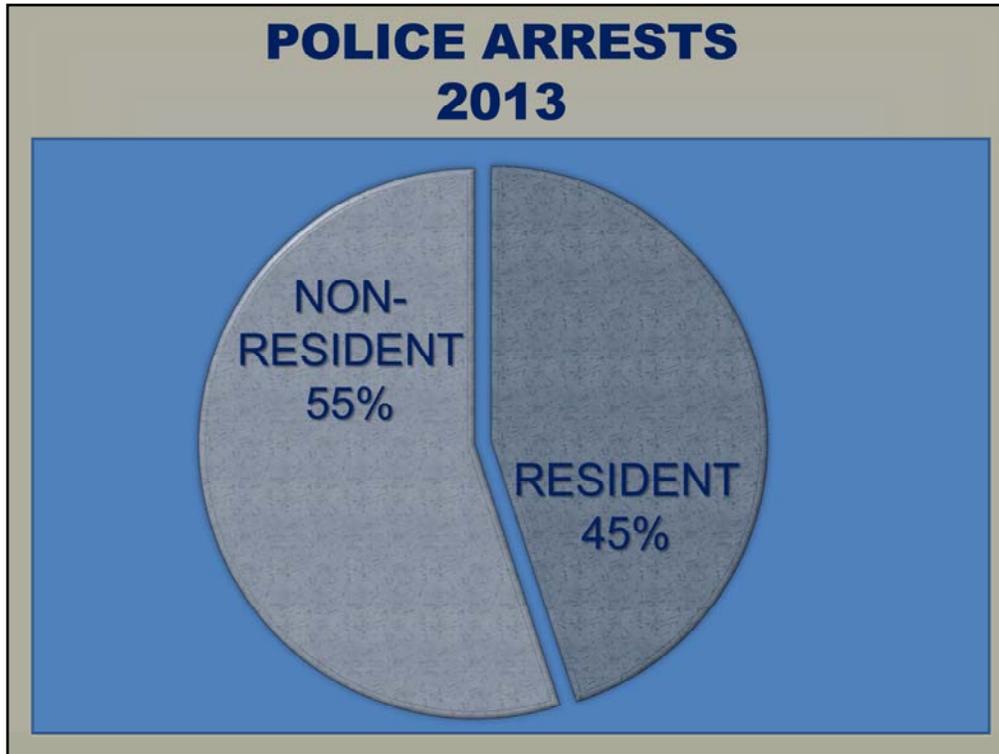
## Closing the Gap

**The Proposed ½ Penny would allow for:**

- **Pro-Active Policing**
- **Maintain Low Crime Index w/ Growing Population**
- **Increase Staffing Levels**
- **Additional Vehicles & Equipment**

The increase would make it possible for our Police department to hire additional officers. Anticipated revenues from the increase would make it possible to hire up to 18 new officers in the next 3 years.

Additional officers make it possible for the department to focus more time and resources on pro-active policing efforts, which gives them the ability to prevent crime instead of constantly reacting to it.



As stated previously, an increase in visitors to Owasso = increased traffic, activity, road wear and tear, accidents, fender benders, shoplifting, injuries, health related calls for service, etc.

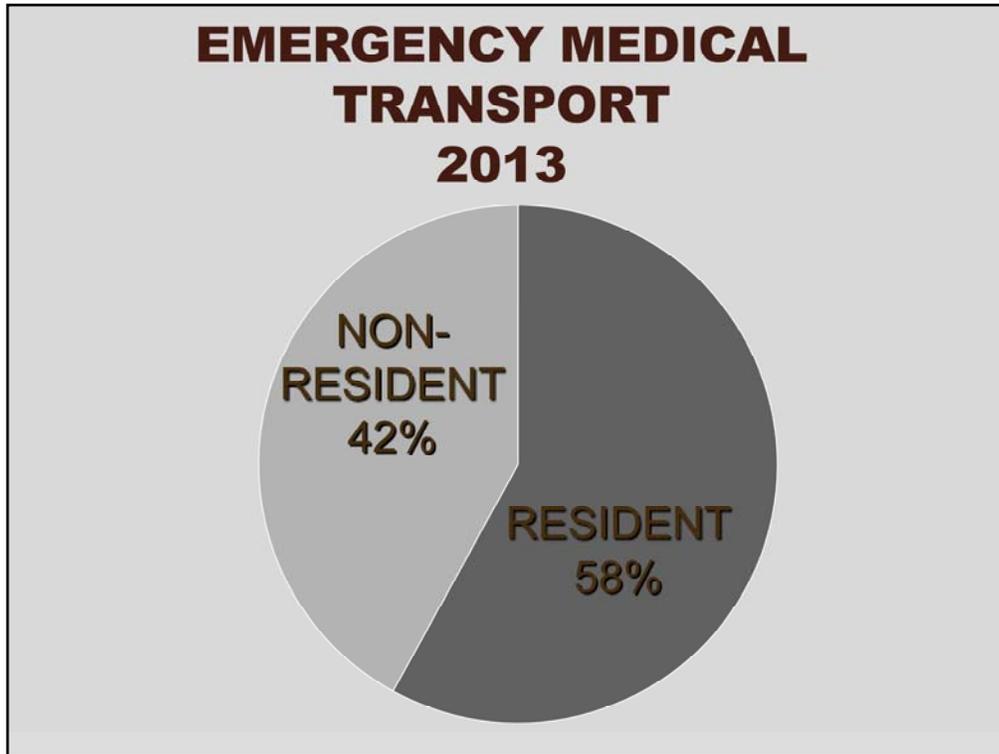


## Closing the Gap

The Proposed ½ Penny would allow for:

- Decreased Response Time – Saved Property & Lives
- Additional Stations, Vehicles, & Equipment
- Increase Staffing Levels
- Lower ISO Rating w/ Growing Service Area

The addition of a half penny makes it possible for our Fire department to decrease response times by adding fire stations, equipment, and staffing.



Once again, an increased in visitors to Owasso = increased traffic, activity, road wear and tear, accidents, fender benders, shoplifting, injuries, health related calls for service, etc.



## Closing the Gap

The Proposed ½ Penny would allow for:

- **Rehabilitate Aging Transportation Infrastructure – Increase Funding to the Annual Street Rehabilitation Program**
- **Increase Staffing Levels to Improve Response & Repair Times**
- **Additional Vehicles & Equipment**
- **Maintain City Street Rating to a C Grade or Better**

Revenue generated from an additional half penny sales tax would enable the Streets department to hire and equip more staff, which would improve the response time on current requests. It would also allow the department to invest significantly more into the annual street rehabilitation program, which will help the City maintain streets at a C grade or better.

## Timeline:

- Public Meetings To Be Held  
Sept – Oct – Nov – Dec
- Propose Resolution for Level General Fund Allocation - October
- Request Council Action To Call The Election - October
- Proposed Election – January 13, 2015

The City Manager and staff will be conducting public meetings now through December. The meeting dates will be posted to the City's website as they are scheduled.

The City Manager will request the Council approve a resolution stating the current level of funding for Police, Fire and Streets will not be reduced below its current appropriation should the half penny tax be approved by residents. It would not be possible to meet each department's objectives if the current funding level is not maintained in addition to the new revenue generated from the tax.

The City Council will be asked to call for an election at the October 21 meeting. It is anticipated the election will be scheduled for January 13, 2015.