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# **FIVE-YEAR CITY COUNCIL WORKSHOP FORECAST**

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***March 4, 2025***

CITY COUNCIL WORKSHOP

# AGENDA

FIVE-YEAR FORECAST  
March 4, 2025



## Financial Trends

**Brent Bryant**  
Chief Financial Officer



## Economic Outlook

**Dr. Russell Evans**  
Partner and Chief Economist  
Thorberg Collectorate



## Department Issues and Fiscal Year

## 2026 Budget Outlook

**Christian York**  
Budget Director

The full text of the Five-Year Forecast is available online at:  
<https://www.okc.gov/departments/finance/financial-and-budget-reports/budget-and-tax-reports>

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# **FIVE-YEAR FINANCIAL TRENDS FORECAST**

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# Financial Trend Monitoring System (FTMS)

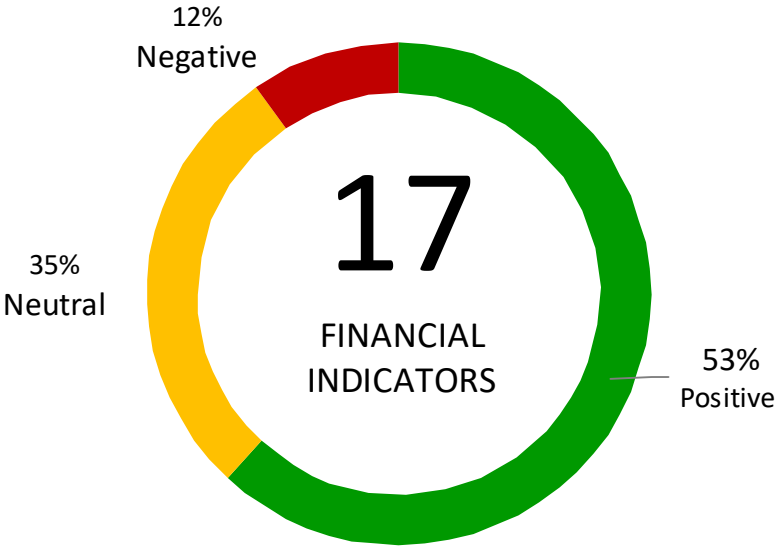
Adapted from ICMA handbook *Evaluating Financial Condition*

Provides an **overall picture** of Oklahoma City's **financial condition**



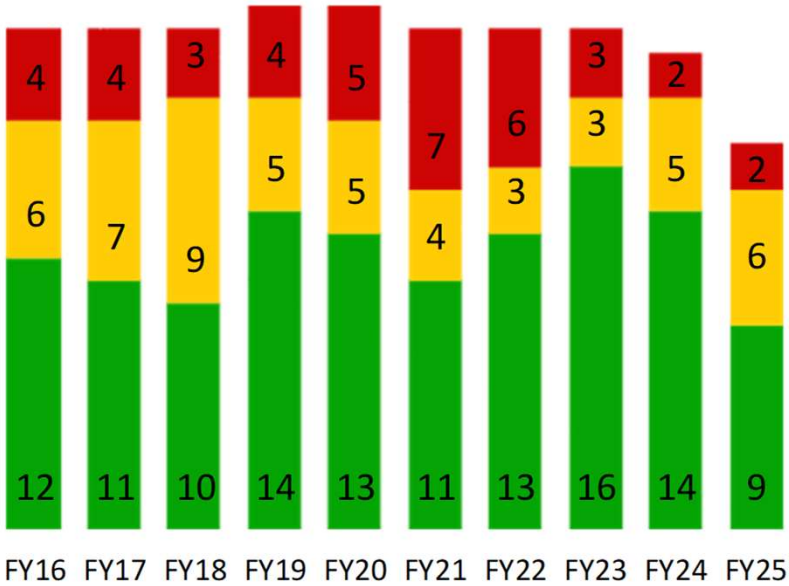
**FY25 INDICATOR RATINGS**

Note: Percentages are rounded, may not equal 100%

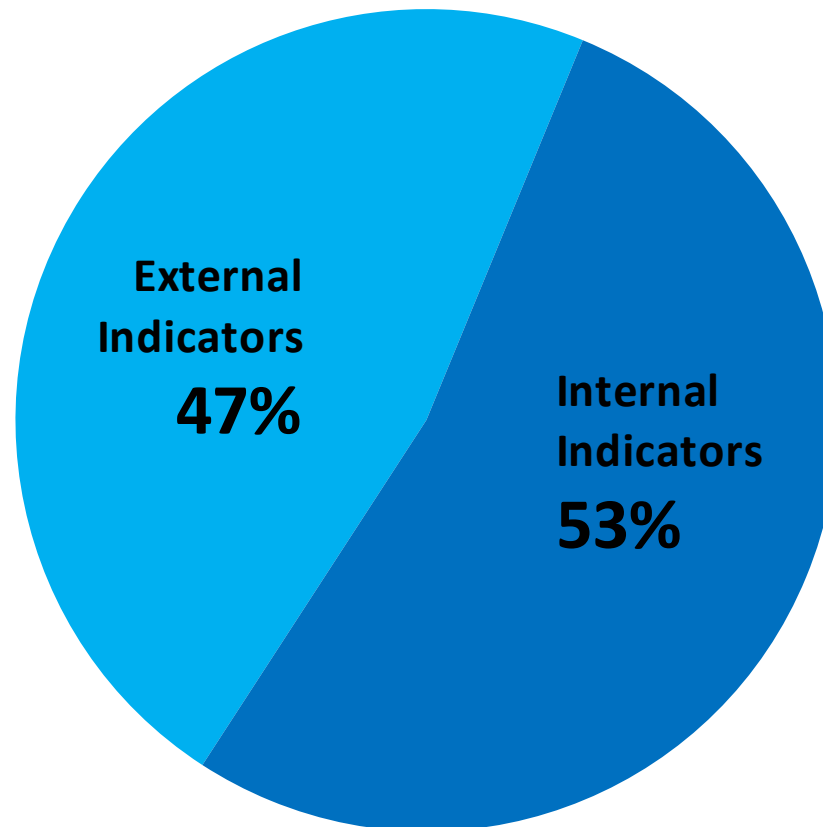


**INDICATOR HISTORY**

Positive Neutral Negative



# 17 Financial Trend Indicators



**External Indicators** track conditions and demographics in Oklahoma City that tell us what is happening in the environment that we live and operate in.

Population



Labor Force



Earnings



Property Value



Office Vacancy Rate



Crime Rate



Airport Activity



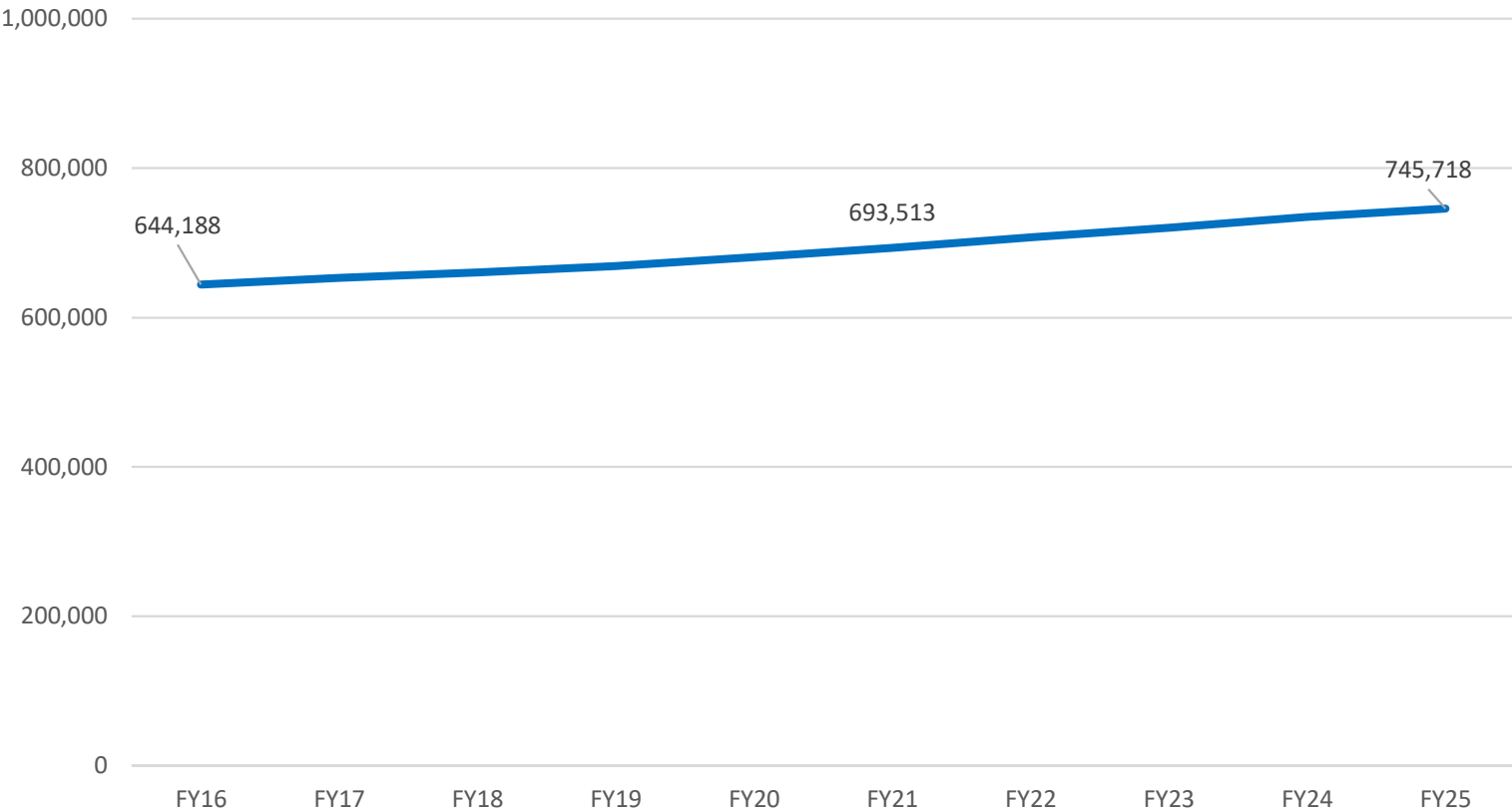
Hotel Room Nights





# Population

**POSITIVE** ●

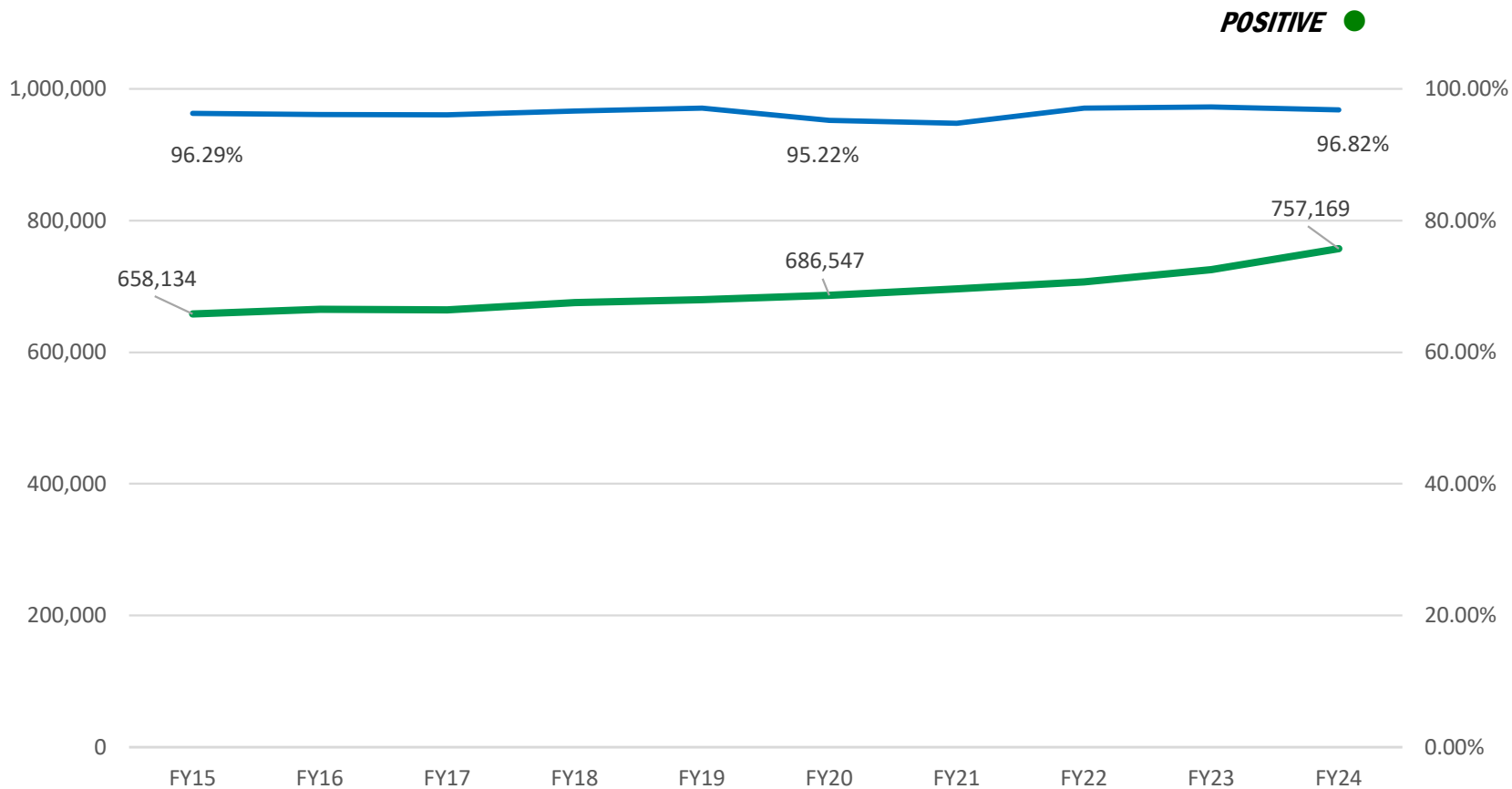






# Labor Force

And percentage of labor force employed in the Oklahoma City Metropolitan Statistical Area (OKC-MSA)



