

SPECIAL CALL
AMENDED AGENDA

AGENDA
BOARD OF CITY COMMISSIONERS
DECEMBER 9, 2024 AT 4:30 PM
COMMISSION CHAMBERS AT CITY HALL
16 WEST 9TH STREET
SHAWNEE, OKLAHOMA

Official action can only be taken on items which appear on the agenda. The public body may adopt, approve, ratify, deny, defer, recommend, amend, strike, or continue any agenda item. When more information is needed to act on an item, the public body may refer the matter to Staff or back to Committee or the recommending body. Under certain circumstances, items are deferred to a future date or stricken from the agenda entirely.

CALL TO ORDER

DECLARATION OF A QUORUM

1. Work session on Sales Tax and General Fund Operations.
2. Adjournment

Respectfully submitted,



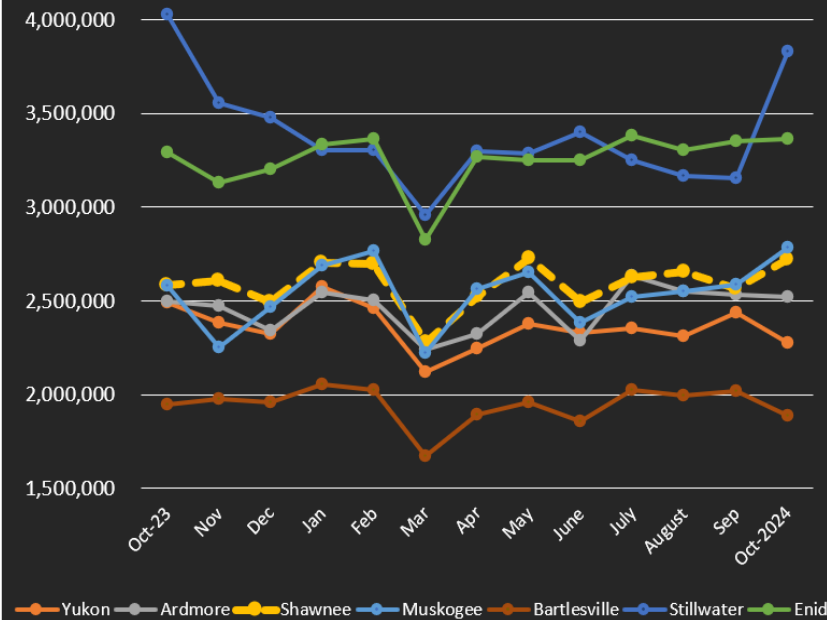
Lisa Lasyone, MMC, City Clerk

The City of Shawnee encourages participation from its citizens in public meetings. If participation is not possible due to a disability, notify the City Clerk, in writing, at least forty-eight hours prior to the scheduled meeting, and necessary accommodations will be made. (ADA 28 CFR 36)



Fiscal Year 2025
Proposed Budget

Municipal Sales Tax



Sales Tax & General Fund Operations

Andrea Weckmueller-Behringer, City Manager



Regulations for City Finances

- Compliant with **Oklahoma Constitution**, Article 10, Section 14
 - Taxes may be collected for **public purposes only**
- Governed by Oklahoma **Municipal Budget Act**, Title 11 OS 17-201
 - Budgeted expenditures **cannot exceed** estimated revenues
- Budgeting and Financial Planning **Policies**, adopted March 2022
 - Requires 2% contingency and **14 to 20% operating reserve**
- Budget Adopted Annually – Fiscal Year July 1 – June 30

Types of Revenue



Recurring

- Sales Tax
- Use Tax
- Service Charges
- Licenses & Permits
- Rental
- Interest

Periodic

- 2018 Half-cent Sales Tax
- Tax Increment Financing
- Community Development Block Grant (CDBG)

One-Time

- Fund Balances
- ARPA
- Loans (OWRB)
- Federal & State Grants
- Donations

Municipal Funds

Not including Shawnee Municipal Authority (3* of 4 funds) & Shawnee Airport Authority*