Labor Force

— Labor Force

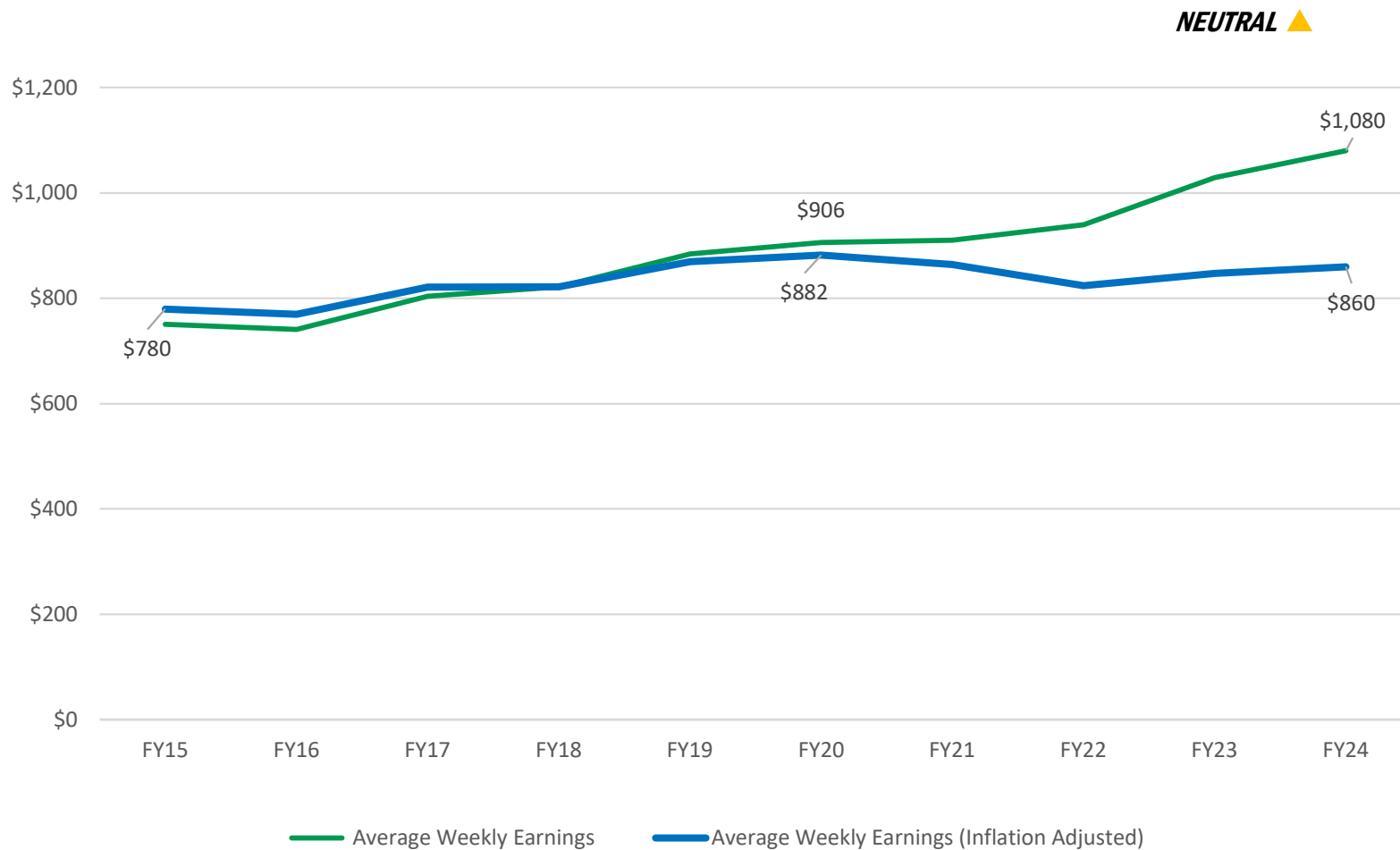
— Percentage Employed

% Employed



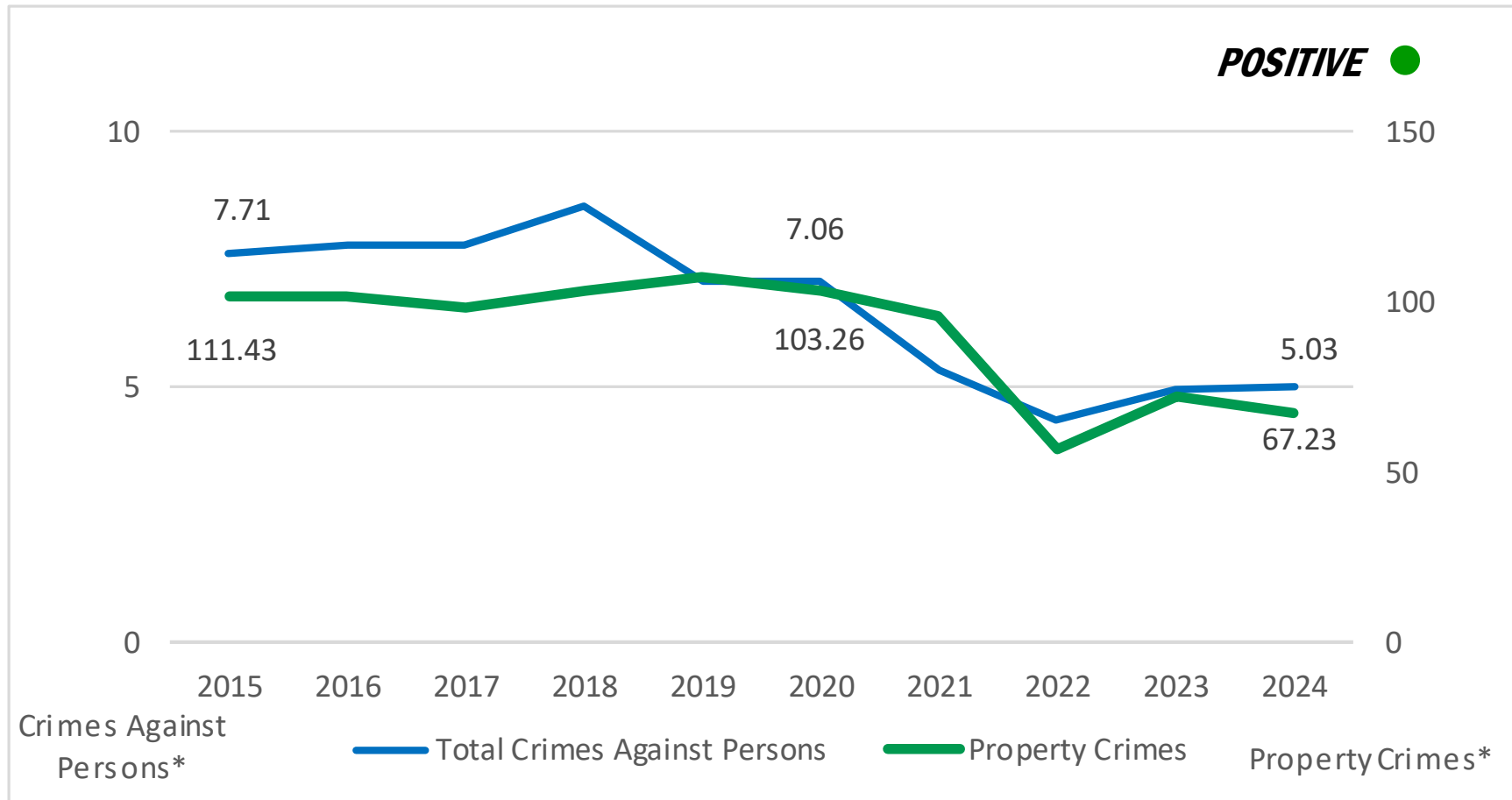
# Average Weekly Earnings

OKC-MSA, private sector



# Crime Rate

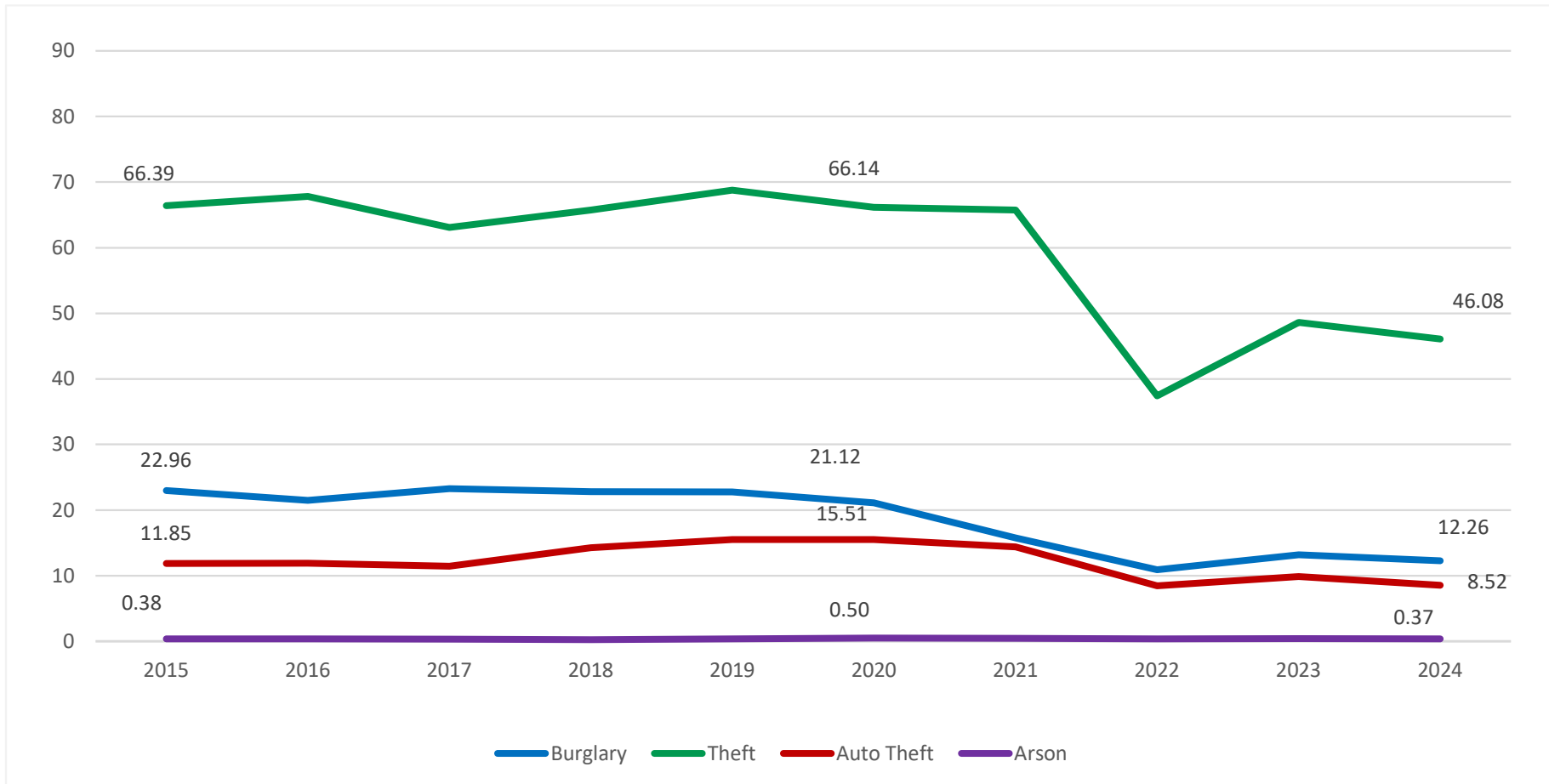
\*Crimes per 1,000 persons / property crimes per 1,000 households



\*Data for 2024 is estimated using actual data from January – July. August through December were an average of the first 7 months of 2024.

# Property Crimes

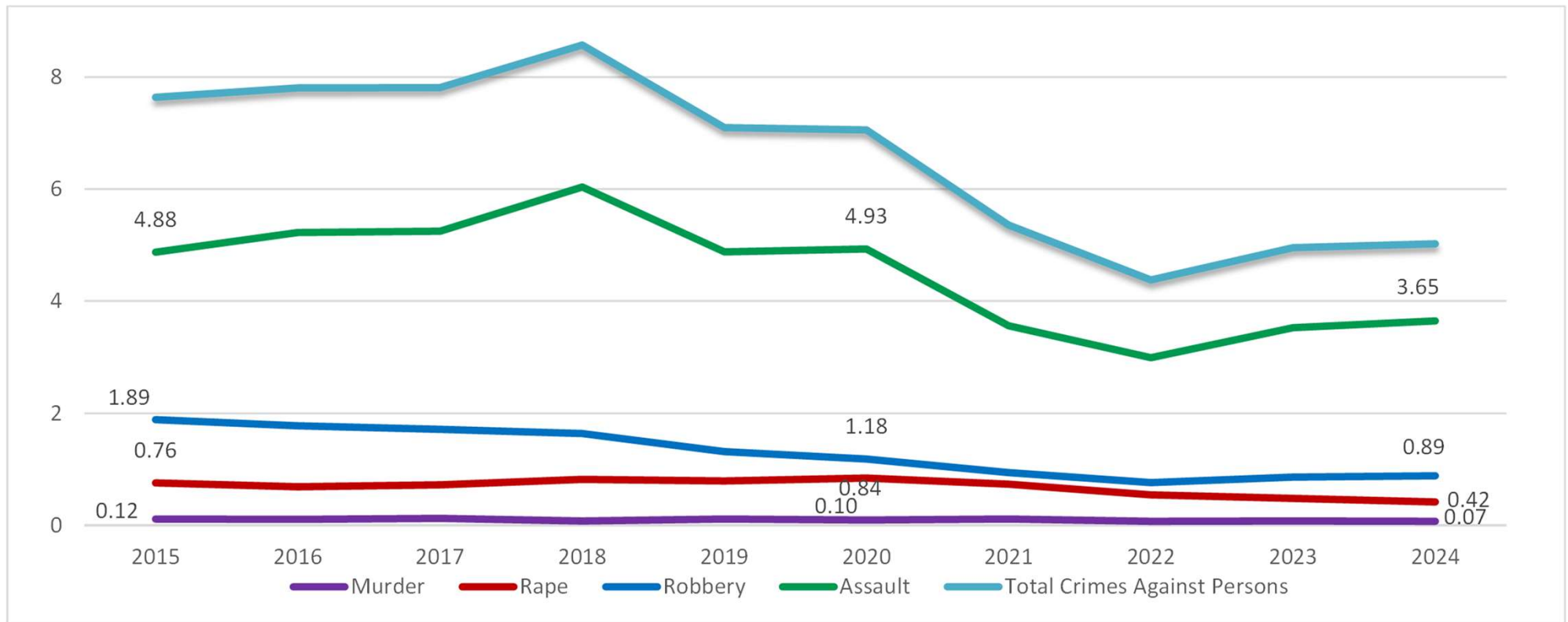
\*Per 1,000 households / 10-year history by category



\*Data for 2024 is estimated using actual data from January – July. August through December were an average of the first 7 months of 2024.

# Person Crimes

\*Per 1,000 residents / 10-year history by category



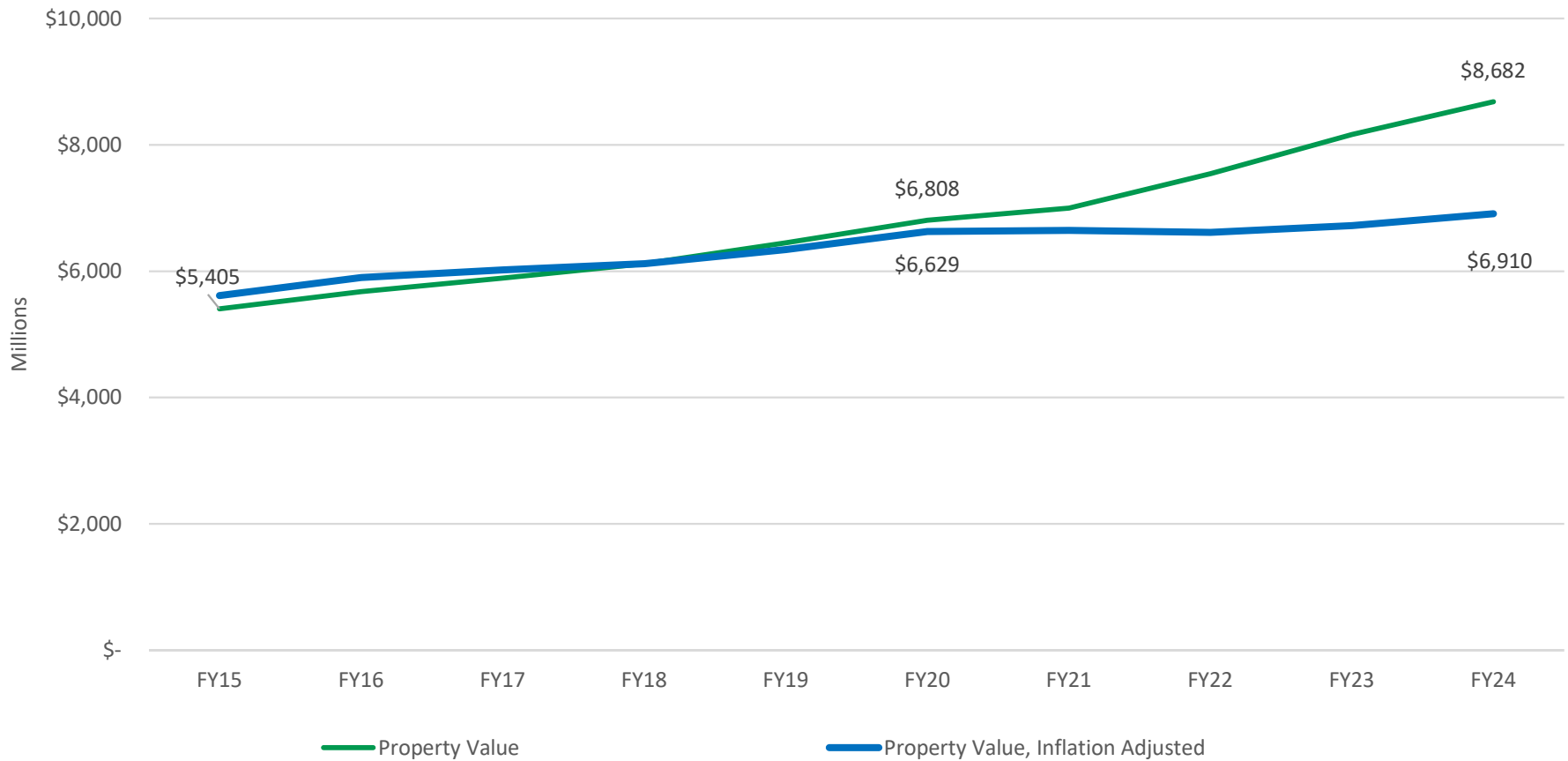
\*Data for 2022 is estimated using actual data from January – October. November through December were an average of the first 10 months of 2022.

# Property Value

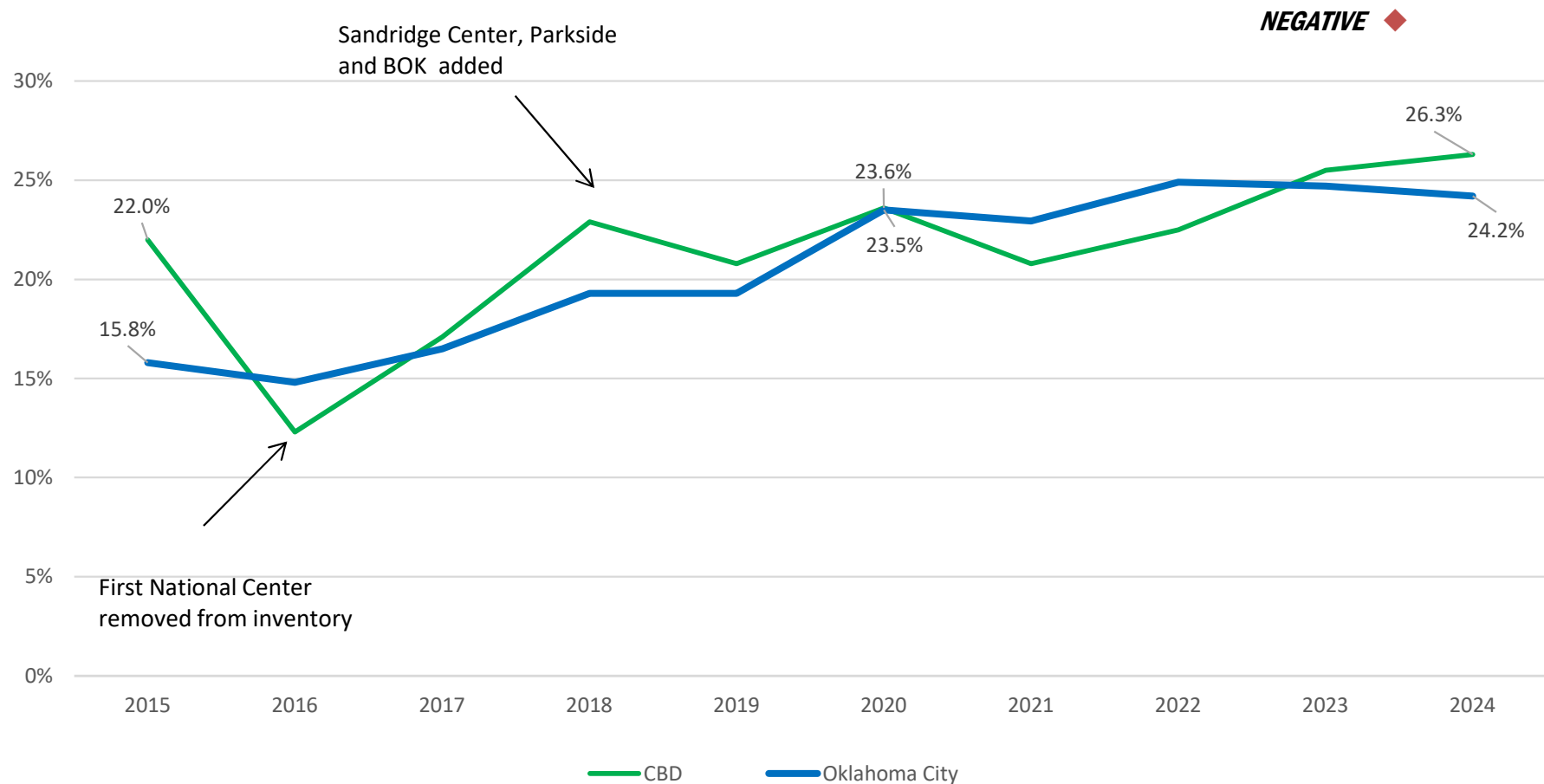
Assessed property value in millions of dollars



**POSITIVE** ●



# Office Vacancy Rate

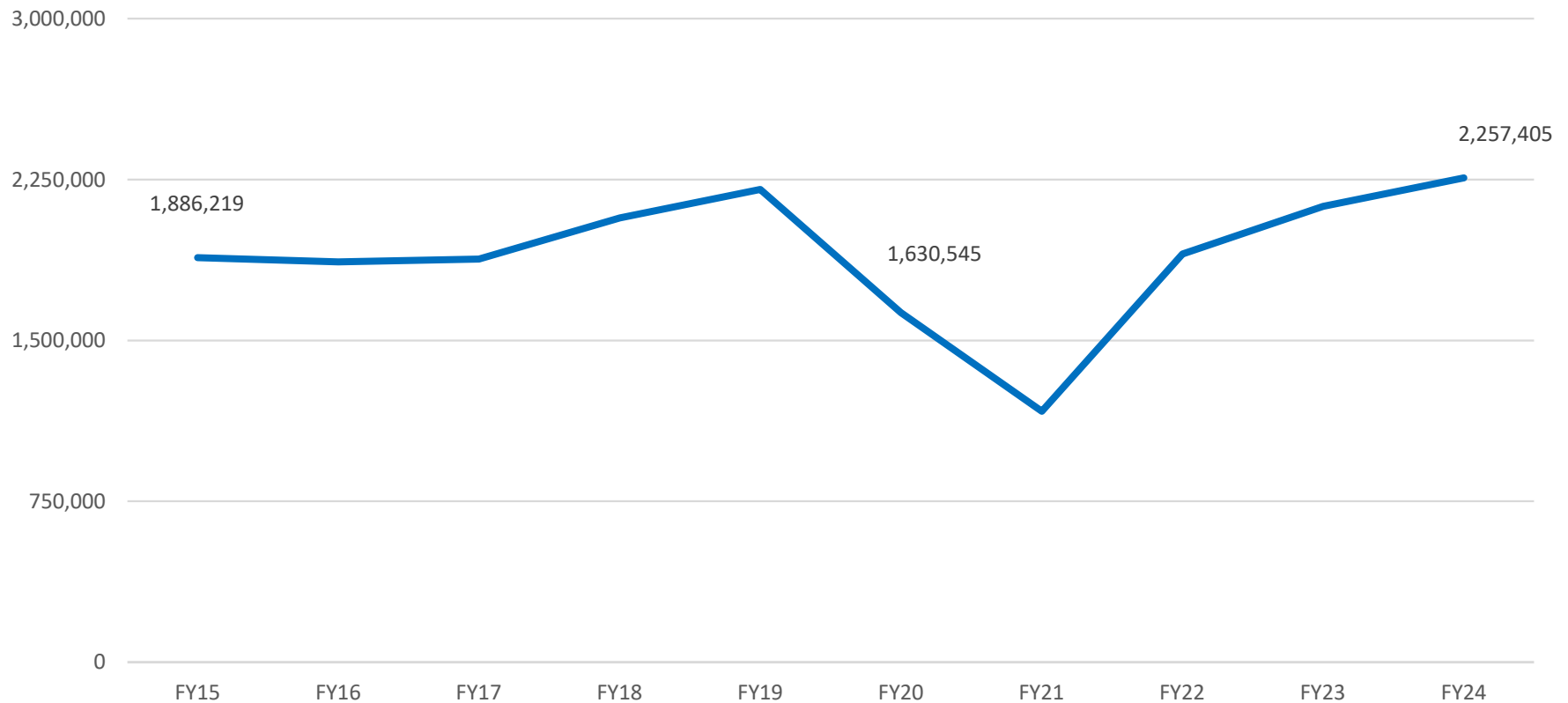


# Airport Enplanements

Will Rogers World Airport number of boarding passengers



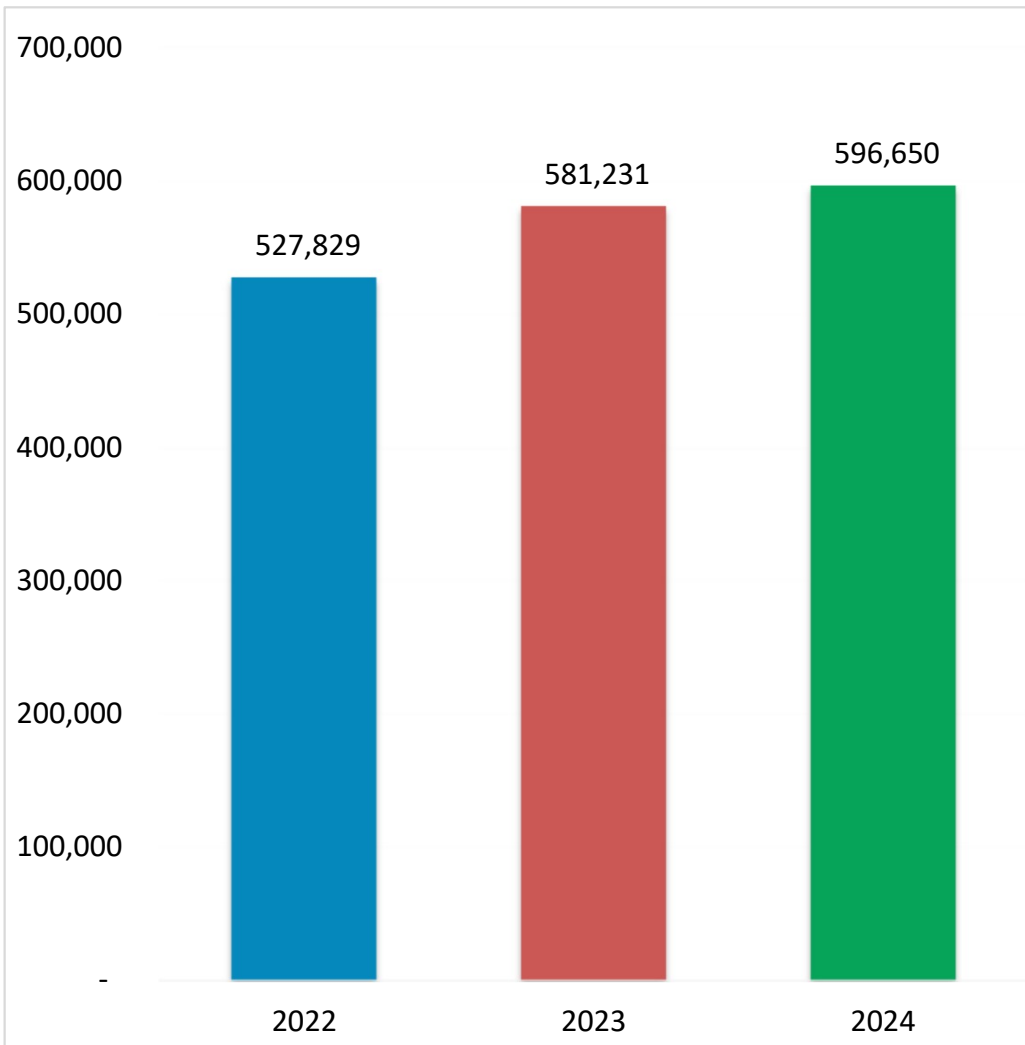
POSITIVE ●





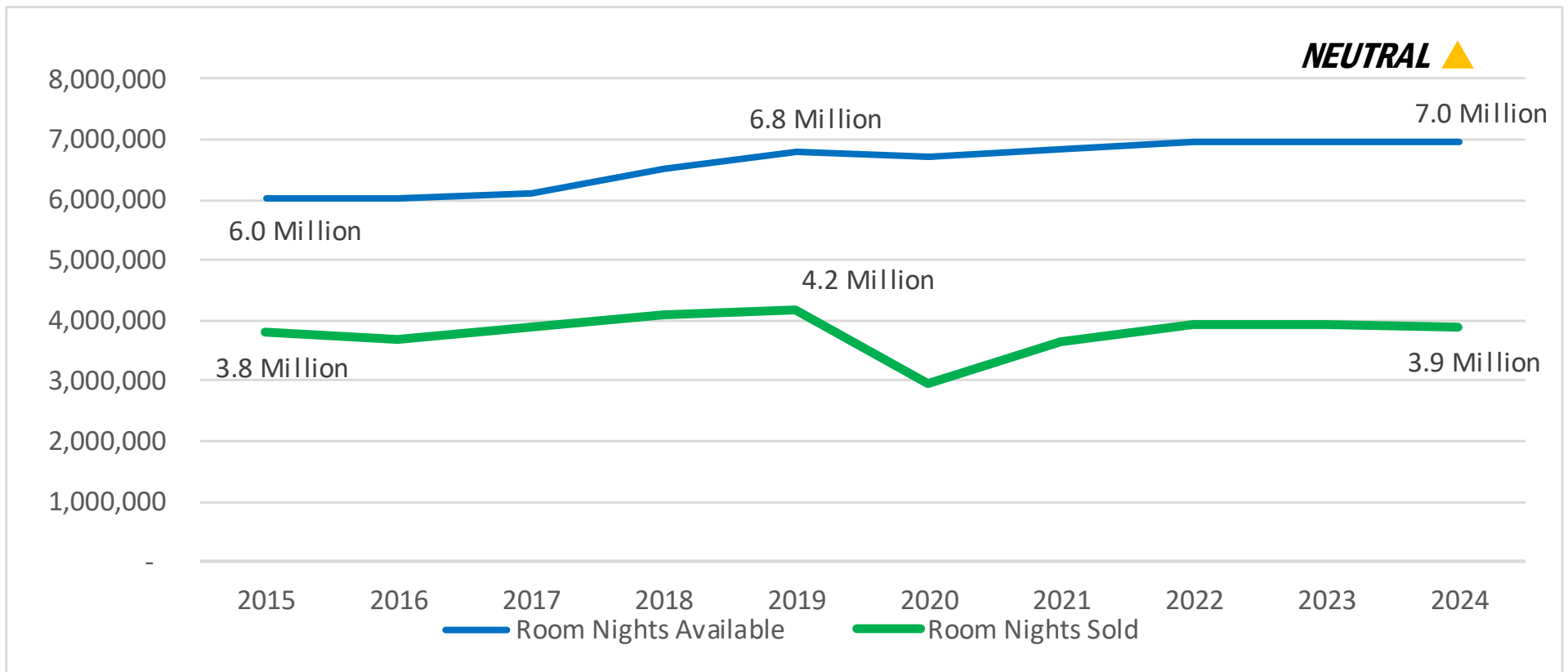
# Airport Enplanements

OKC Will Rogers International Airport number of boarding passengers (October – December)



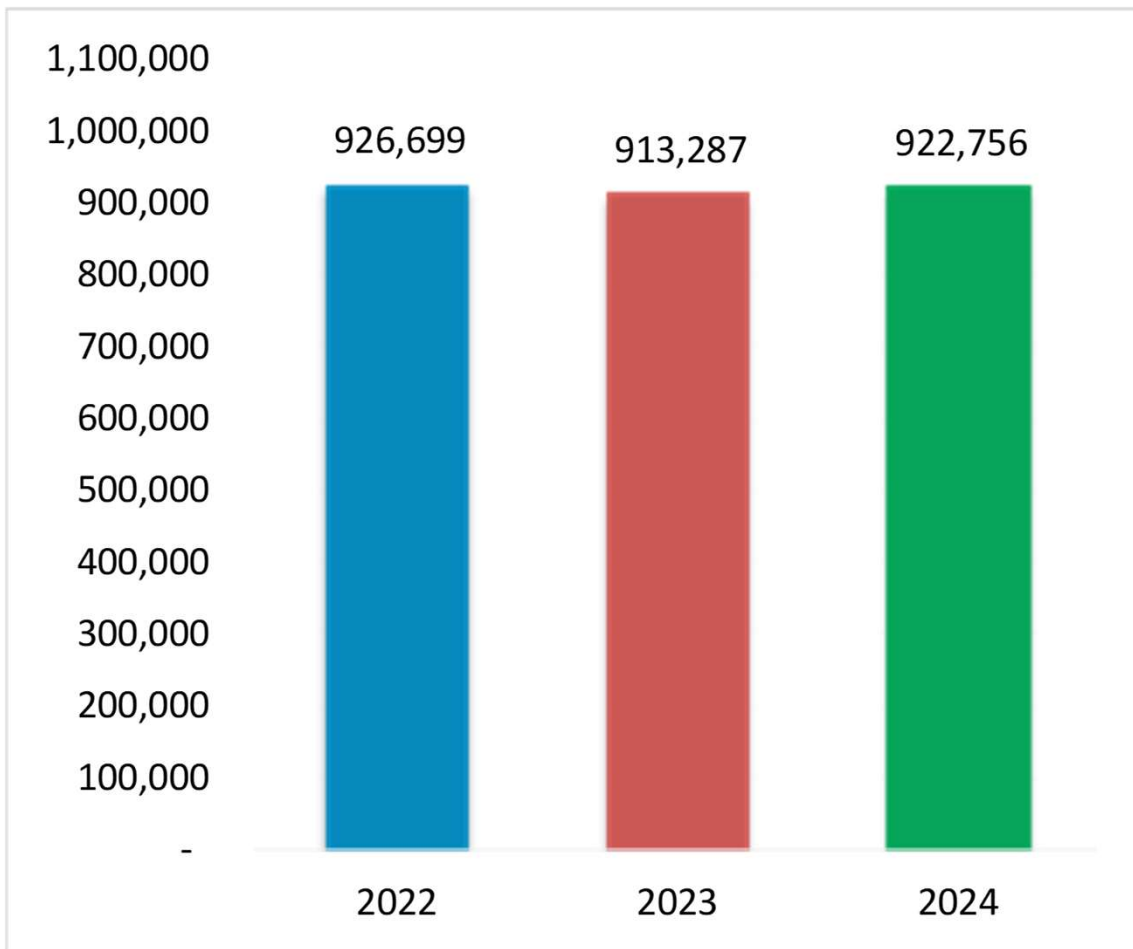
**Enplanements up 2.7% from Q4 2023 to Q4 2024; and 4.4% higher than Q4 2019**

# Hotel Room Nights Sold



# Hotel Room Nights Sold

## October - December



**Room nights sold up 1.0 %  
from Q4 2023 to Q4 2024**

**Internal Indicators** track the City's budgetary and financial condition and present a straightforward picture of financial strengths and weaknesses.