- General Fund
- Grant Fund*
- Street & Alley Fund
- Economic Development Fund*
- Hotel/Motel Surcharge Fund*
- Capital Improvement Fund*
- Street Improvement Fund*
- E-911 Fund*
- Spay/Neuter Fund
- Police Sales Tax*
- Fire Sales Tax*
- Tax Increment Financing Fund*
- American Rescue Plan (ARPA) Fund*
- Workers Compensation*
- CDBG*
- CDBG-CV*
- 2018 Capital Sales Tax*
- 2023 Capital Sales Tax*
- Cemetery Perpetual Care*
- Insurance Recovery Fund*
- Aquatic Fund
- Library Fund
- Sister Cities Fund*

* Funding restricted to **specific purpose** by source, policy, or election

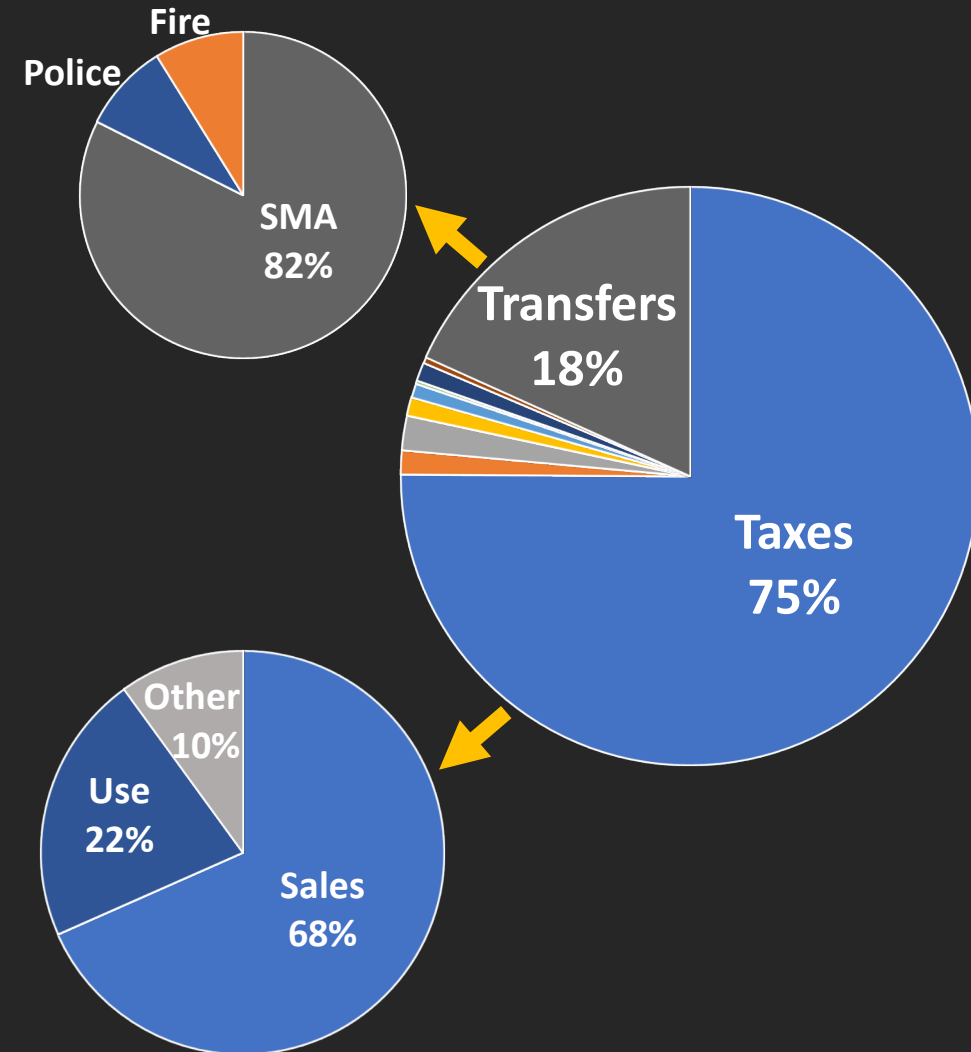
General Fund Operations

General Fund (GF) Operations

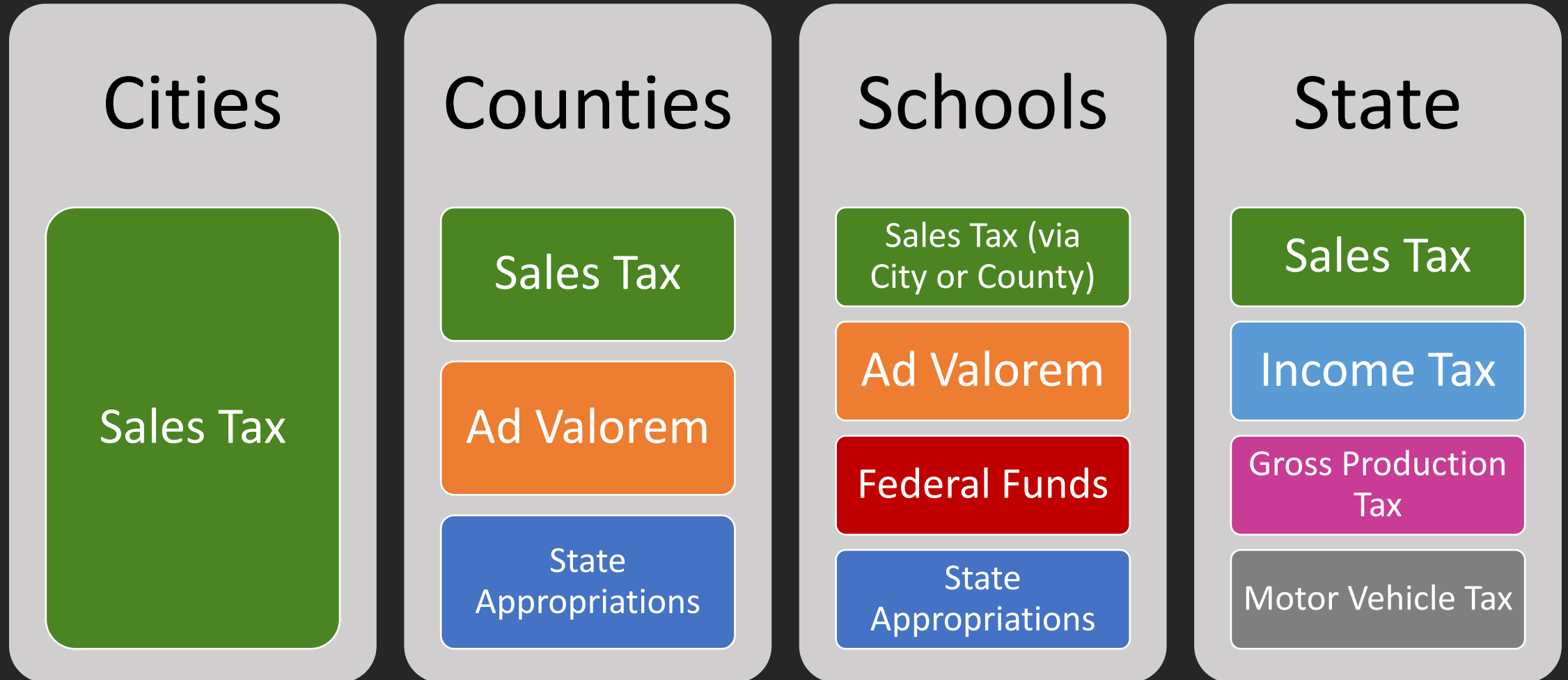
- Administration
 - City Manager; City Clerk
- Code Enforcement
- Community Development
- Engineering
- Expo
- Finance
- Fire
- Human Resource
- Information Technology
- Municipal Court
- Police
- Public Works
 - Building Maintenance; Cemetery, Parks, Recreation; Streets and Traffic