## REVENUES

Revenue Accuracy  
**Sales and Use Tax Revenues**

% of General Fund from Sales and Use Tax

**Hotel Tax**

## EXPENSES

Employees per 1,000 Citizens

**Fringe Benefits**

**Pension Funding**

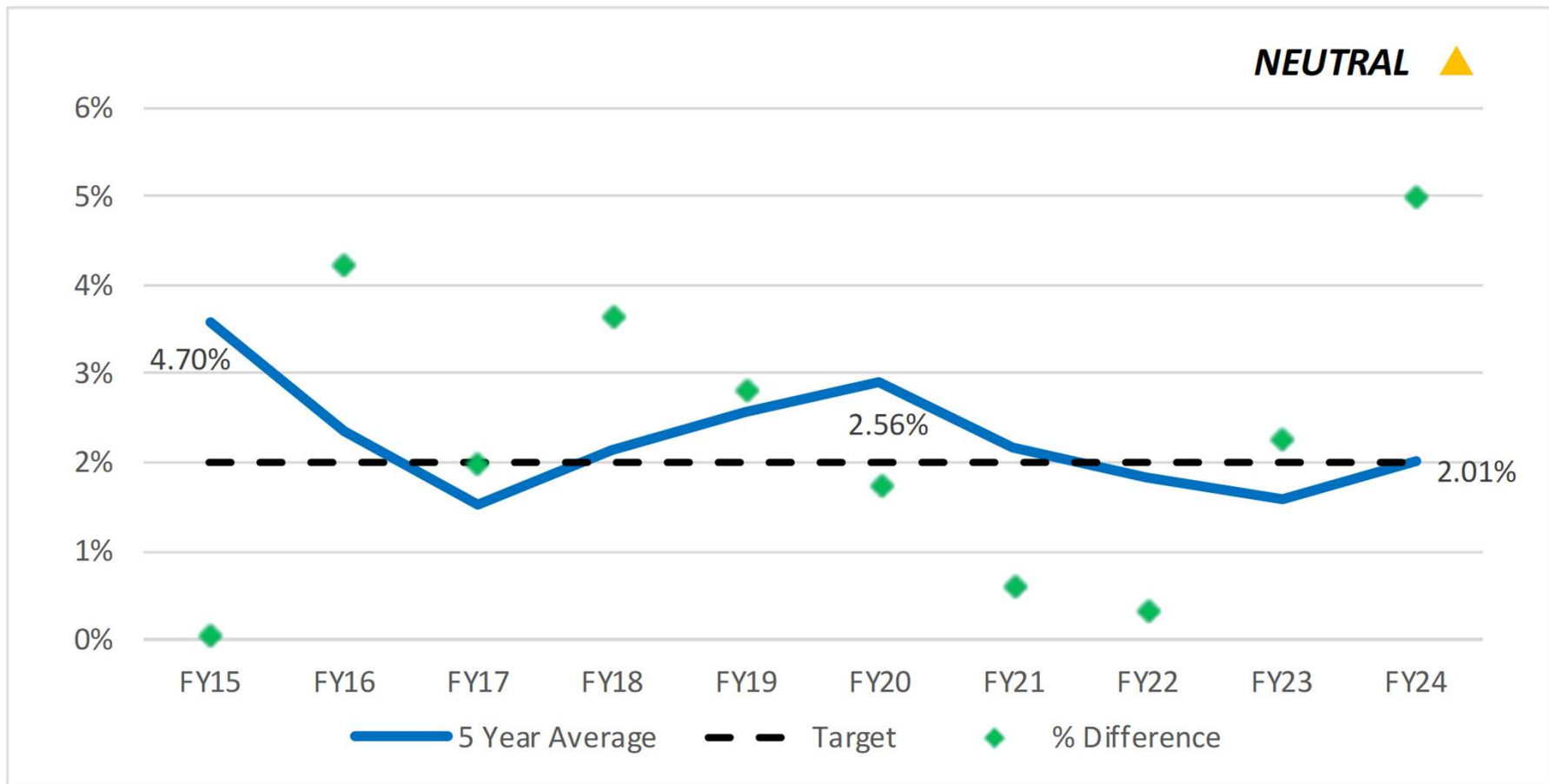
Long-Term Debt

## OPERATIONS

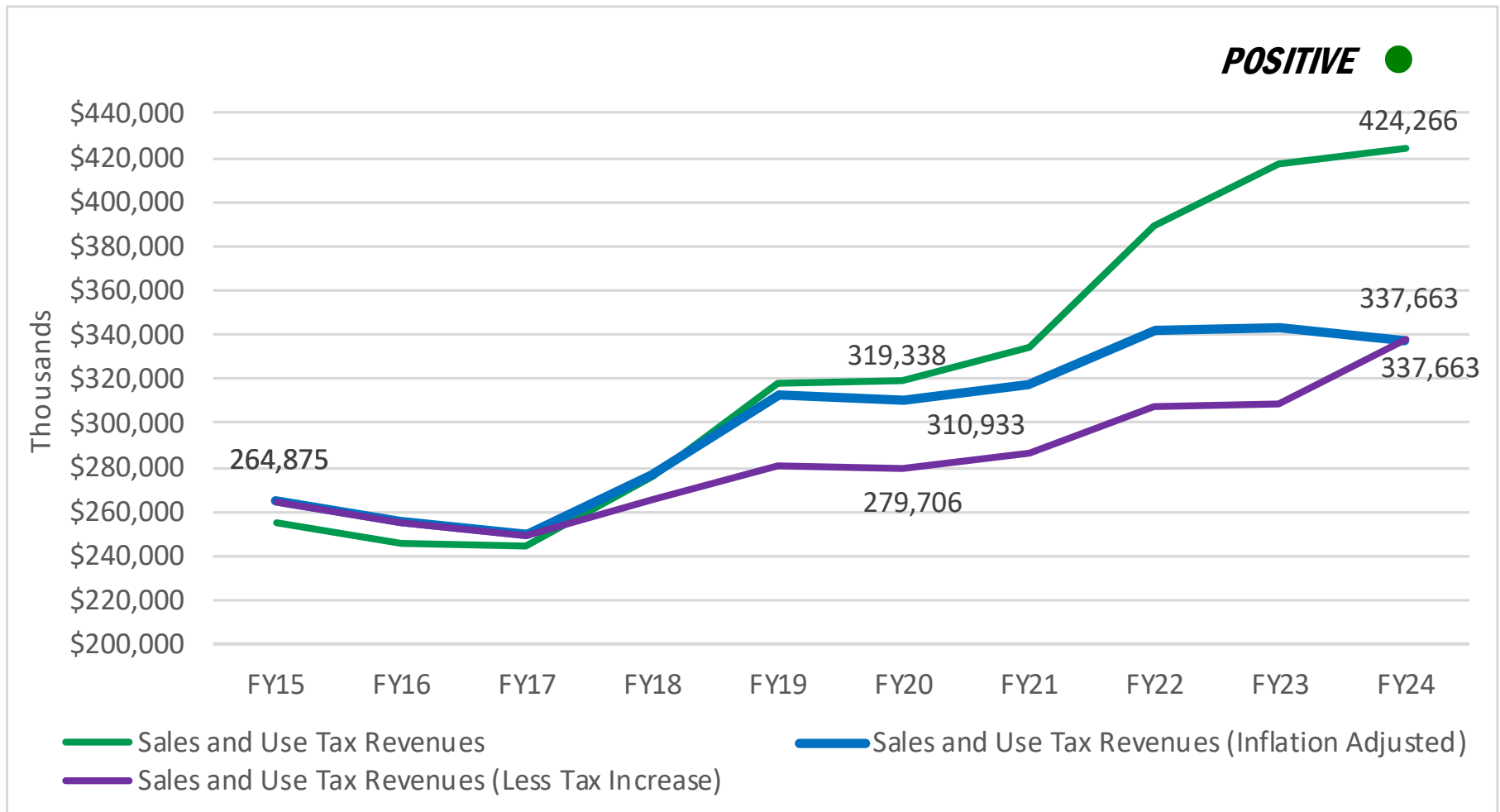
**Fund Balance**

# Revenue Accuracy

General Fund collections compared to budget

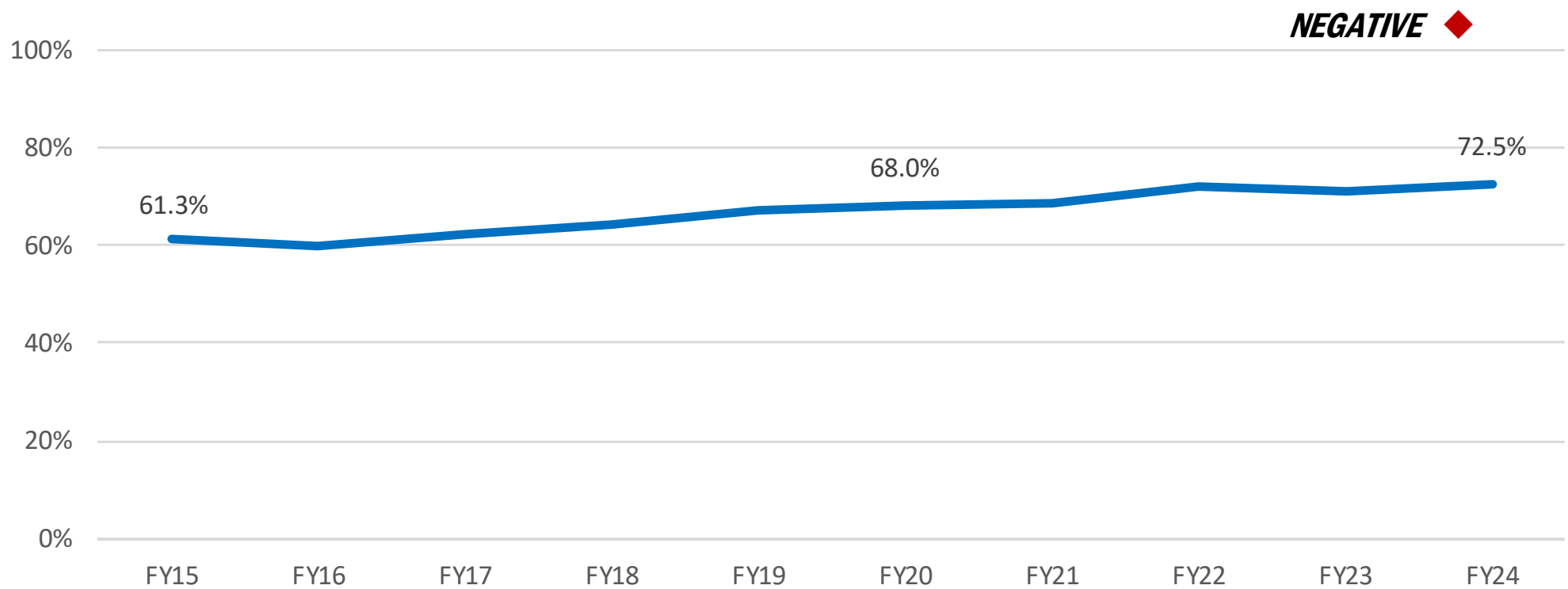


# Sales and Use Tax Revenue



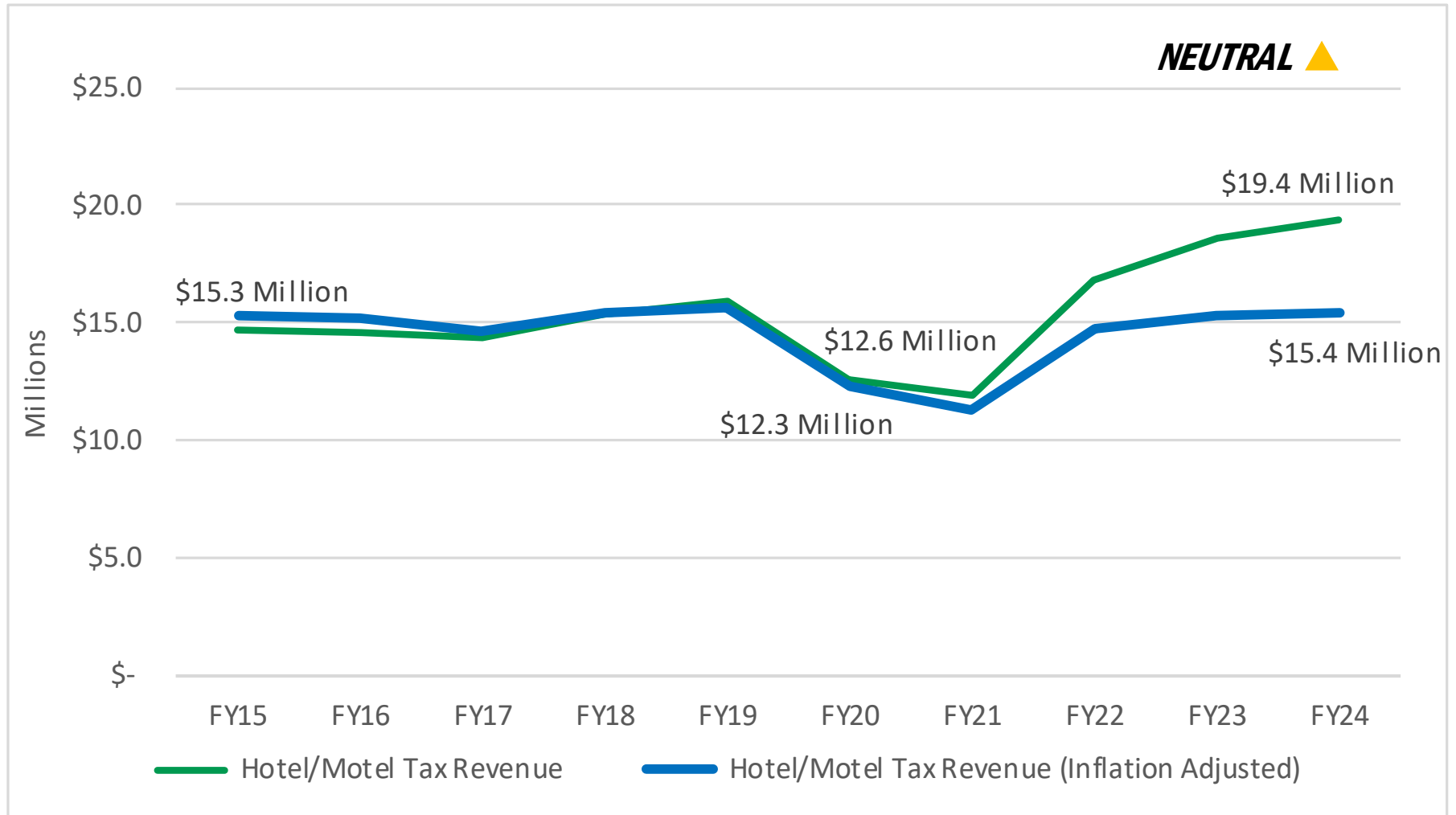
# Sales and Use Tax

As a percentage of General Fund operating revenues



# Hotel Tax Revenue

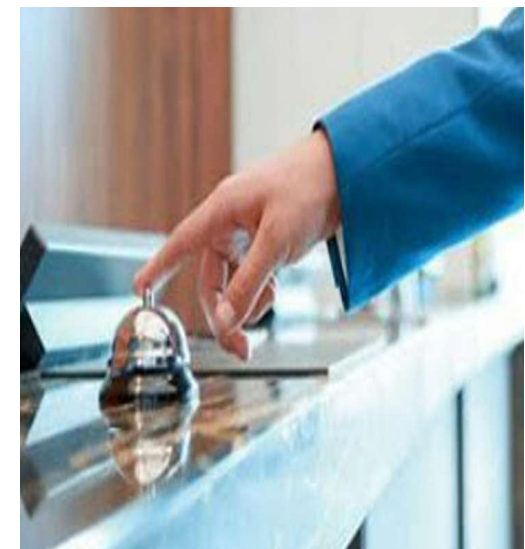
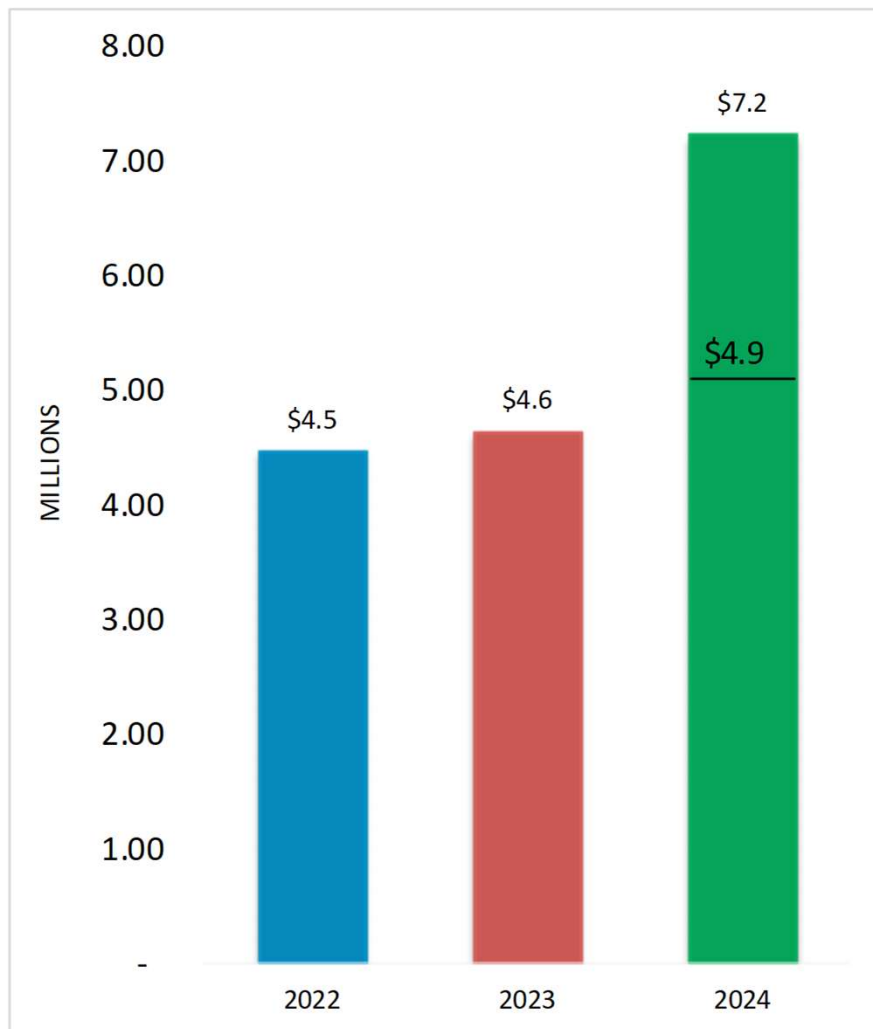
In millions





# Hotel Tax Revenue October - December

In millions

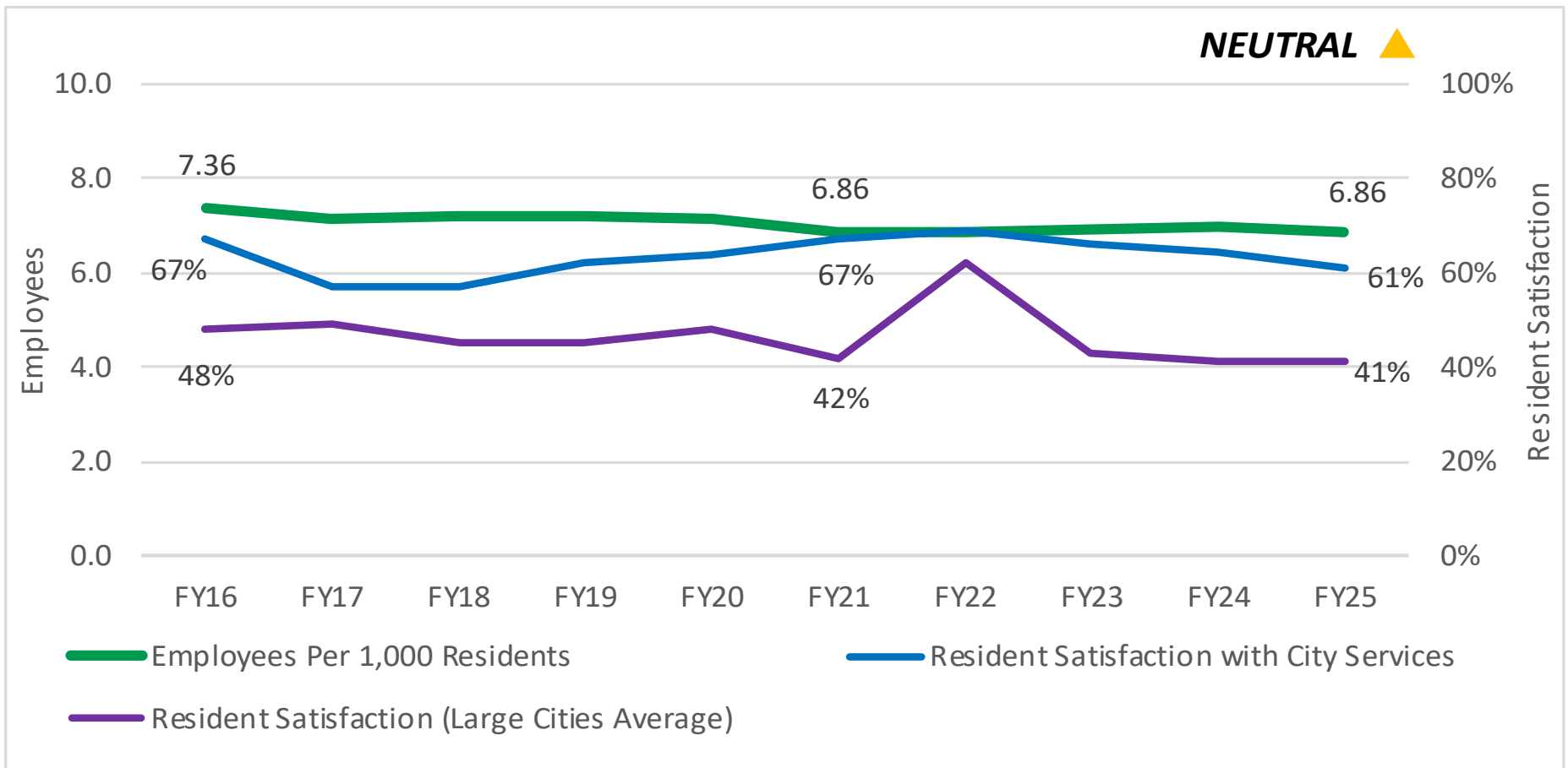


**Hotel Tax revenue up  
55.8% from Q4 2023 to Q4  
2024.**

**\*2024 includes two months with the new  
hotel tax rate that residents approved in  
August 2024 that went from 5.5% to 9.25%.  
\$4.9 represents the growth without the tax  
increase**

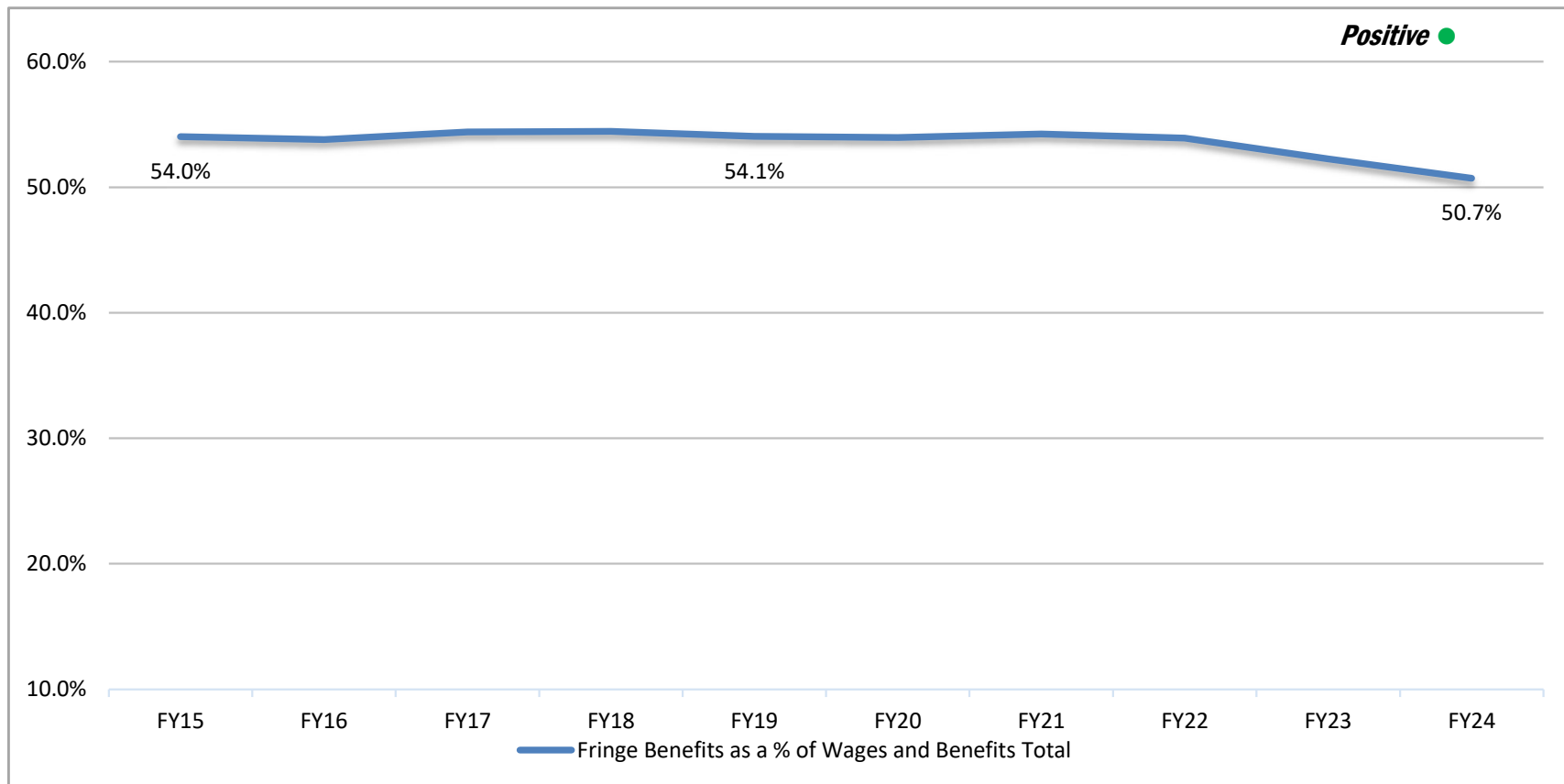
# Employees

Per 1,000 residents



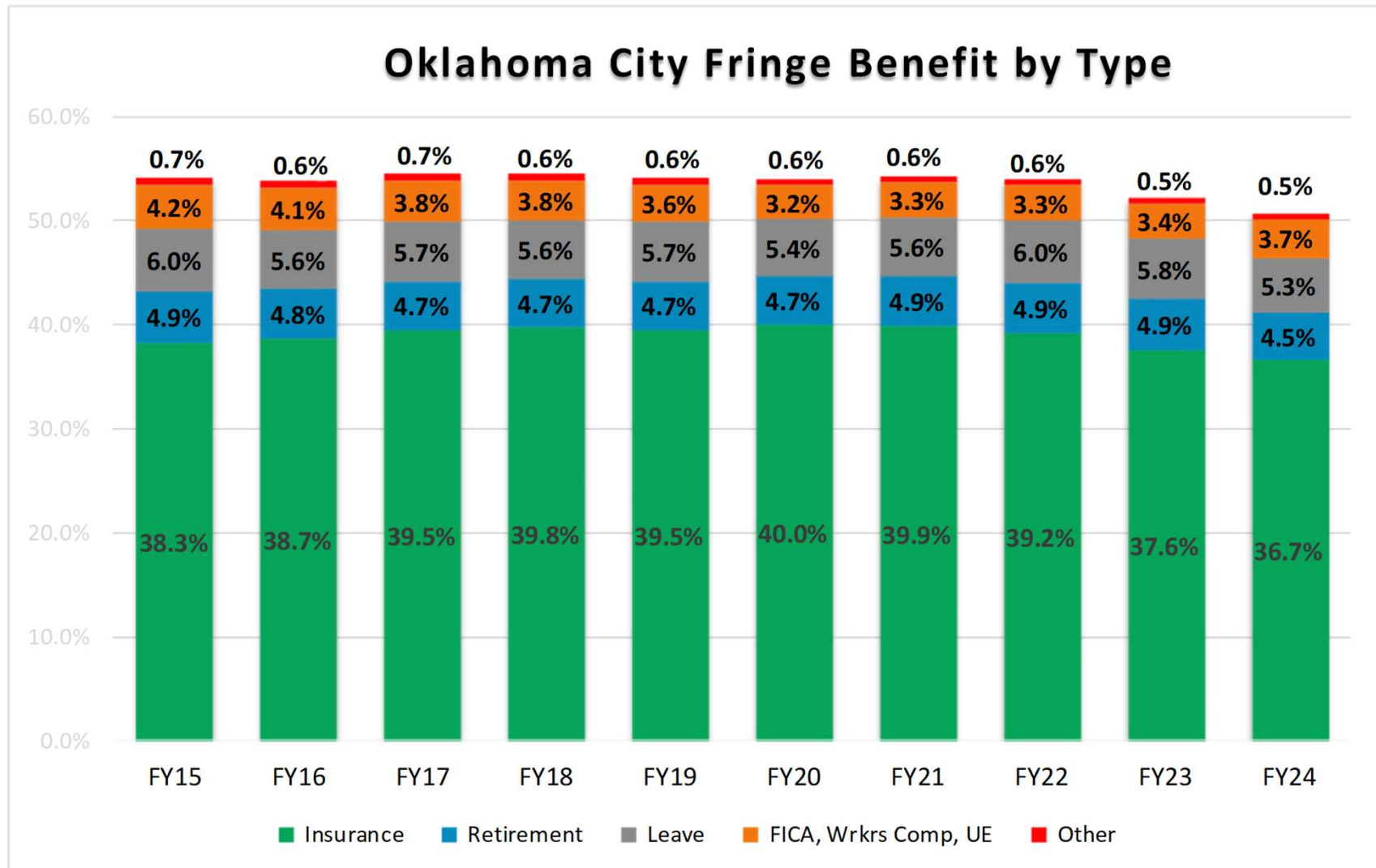
# Fringe Benefits

As a percentage of total compensation



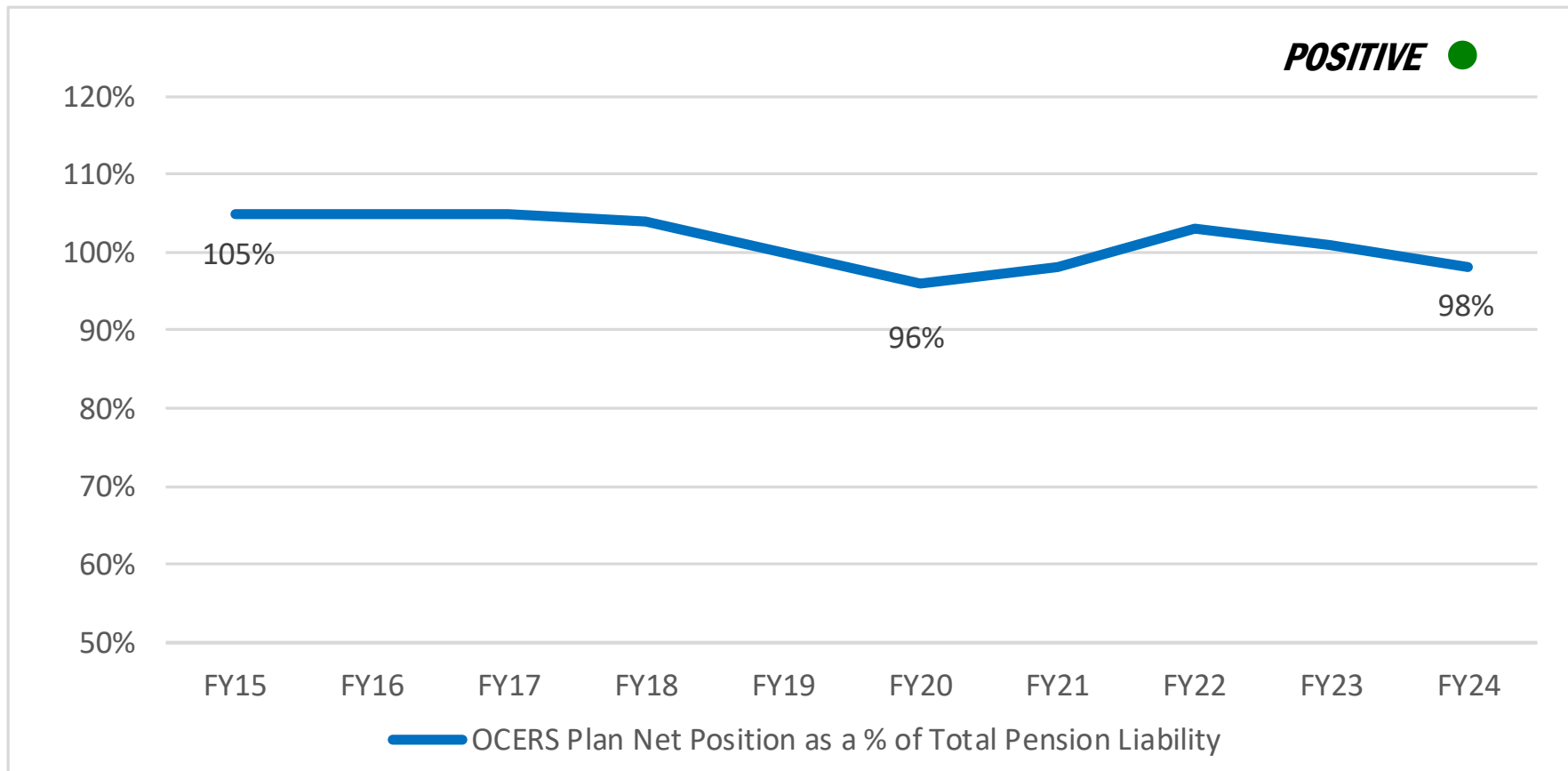
# Fringe Benefits

As a percentage of total compensation



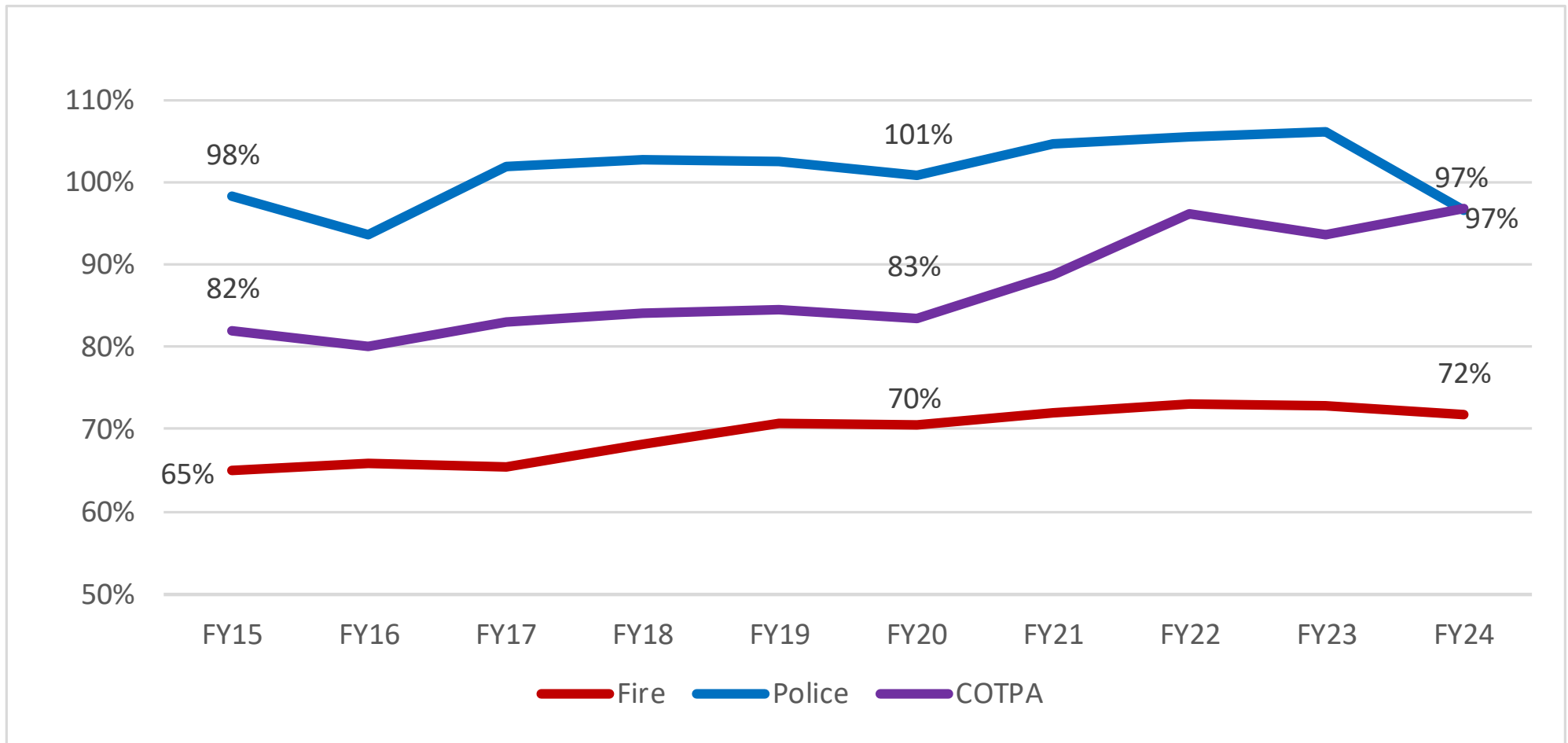
# Pension Funding

Oklahoma City Employee Retirement System (OCERS)



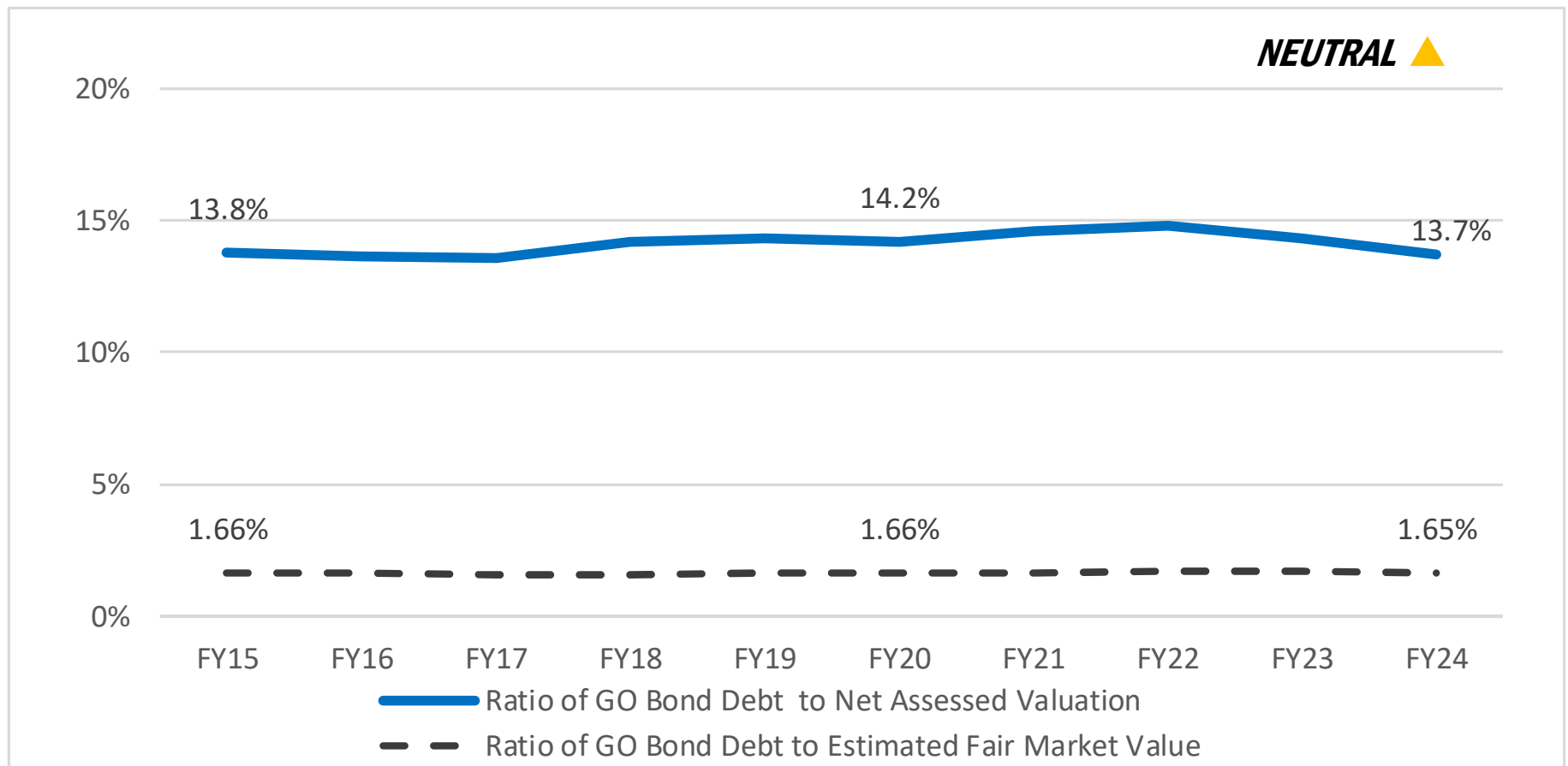
# Pension Funding

Accrued liability funding ratio



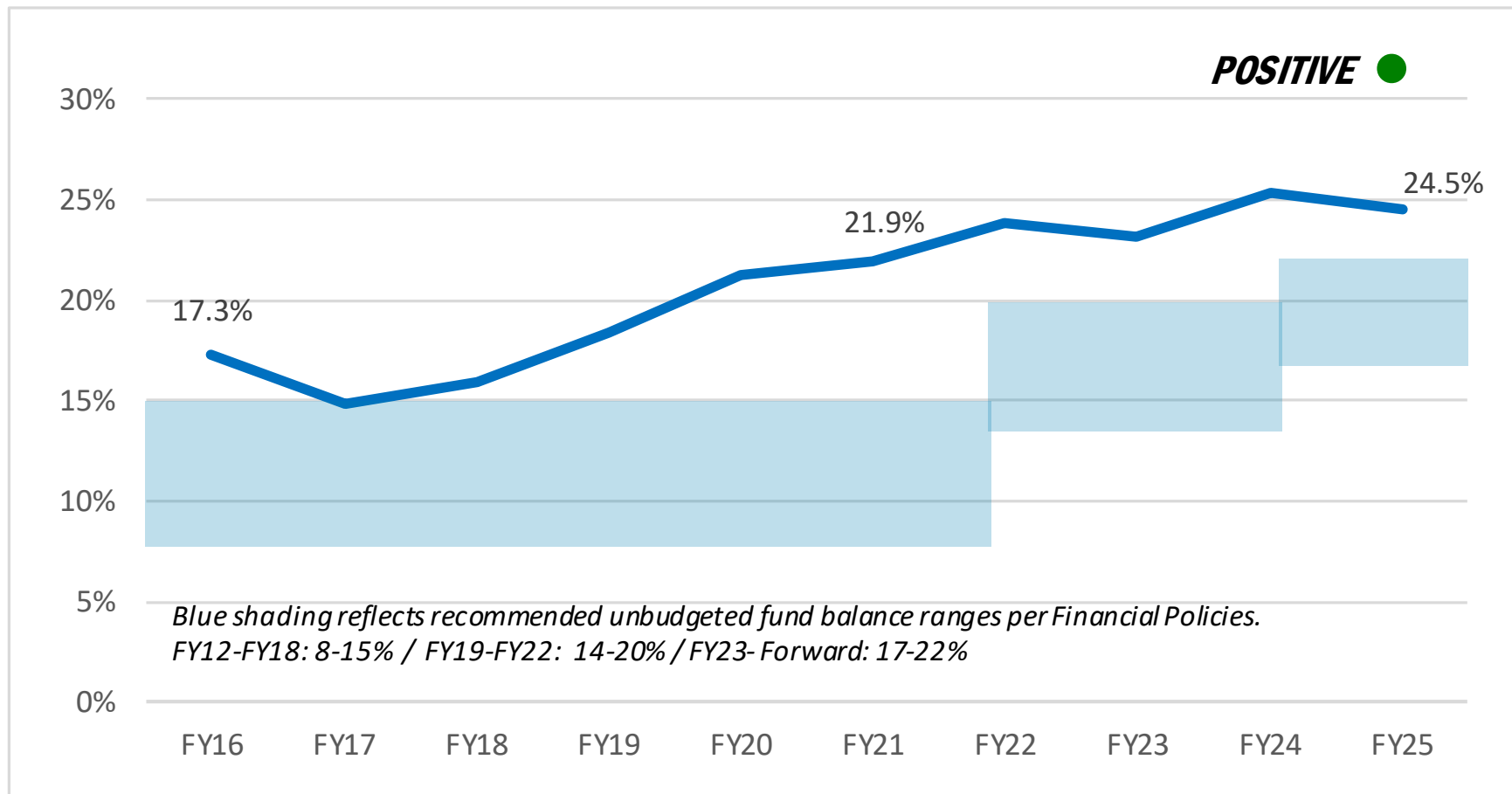
# Long-Term Debt

Ratio of General Obligation bonded debt  
to net taxable assessed value



# Fund Balance

As a percentage of General Fund budget

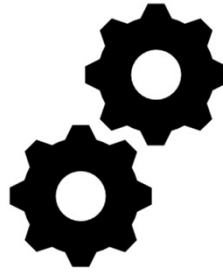




## Indicators We Need to Continue Monitoring

### ***EXTERNAL INDICATOR***

- Office Vacancy Rates
- Hotel Room Nights Sold
- Average Weekly Earnings



### ***INTERNAL INDICATOR***

- Percentage of General Fund Revenue from Sales and Use Tax
- Long-Term Debt
- Hotel Tax Revenue
- Revenue Accuracy
- Employees Per 1,000 Citizens

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# **FIVE-YEAR ECONOMIC OUTLOOK FORECAST**

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**THORBERG**  
COLLECTORATE

# **ECONOMIC OPTIMISM IN 2025: UNFETTERED OR UNFOUNDED?**

Russell Evans, Ph. D.  
President, Regional Economic Advisers  
Partner and Chief Economist, Thorberg Collectorate

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## A QUOTE FROM THE 2024 OUTLOOK



The current data suggest a soft-landing in 2024 is increasingly likely, with inflation close to a sustainable path to 2% and general economic growth expected to slow to half of the 2023 growth rate. But that path is uncertain, with plenty of room for additional economic excitement in 2024. We expect consumer behavior to adjust to the new reality of higher interest rates, tighter financial conditions and stretched access to credit. We continue to expect a drag from geopolitical conflicts and disrupted global supply chains. In short, while the probability is increasing that 2024 will bring slower growth and a soft landing on a path to target inflation, it is too soon to celebrate 2024 as a year without disruption. Readers are encouraged to proceed carefully through the uncertain economic turbulence ahead.



# Assessing 2025 Optimism

Where do markets stand as we enter a new year?

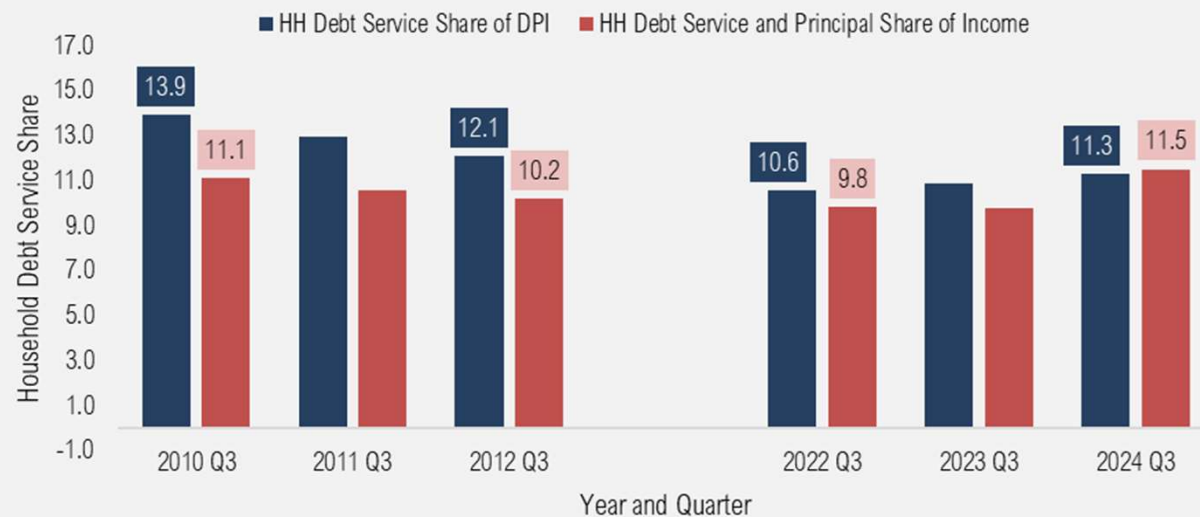
- The labor market
- The goods market
- Capital markets
- Oklahoma City considerations
- Trump economic policies

Summary Expectations for 2025



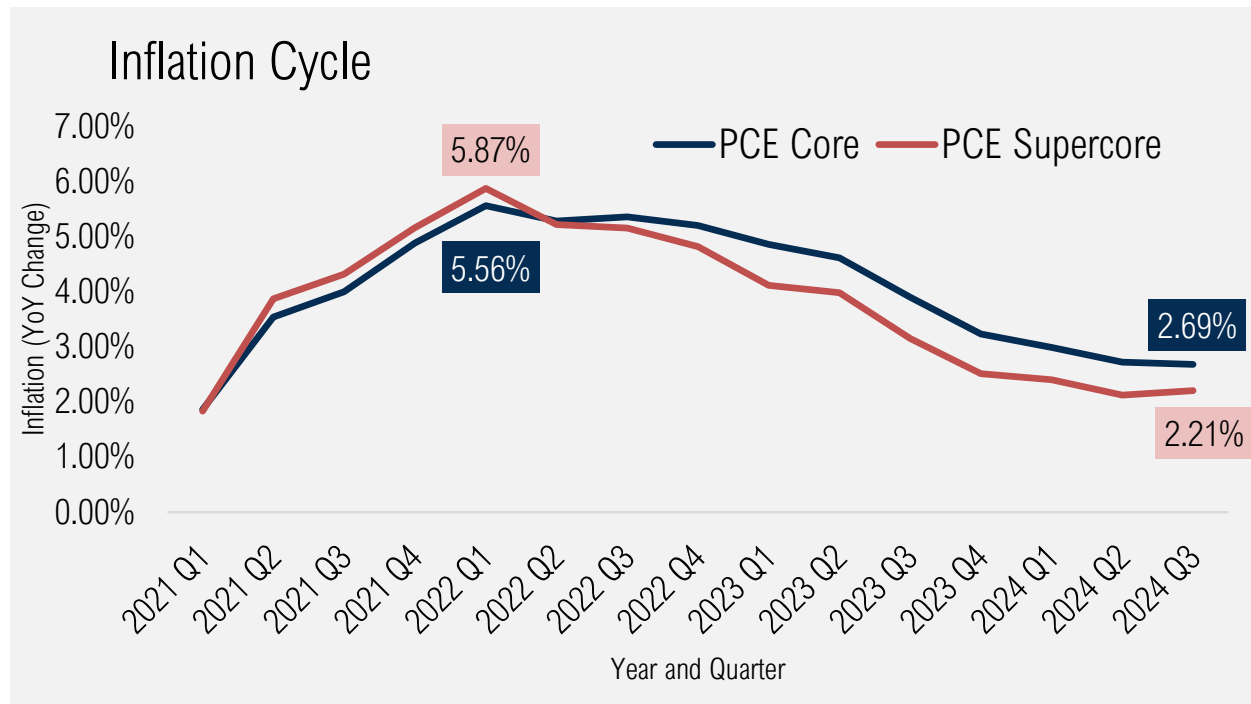
- Restrictive monetary policy eased inflationary pressures by constraining excess demand for workers
- Many labor markets have seen the balance of power shift back to employers
- Nationally, the market is roughly in balance with 1 job opening for every unemployed person and adding 150,000+ jobs per month

## Household Debt Burden



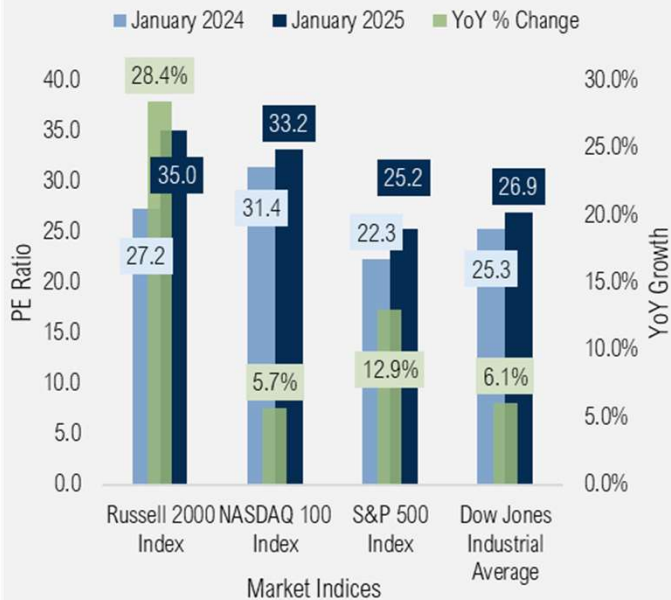
- Households are spending more than 11% of income servicing household debts
- Household debt burdens mirror those of the tail end of the Great Recession recovery
- Lower income households feel this burden most acutely
- Higher income households are using record wealth with access to credit to maintain spending



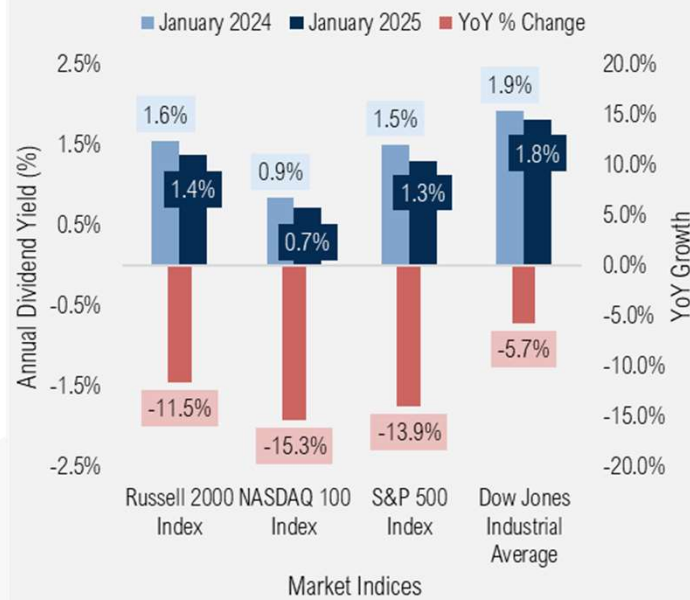


- Inflation was trending towards the 2% target in the first half of the year
- Progress stalled in the second half of the year
- Inflation stickiness (particularly in a few sectors) clouds expectations for further gains in 2025
- Absent a convincing path to stable 2% inflation, the Federal Reserve may hold policy at current rate to start the year

### Market Indices PE Ratios



### Market Indices Dividend Yields



- Market PE ratios and market dividend yields are both in the tails of their historic distributions
- Bull case: bull runs often last for years and earnings growth could justify a move higher
- Correction case: sticky inflation and Trump tariff inflation pressures force policy down a more restrictive path

# EQUITIES PRICED TO PERFECTION?

“ Households and businesses appear to be in good shape and can service their debt, which is at manageable levels overall. In terms of financial-sector leverage, high levels of capital and liquidity in the banking system are a key source of resilience.

While the unusually large savings balances built up during the pandemic have shrunk for many households, strong labor income growth continues to underpin consumer spending.

Valuations are elevated in a number of asset classes, including equity and corporate debt markets, where estimated risk premia are near the bottom of their historical distributions, suggesting that markets may be priced to perfection and, therefore, susceptible to large declines, which could result from bad economic news or a change in investor sentiment.

- *Federal Reserve Governor Lisa D. Cook,*

” *At the Seventh Conference on Law and Macroeconomics, University of Michigan Law School, Ann Arbor, Michigan, January 6<sup>th</sup>, 2025*

# Summary U.S. Expectations for 2025

## REAL GDP

- Trend growth 2% to 2.5%

## UNEMPLOYMENT RATE

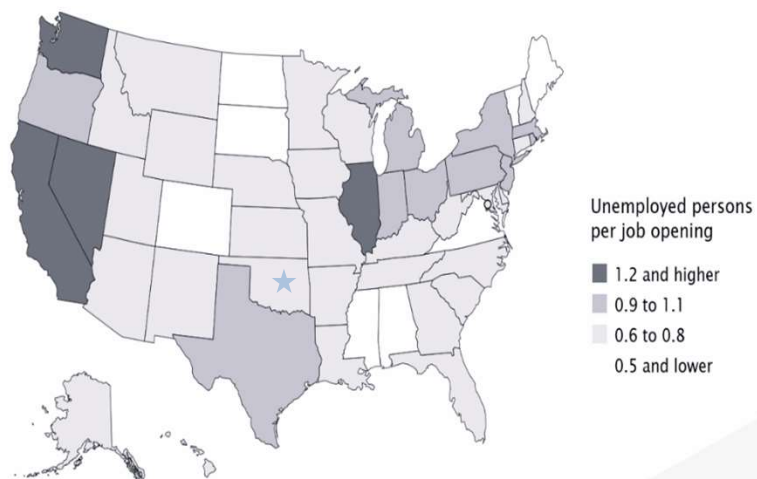
- Steady unemployment rate 4% to 4.5%

## INFLATION

- Inflation just above 2% target

## MONETARY POLICY

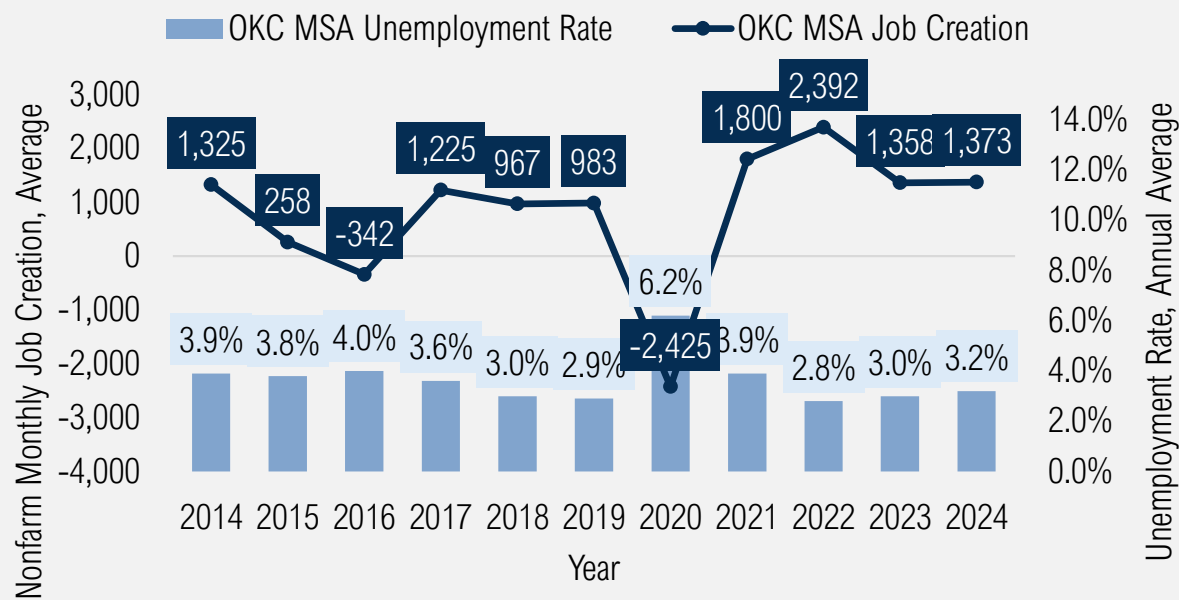
- Rate cuts of 50bps to 75bps in the second half of the year



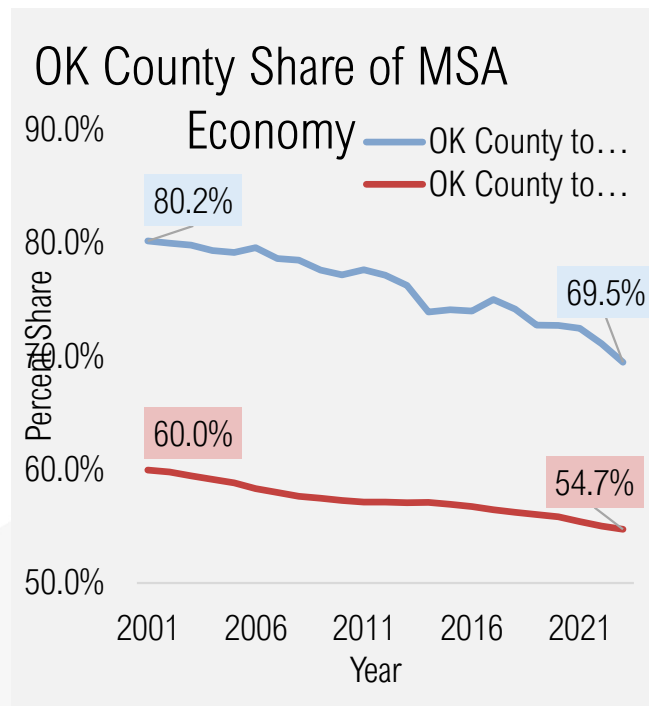
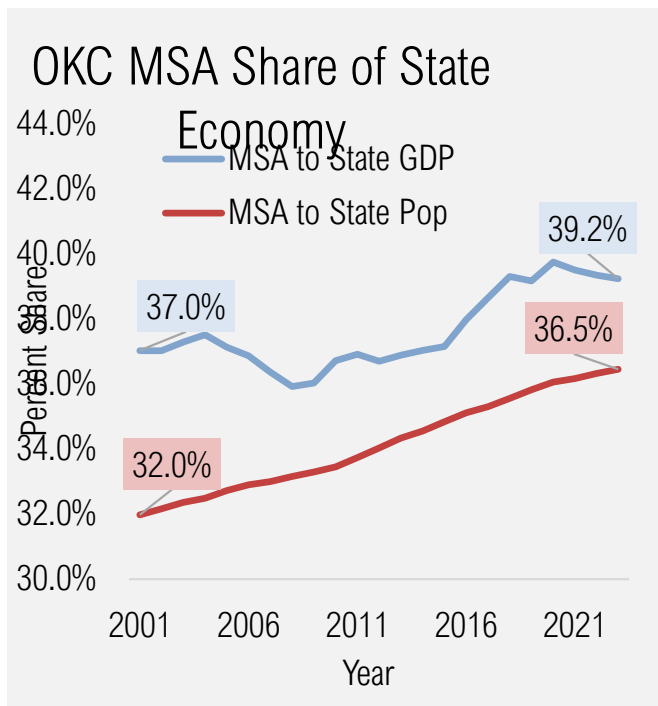
Labor Market Summary, October 2024		
State	Unemployed per Job	Unemployment Rate
CO	0.5	4.1
AR	0.6	3.3
<b>OK</b>	<b>0.6</b>	<b>3.3</b>
KS	0.7	3.4
LA	0.7	4.1
TX	1.1	4.1
NV	1.2	5.7
WA	1.3	4.7
IL	1.3	5.3
CA	1.7	5.4

- National measures are weighted averages of regional measures, and regional economic measures can vary considerably
- If households will indeed have to rely on labor income growth to support spending, then Oklahoma starts from a position of labor market strength
- In states where job openings already exceed the number of unemployed, the unemployment rate is rising

## OKC MSA Labor Market Historical Performance

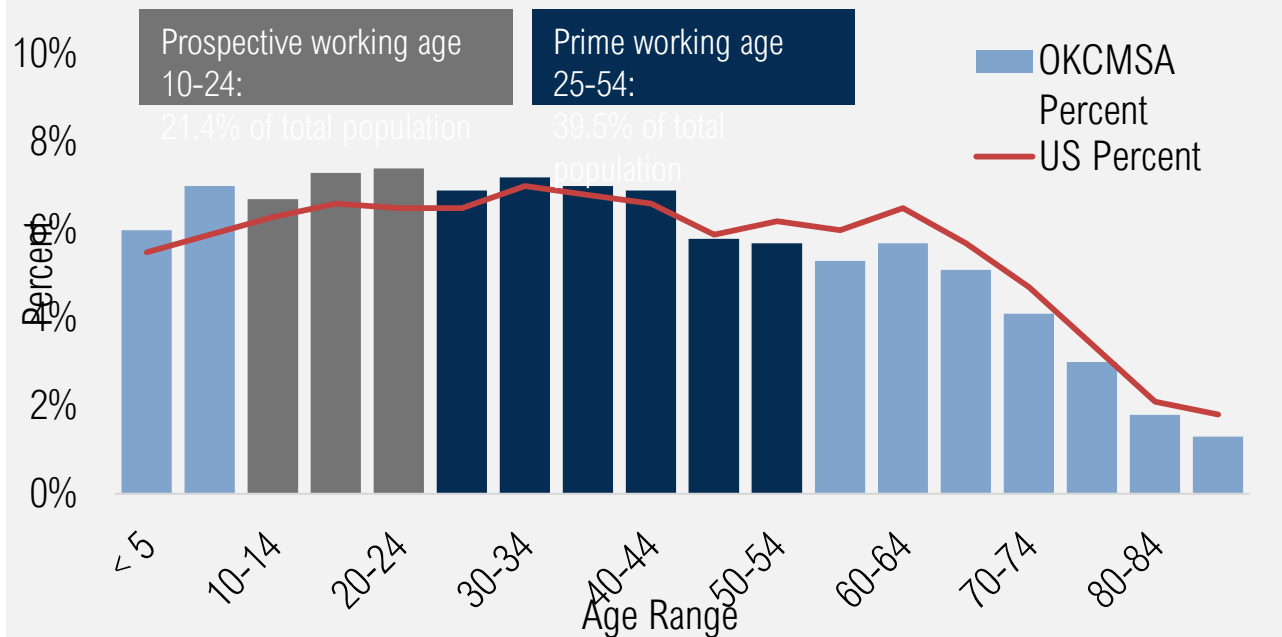


- The Oklahoma City labor market exceeded expectations in 2024 and added jobs at nearly the same pace as 2023
- The labor market should carry some job creation strength into 2025
- Population gains should drive job demand in labor intensive services sectors (health, leisure, trade) and major public/private investment projects should drive job demand in goods sectors (construction, mining, manufacturing)



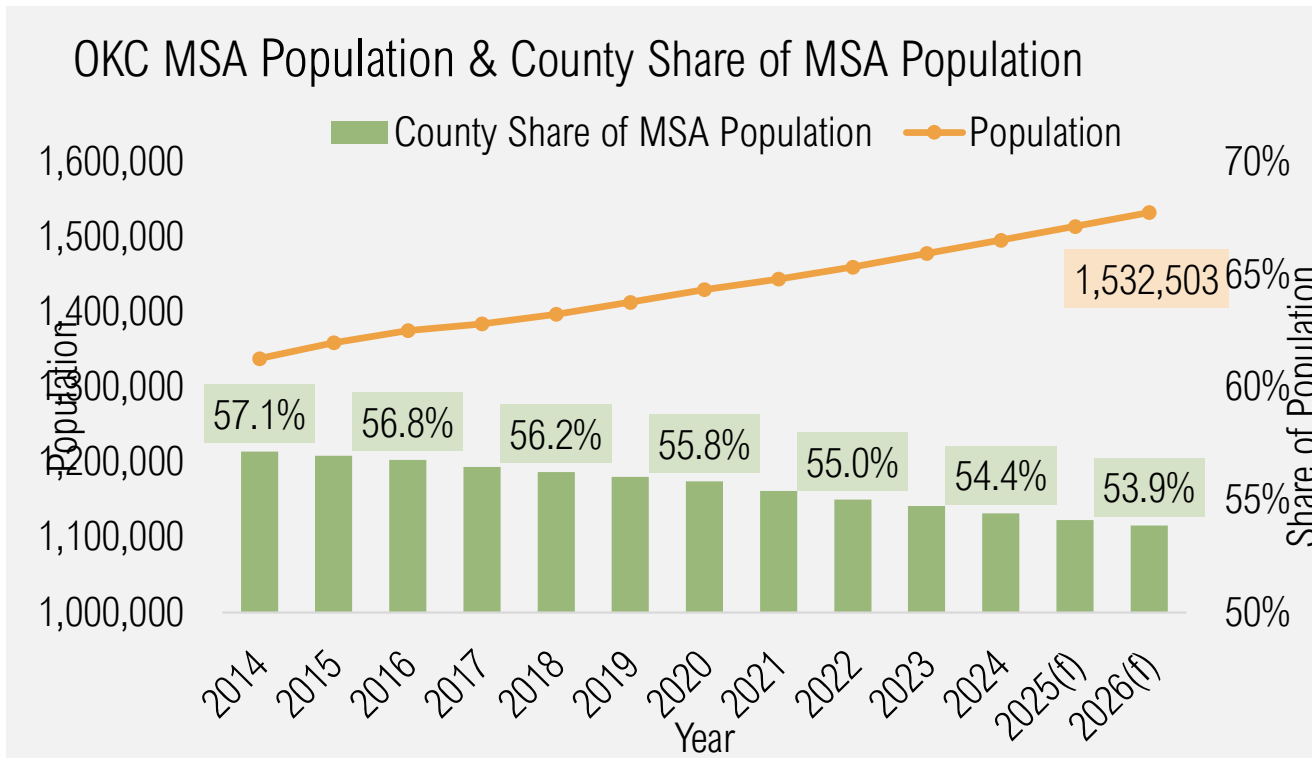
- The OKC MSA share of state population and GDP continues to grow with Oklahoma City largely driving state economic outcomes
- But Oklahoma County accounts for less of the MSA population and GDP as edge counties (Canadian and McLain) expand
- Urbanization pulls are natural for the OKC geography, dense central city pulls will require thoughtful development and policies

## OKC MSA Age Distribution 2023



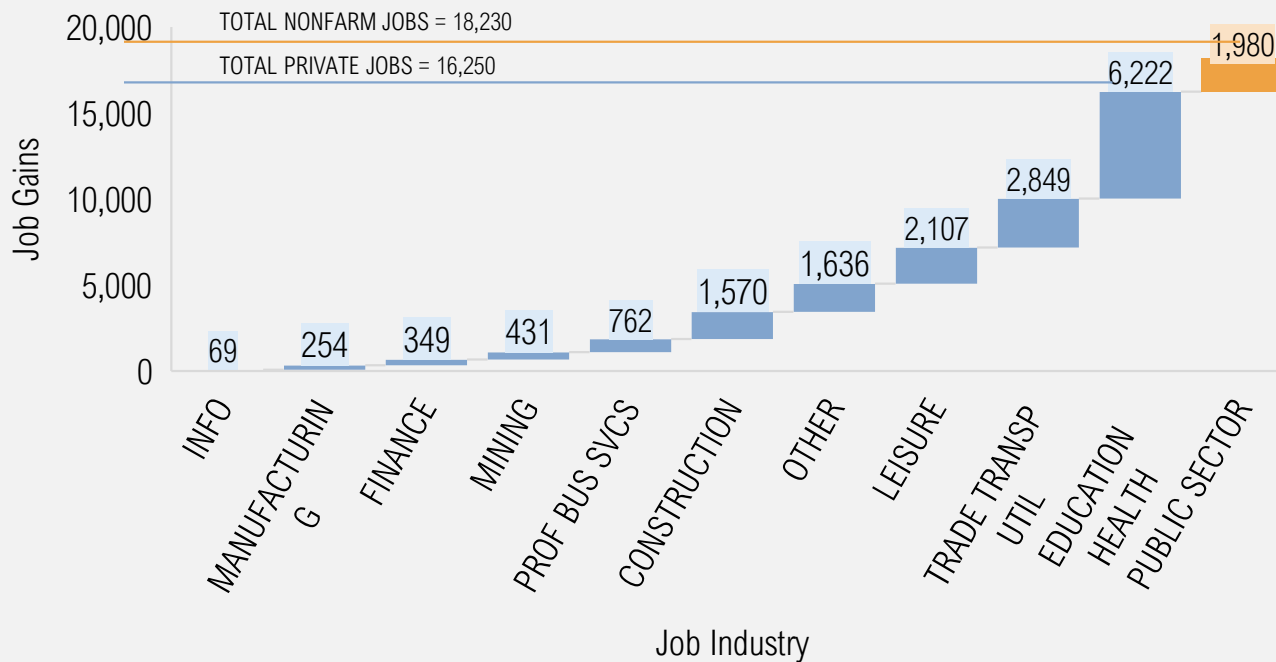
- Oklahoma City should benefit from both the existing population aging into the labor force and in-migration of new labor force participants
- The challenge is still to train and retain the future labor supply
- Need a plan to train all levels of workforce, including (and perhaps specifically) the exceptionally high-skilled worker





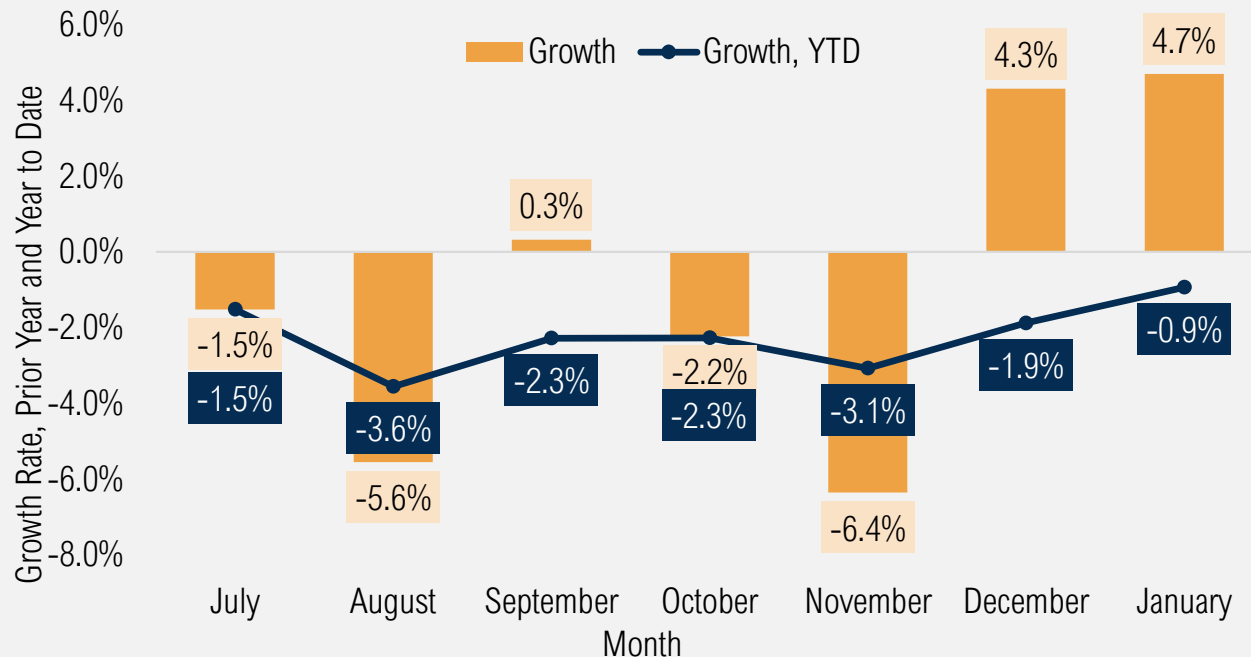
- The Oklahoma City MSA is expected to enjoy strong population growth through the forecast period
- The share the MSA population in OK County will continue to fall as population growth in the edge counties exceed population growth in the central county

### OKC MSA 2025 Expectations for Job Gains by Industry



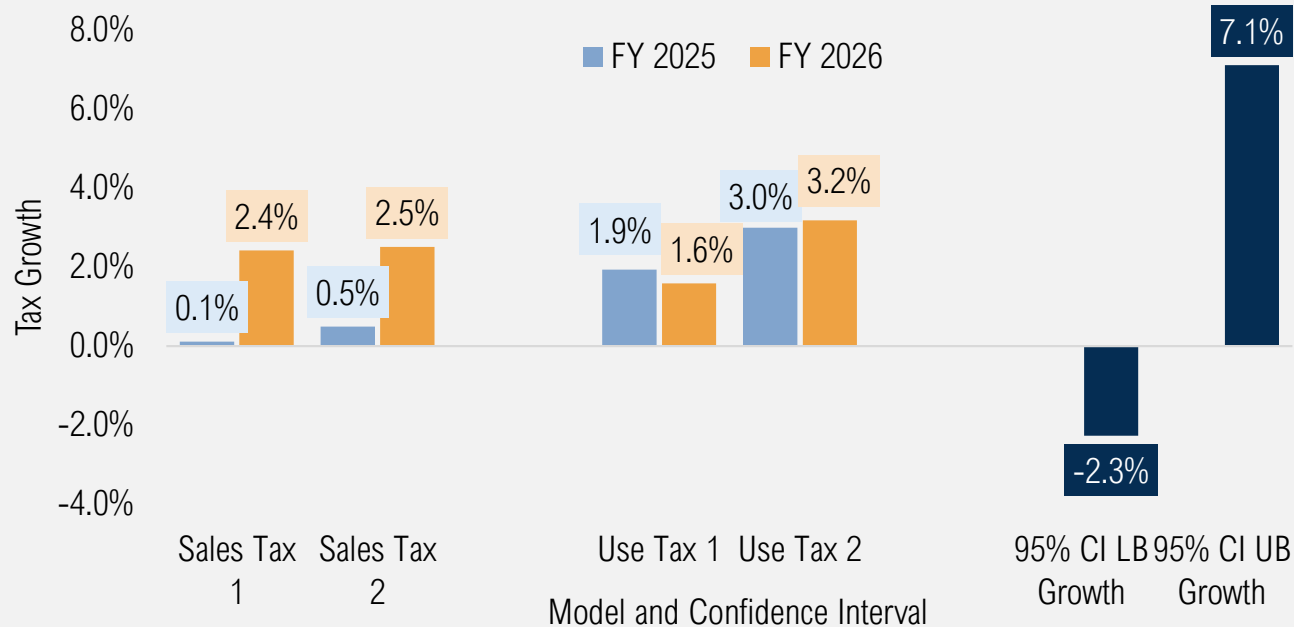
- The Oklahoma City MSA is expected to add an average of 1,500 jobs per month with the pace of hiring picking up in the second half of the year
- Expect strong job gains in labor intensive services (health care, TTU, leisure/hospitality) to be compliment by gains in the goods sector (construction)

## FY 2025 Sales Tax Trends



- FY 2025 is unfolding largely as anticipated in the 2024 budget workshop with negative growth in the first half of the fiscal year offset by growth in the second half of the fiscal year
- Expect positive growth in February and March to move YTD collections back to breakeven from a year ago with Q4 determining year-end growth

## FY 2026 Sales and Use Tax Growth



- Most models are moving towards expected sales tax growth of 2.5% in FY 2026
- Use tax growth for FY 2026 in the range of 1.6% to 3.2%
- The models are built around the economic expectations presented in the outlook and assume no explicit outside disruption, good or bad

# Summary Expectations for 2025

## The U.S. Economy

- Trend growth 2% to 2.5%
- Steady unemployment rate 4% to 4.5%
- Inflation just above 2% target
- Rate cuts of 50bps to 75bps in the second half of the year

## The Oklahoma City Economy

- Gains an average of 1,500 new jobs per month with the pace increasing later in 2025
- Healthcare, Trade (TTU), Leisure, Construction lead the way
- Population growth of 1.2% in MSA and 0.7% in OK County
- Unemployment rate stays under 4% for the year

## WARNING

- The forecasts point to average economic performance, but the average is almost never realized!

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# **FIVE-YEAR SUCCESSFUL OUTCOMES FORECAST**

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## SUCCESSFUL OUTCOMES



### MOBILE INTEGRATED HEALTHCARE

To meet the growing demands of alternative response to behavioral health related incidents, overdose challenges and an alternative to policing the City has allocated funding to the Fire Mobile Integrated Healthcare (MIH) program which includes Crisis Response Teams (CRT), Crisis Call Diversion (CCD), and Alternative Response Teams (ART).



### HOTEL OCCUPANCY TAX INCREASE

On August 27, 2024, Residents voted to increase to the hotel occupancy tax rate. This tax increase included dedicated funding to support tourism promotion and development and capital maintenance needs at the Fairgrounds and the Convention Center.



### FIRE STATION GENERATOR UPDATE

The City allocated \$1.5 million in American Rescue Plan Act (ARPA) funding for back-up generators to be added to existing Fire facilities without such accommodations. A contract was awarded in November 2024, and the project is currently in process.



## SUCCESSFUL OUTCOMES



### FIRE STATION RENOVATIONS

The City allocated \$2 million in American Rescue Plan Act (ARPA) for renovations and updates to existing fire facilities or additional fire facility needs. Public Works has assisted Fire on this project and several fire facilities plans are in the Request for Proposal (RFP) phase and moving toward awarding contracts.



### PARKING LOT 4 CONSTRUCTION PROJECT

Parking Lot 4 at OKC Will Rogers International Airport is nearing completion. Parking activity has increased proportionally to passenger traffic counts causing our lots to reach capacity. The Trust partnered with a local architect to design a canopy covered parking lot to increase parking availability by 616 spaces.



### FORBES 2024 BEST EMPLOYERS BY STATE

In August 2024, Forbes released its 2024 Best Employers by State. Forbes partnered with Statista to survey more than 160,000 employees working for companies with at least 500 people in the United States. Forbes listed 35 companies in Oklahoma with 19 headquarters in Oklahoma. The City of Oklahoma City was 34th on the list.





## SUCCESSFUL OUTCOMES



### EMPLOYEE PERFORMANCE AND LEARNING MANAGEMENT SYSTEMS

Oracle Performance and Oracle Learning launched in July 2023, enhancing the City's approach to performance and talent development. Oracle Performance enables online performance evaluations, focal point review periods, check-ins, mid-year reviews, and self-evaluations. It incorporates tools for aligning strategic business, performance, and career development goals.



### LIVESCAN FINGERPRINT EQUIPMENT

State statute requires that fingerprints be obtained on certain offenses and provided to the Oklahoma State Bureau of Investigation to maintain an accurate offender history. The LiveScan fingerprint equipment allows Municipal Court to collect fingerprints from individuals who were issued a citation for a reportable offense and were released in the field.



### EMBARK RAPID NW LAUNCH

EMBARK working alongside other City departments, has successfully completed the construction of all 32 platforms, received all 9 buses, coordinated the installation of transit signal prioritization throughout the RAPID corridor, and added OKC's first bus lane along Classen and Northwest Expressway. The RAPID NW served over 250k riders in a 6-month period.

# SUCCESSFUL OUTCOMES



**ARPA – SMALL BUSINESS  
SUPPORT**



**MAPS 4**



**CAPITAL IMPROVEMENTS  
FUNDING**



**FIRE FACILITIES RENOVATION  
TEAM**



**PUBLIC SAFETY CAPITAL  
FUNDING**



**RESIDENT SATISFACTION  
RATING**



**FTA GRANT AWARDS**



**MAPS 4 BUS STOPS**

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# **FIVE-YEAR FORECAST ISSUES FORECAST**

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# Forecast issues are financial issues facing departments in the coming years

1

**General overview of the issue**

*Not a detailed cost estimate*

2

**Provides early warning for emerging issues departments will face in coming years**

All 58 department issues are included in the forecast document beginning on page 86

# Highlighted Issues

- ***7 Issues Highlighted***

Key financial issues facing departments

- ***Possible Direction and Next Steps Identified***

Raising awareness to stimulate conversation and action



# 7 Issues Highlighted



## HOMELESSNESS

- Homelessness is a growing concern in Oklahoma City
- In August 2021, City Council received the "Strategies to Address Homelessness in Oklahoma City" plan
- In April 2023, the City launched the Key to Home Partnership ("The Partnership"). The Partnership developed a two-year road map to implement interventions to address homelessness. The City serves as the lead agency guiding efforts to develop additional pathways to housing and support system-wide strategies for reducing homelessness. The Partnership's novel approach leverages private donations from the community to fully maximize public funds allocated to reduce homelessness in OKC.

### POSSIBLE DIRECTION AND NEXT STEPS

- Continued implementation of Homelessness Strategies Plan
- Expand Focus to Key Priorities



## LONG-TERM WATER ISSUES

### Increasing Costs and Shortages of Services and Supplies

- The Utilities Department has faced significant cost hikes in services and supplies, such as a nearly 500% increase in chlorine prices. Record high inflation, supply chain challenges, raw material availability, rising functionality costs have elevated operational and maintenance expenses and capital construction costs.

### Regulatory Issues

- Recent EPA focus on PFAS/PPDS regulation poses operational and capital challenges, necessitating adjustments in monitoring and potential treatment and associated disposal methods.

### Staffing Challenges

- The Department has averaged a 12% vacancy rate, or 500-plus vacant positions, compared to an industry median of 7% over the past several years.

### POSSIBLE DIRECTION AND NEXT STEPS

- Identify, evaluate, and present alternative financing strategies.
- Evaluate and reschedule capital projects and implement measures to manage costs.
- The Utilities Department is employing various strategies to attract and keep a skilled workforce offering a comprehensive introduction to the Utilities Department and growth opportunities within the organization.



## GROWING DEMAND FOR TECHNOLOGY

- The City strives to provide high-quality and efficient services to residents.
- Technology service and support needs have increased requiring high levels of skill, knowledge, and efficiency.
- Staffing levels have not kept pace with increased demands.
- Current pay plan is not commensurate with competition making employee recruitment and retention difficult.
- Operating costs for IT services continue to grow.

### POSSIBLE DIRECTION AND NEXT STEPS

- Continue Development of Specialized IT Department Job Titles
- Training
- Continue to Seek to Maximize Existing Technology Investments



## EMPLOYEE RECRUITMENT, ENGAGEMENT, AND RETENTION STRATEGIES

- Departments have trouble filling and retaining employees in various fields, especially in specialized, highly skilled positions, skilled trades positions and positions requiring commercial driver licenses.

### POSSIBLE DIRECTION AND NEXT STEPS

- Revised HR Department organizational structure
- Employer Branding and Recruitment Outreach
- Internal Mobility
- Classification and Compensation Study
- State Minimum Wage
- FLSA Changes
- Employee Engagement Survey
- Benefit Program Offerings



## PUBLIC SAFETY PARTNERSHIP

- In August 2021, the OKC Public Safety Partnership was announced in a continued effort to enhance crisis intervention, refine de-escalation, and promote community engagement in law enforcement policies.
- The Crisis Intervention Advisory Group (CIAG) has been formed to help create innovative solutions to improve encounters between City Public Safety Departments and residents experiencing mental health crises.
- Since January 2023, all police recruit classes have completed the 40-hour curriculum for crisis intervention training (CIT).

### POSSIBLE DIRECTION AND NEXT STEPS

- Development and operation of mobile response teams
- Develop Public Safety Partnership community engagement plan



## PUBLIC TRANSPORTATION SYSTEM INVESTMENTS

- Operating Budget Funding
  - Bus Rapid Transit (BRT) - operations funding to support Mays 4 BRT alignment
- Capital Investment Funding
  - EMBAK Headquarters - construction costs for new transit headquarters and maintenance facility
  - Grant Funding - Local Match funding for Federal Transit Administration (FTA) grants to support transit for the Los Angeles 2028 Summer Olympics
- RTA and Regional Transit Initiatives
  - RTA (Regional Transportation Authority) system vision plan adopted, alternative analysis studies for north/south corridor and east corridor complete

### POSSIBLE DIRECTION AND NEXT STEPS

- EMBAK will continue to seek funding via the General Obligation (GO) Bond election and continue to seek FTA grant funding for capital investments.
- EMBAK will identify alternative revenue sources for future operating costs.
- RTA to work with member cities to evaluate timing of a potential vote for dedicated funding for regional transit.



## CAPITAL PLANNING AND INFRASTRUCTURE FUNDING

- The City supports a large network of infrastructure and capital equipment.
- While the City has been successful in securing voter approval for capital funding initiatives, future success is not guaranteed, and many maintenance and repair needs go unaddressed.
- Facing increased pressure in funding capital needs due to various issues such as supply chain disruptions, inflation, and labor shortages.

### POSSIBLE DIRECTION AND NEXT STEPS

- Capital Improvement Plan
- Capital asset inventory
- Identification of funding sources (Capital maintenance reserve, GO Bond funding, and review mill levy rates)

# Department Issues Section

- ***New Issues***

- New Park Assets

- Comprehensive Plan Implementation

- Accessible Digital Services

- Public Information and Engagement

- General Obligations Bonds/ Infrastructure Funding

- LA28 Olympics in OKC

- New Oklahoma City Arena

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# **FIVE-YEAR GENERAL FUND REVENUES FORECAST**

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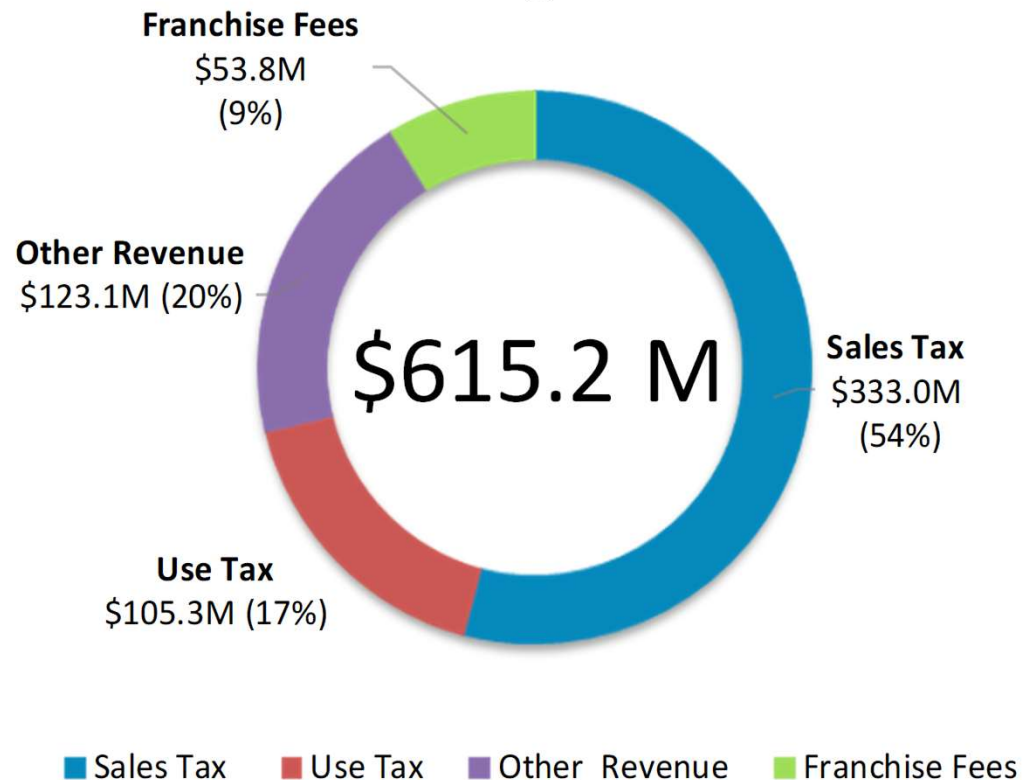
***TRENDS AND FORECAST***



# FY25 General Fund Revenue

Where the money comes from

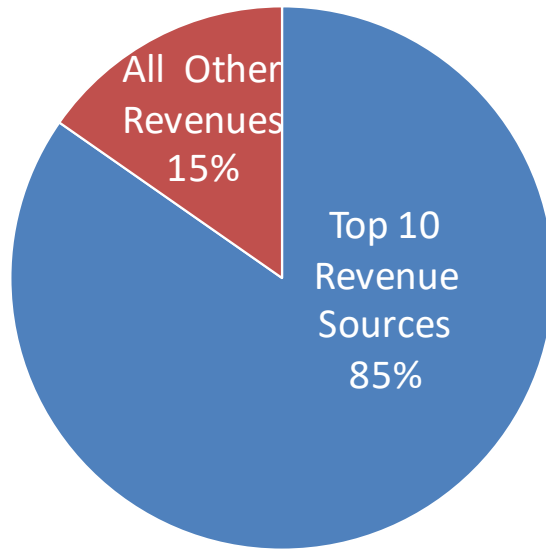
## FY25 General Fund Operating Revenue Budget



# General Fund Operating Revenue Budget

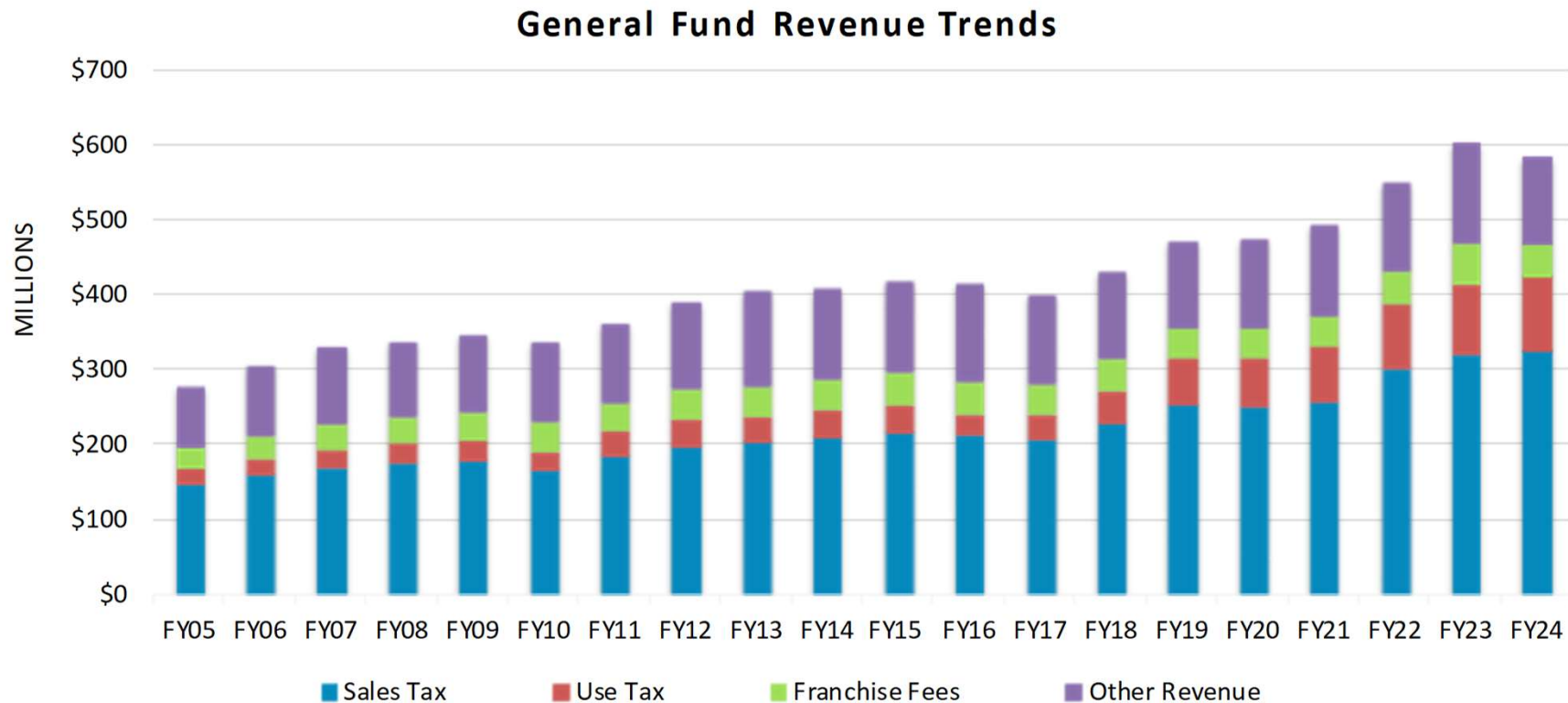
## Top 10 Budgeted Revenue Sources in FY25

General Fund FY25 Operating  
Revenue Budget

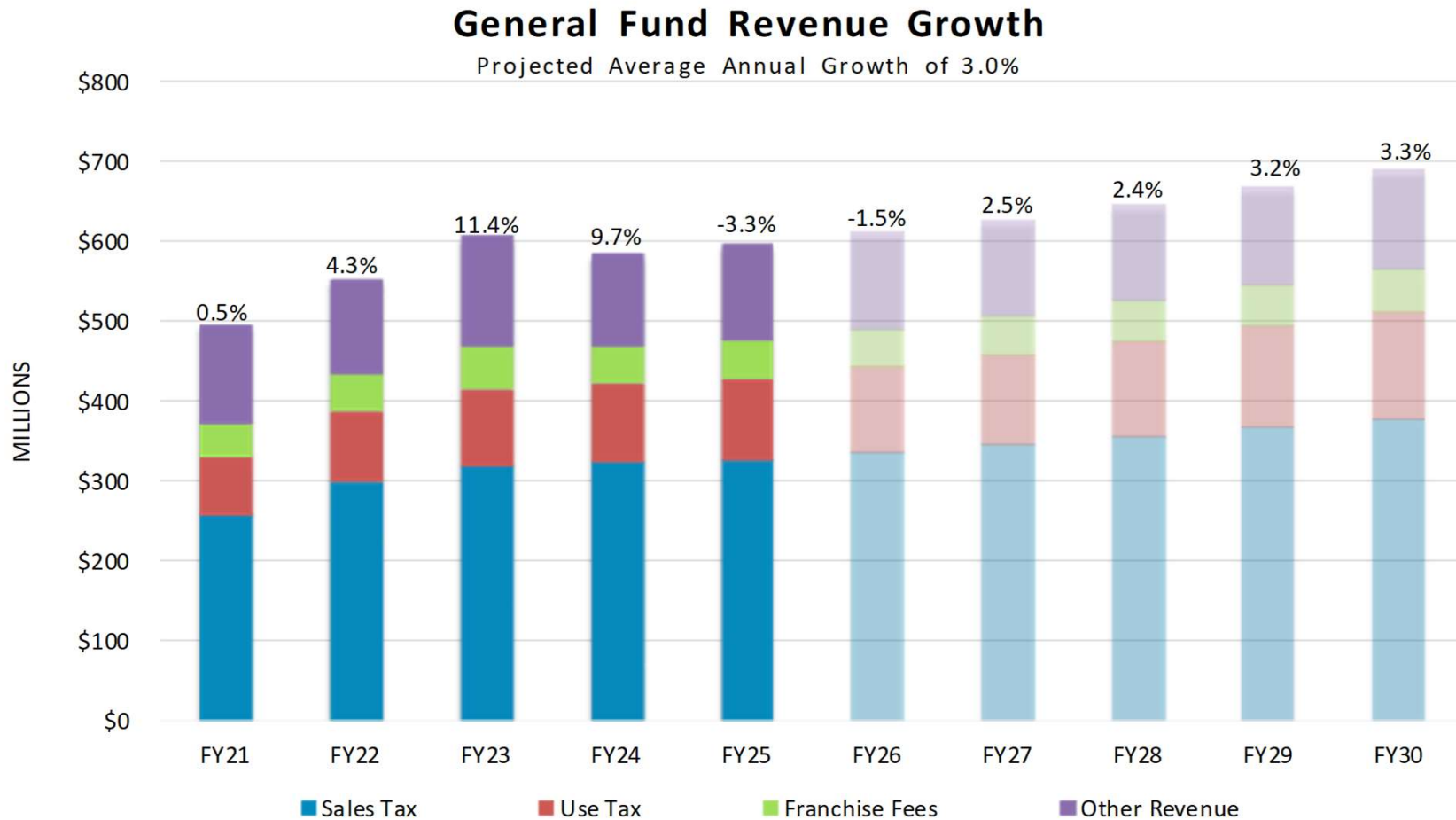


Revenue Source	FY25 Budget	% of GF	Category
1 Sales Tax	\$332,958,868	54%	Sales Tax
2 Use Tax	\$105,295,496	17%	Use Tax
3 OG&E Franchise Fee	\$31,086,082	5%	Franchise Fees
4 Fire Wage Adjustment	\$13,311,820	2%	Other Revenue
5 Police Wage Adjustment	\$10,220,923	2%	Other Revenue
6 Public Works TMS Charges	\$6,511,677	1%	Other Revenue
7 ONG	\$7,212,295	1%	Franchise Fees
8 Building Permits	\$5,219,804	1%	Other Revenue
9 Court Fees	\$4,451,245	1%	Other Revenue
10 Commercial Vehicle Tax	\$4,742,360	1%	Other Revenue
<b>TOTAL</b>	<b>\$521,010,570</b>	<b>85%</b>	

# General Fund Operating Revenue Trends



# General Fund Operating Revenues



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# **FIVE-YEAR GENERAL FUND EXPENSES FORECAST**

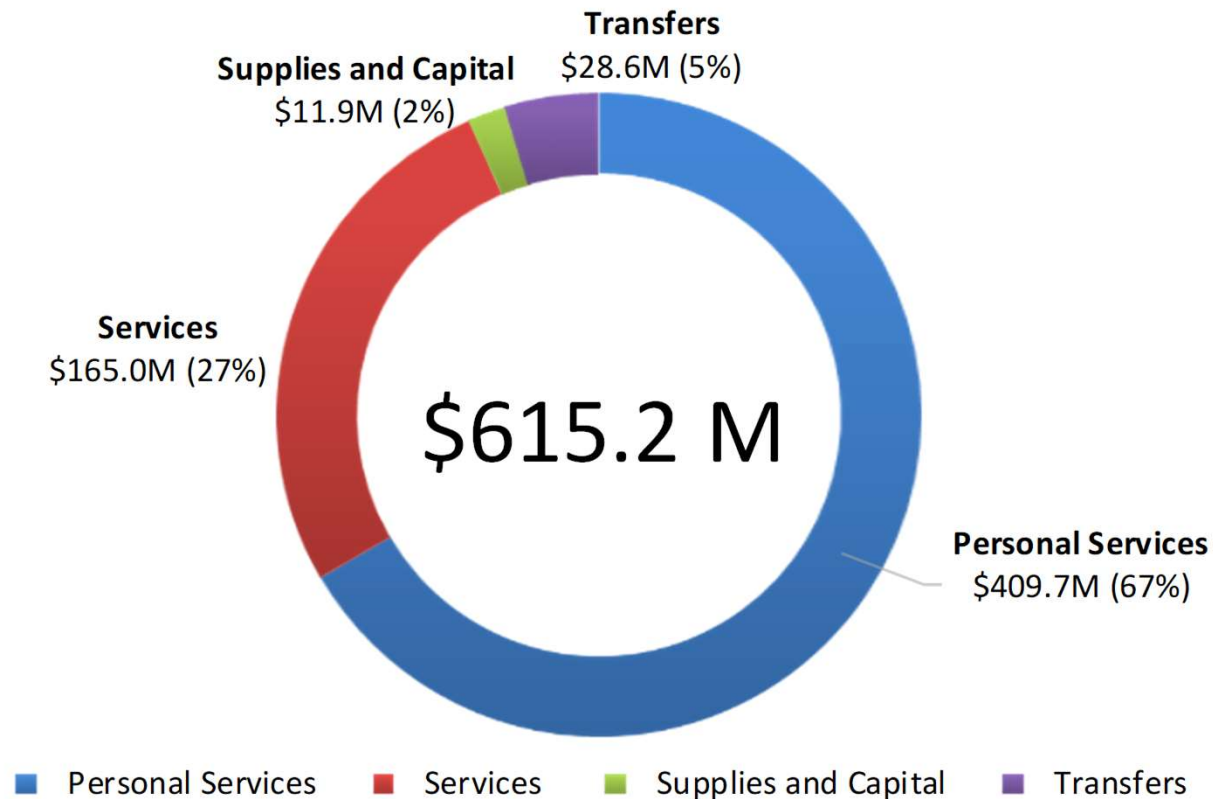
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***TRENDS AND FORECAST***

# FY25 General Fund Expense Budget

Where the money is spent

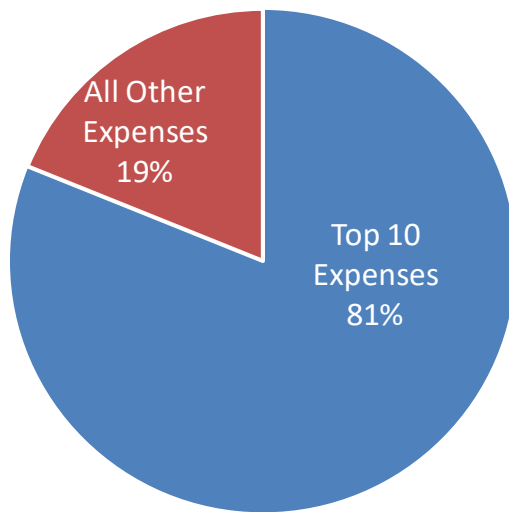
## FY25 General Fund Operating Expense Budget



# General Fund Expense Budget

## Top 10 Budgeted Expenses in FY25

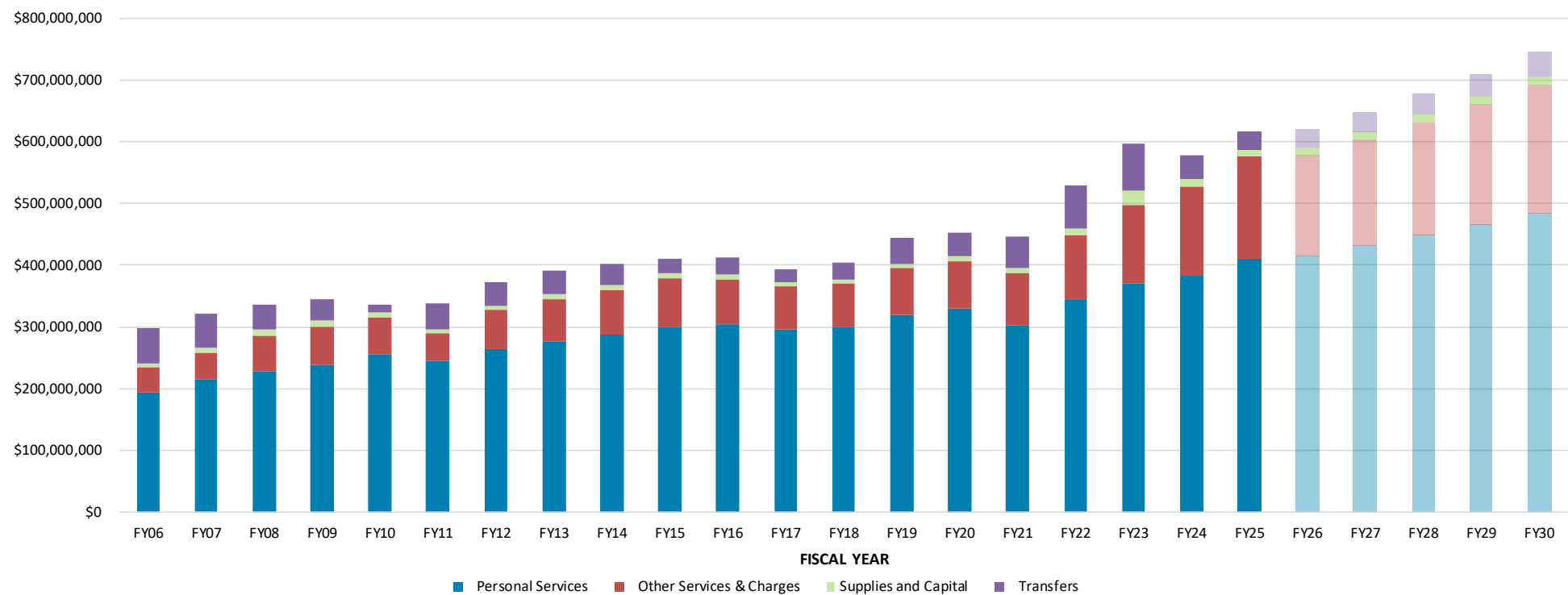
General Fund FY25 Expense  
Budget



Expense	FY25 Budget	% of GF	Category
1 Salaries and Wages	\$286,718,680	47%	Personal Services
2 Health and Welfare Insurance	\$50,580,019	8%	Personal Services
3 Payments to COTPA	\$39,599,283	6%	Other Services
4 Retirement/Pension Contributions	\$30,595,833	5%	Personal Services
5 Chargeback - IT	\$28,773,358	4%	Other Services
6 Payment to OCEDT	\$18,527,145	3%	Other Services
7 Transfer to OCPPA	\$15,966,081	3%	Transfers
8 Chargeback - Risk Management	\$10,169,728	2%	Other Services
9 OPEB Expense	\$12,314,341	2%	Personal Services
10 Transfer to Capital Improvement Fund	\$5,792,302	1%	Transfers
<b>TOTAL</b>	<b>\$499,036,770</b>	<b>81%</b>	

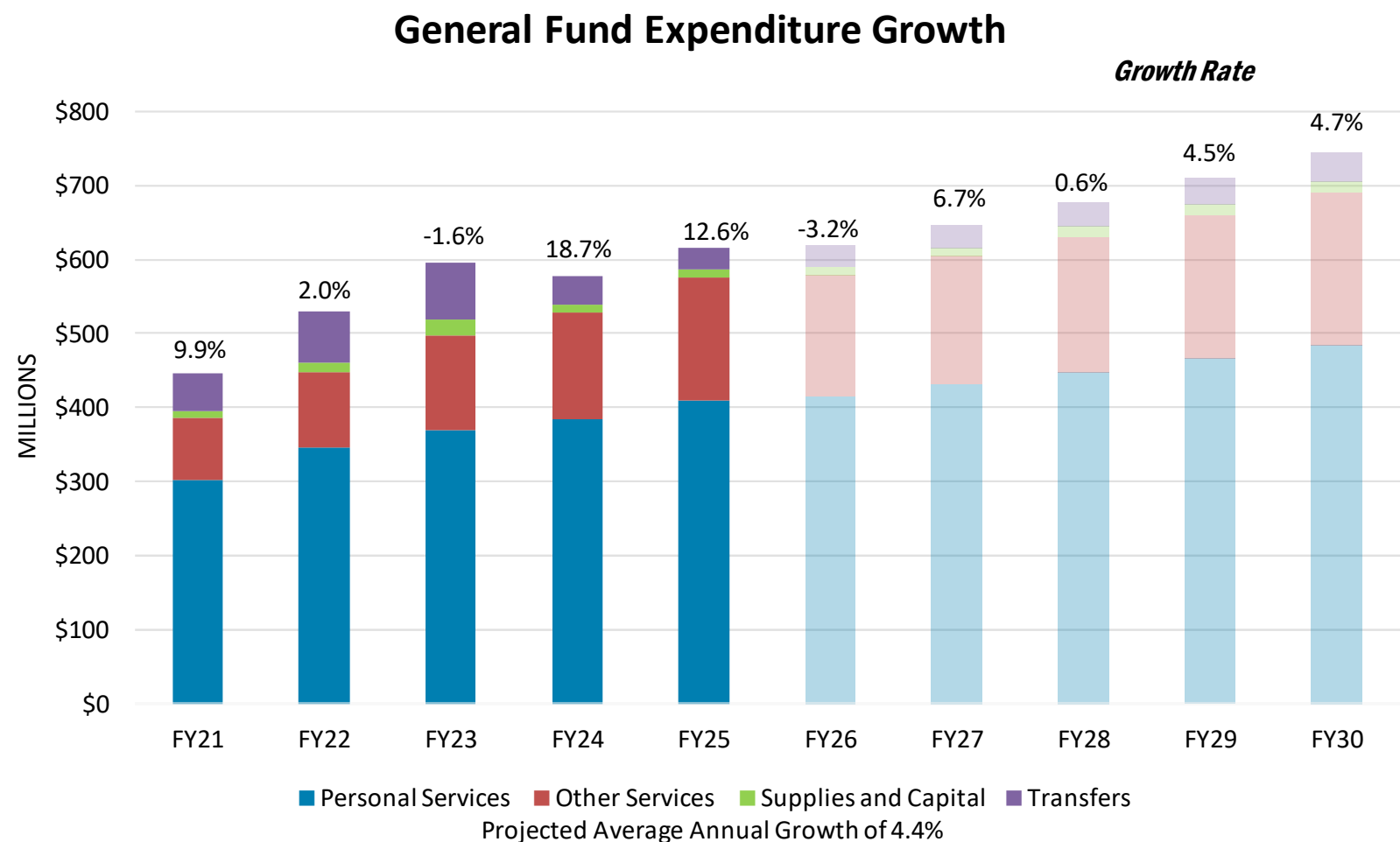
# General Fund Expense Trends

General Fund Expense Trends and Projections





# General Fund Expenditures

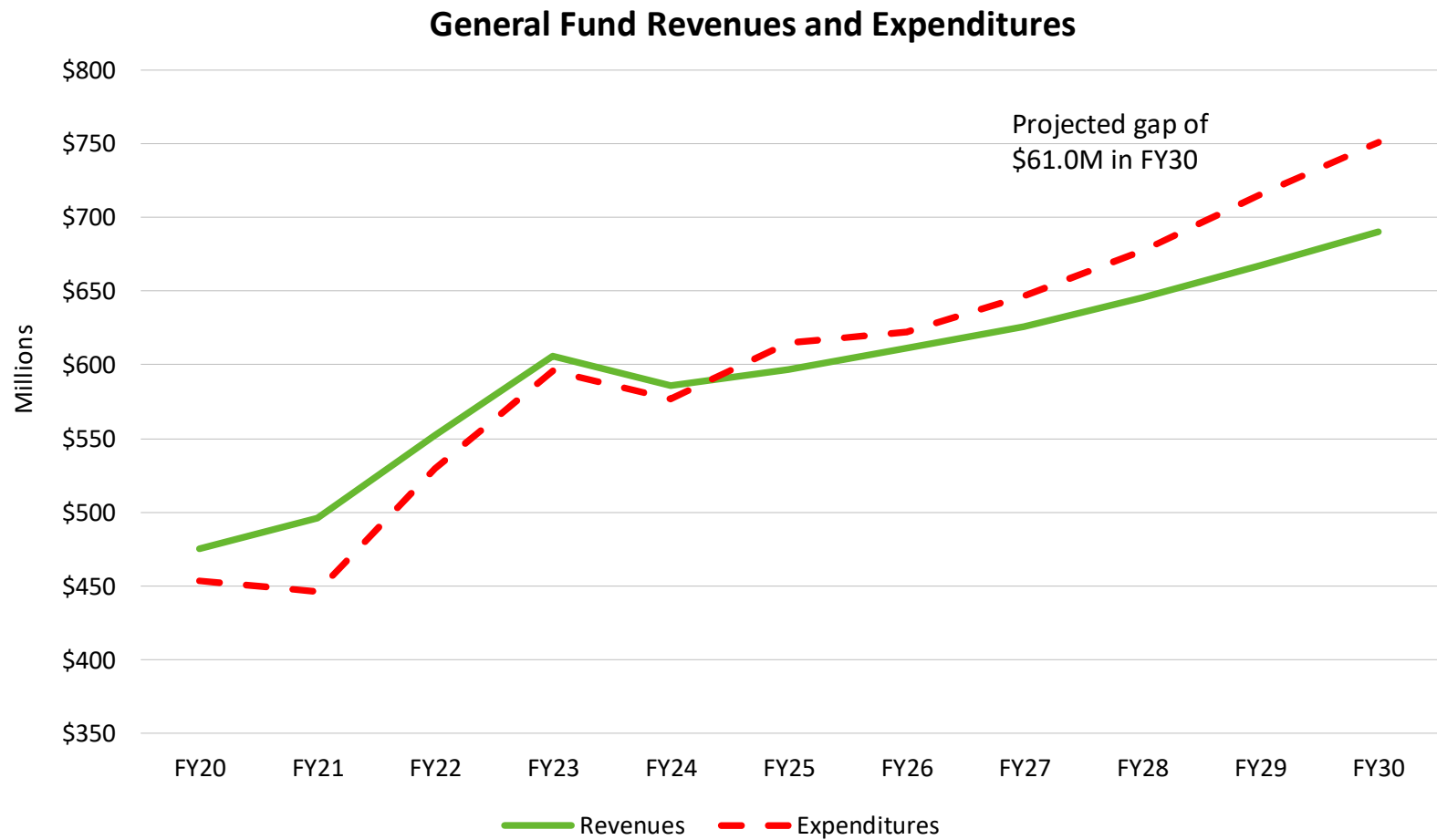


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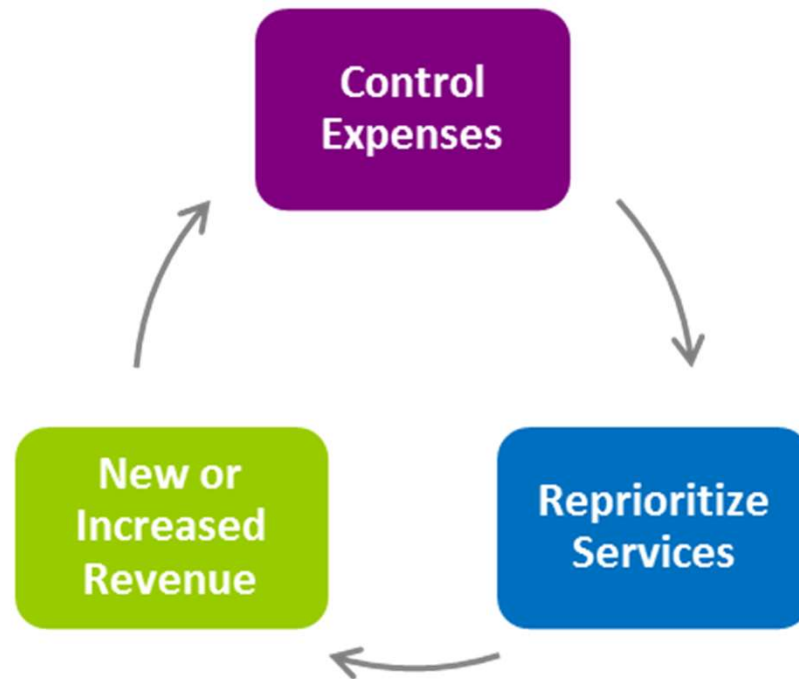
# **FIVE-YEAR GENERAL FUND GAP FORECAST**

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# Projected Gap



# Closing the Gap



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# **FIVE-YEAR BUDGET OUTLOOK FORECAST**

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# FY25 General Fund Revenue Status



**6 of 10** revenue  
categories were **above**  
**budget**

\*General Fund Revenue for the first 6 months of FY25

Revenue Category*	\$ Above/(Below) YTD Budget
Sales Tax	(\$5,115,056) ◆
Use Tax	(\$2,081,653) ◆
Franchise Fees	\$598,200 ●
Service Charges	(\$4,218,395) ◆
Administrative Charges	<b>(\$581,348) ◆</b>
Fines & Forfeiture	<b>\$198,309 ●</b>
Licenses & Permits	\$1,639,056 ●
Other Taxes	\$158,973 ●
Other Revenue	\$1,860,847 ●
Operating Transfers In	<b>\$36,185 ●</b>
<b>GENERAL FUND TOTAL</b>	<b>(\$7,504,882)</b>

# Projected Revenue Growth in FY26

Sales Tax	2.4%
Use Tax	6.0%
Other Taxes	0.7%
Franchise Fees	2.6%
Licenses and Fees	4.6%
Fines	-10.2%
Other Revenue	-5.4%
Service Charges	0.3%
Administrative Charges	0.9%
Transfers	1.0%
<b>Overall Growth</b>	<b>2.5%</b>

# FY26 Expense Assumptions

## **Personal Services growing \$5.6 million**

- Pay increases granted in FY25 and merit increases
- Changes within health insurance and salary reserve
- Changes within the Classification and Compensation Study

## **Services growing \$1.1 million**

- Increases in payments to COTPA
- Increase in IT contract
- Changes within payments to OCEDT for economic development initiatives



# FY26 Budget Assumptions

Revenue	\$610,854,318
Expenses	\$622,318,406
Surplus/(Gap)	(\$11,464,088)

- **1.5% Cuts Requested for Police and Fire**
- **4.5% Cuts Requested for all other Departments**
- **Starts with Same Service Level Budget**
  - Starts with the FY25 Budget as the base level
  - Adjusts for personnel related costs
  - Estimates the cost to provide the same services in the coming year

# FY26 Budget Calendar



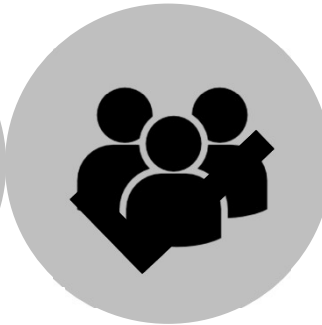
***April 29***

Proposed Budget submitted to Mayor and Council and 1<sup>st</sup> City Council Budget Hearing (Public Hearing)



***MAY 13***

2<sup>nd</sup> City Council Budget Hearing (Public Hearing)



***May 27***

3<sup>rd</sup> City Council Budget Hearing (Public Hearing)



***JUNE 3***

Adoption of FY26 Budget



***JULY 1***

FY26 Budget takes effect

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# **FIVE-YEAR CITY COUNCIL WORKSHOP FORECAST**

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