General Fund Revenues (Budgeted)

Taxes	22,758,344	75.1%
Intergovernmental	401,500	1.3%
Licenses & Permits	578,000	1.9%
Fines & Forfeitures	317,500	1.0%
Charges for Service	238,235	0.8%
Rental Revenue	49,100	0.2%
Interest Income	314,900	1.0%
Other Revenue	113,000	0.4%
Transfers-In	5,532,364	18.3%
Total	\$ 30,302,943	

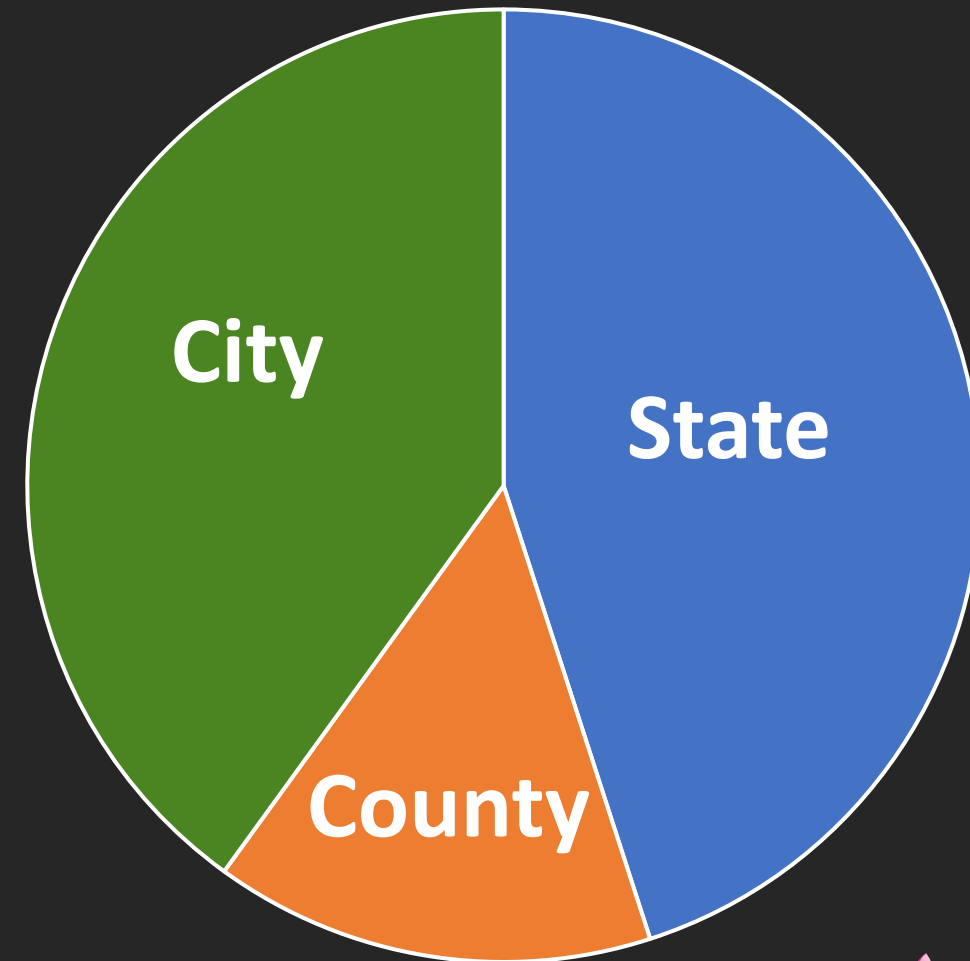


Major General Fund Revenues



Combined Sales Tax Rate

State of Oklahoma	4.5%
Pottawatomie County	1.495%
City of Shawnee	4.0%
Total	9.995%

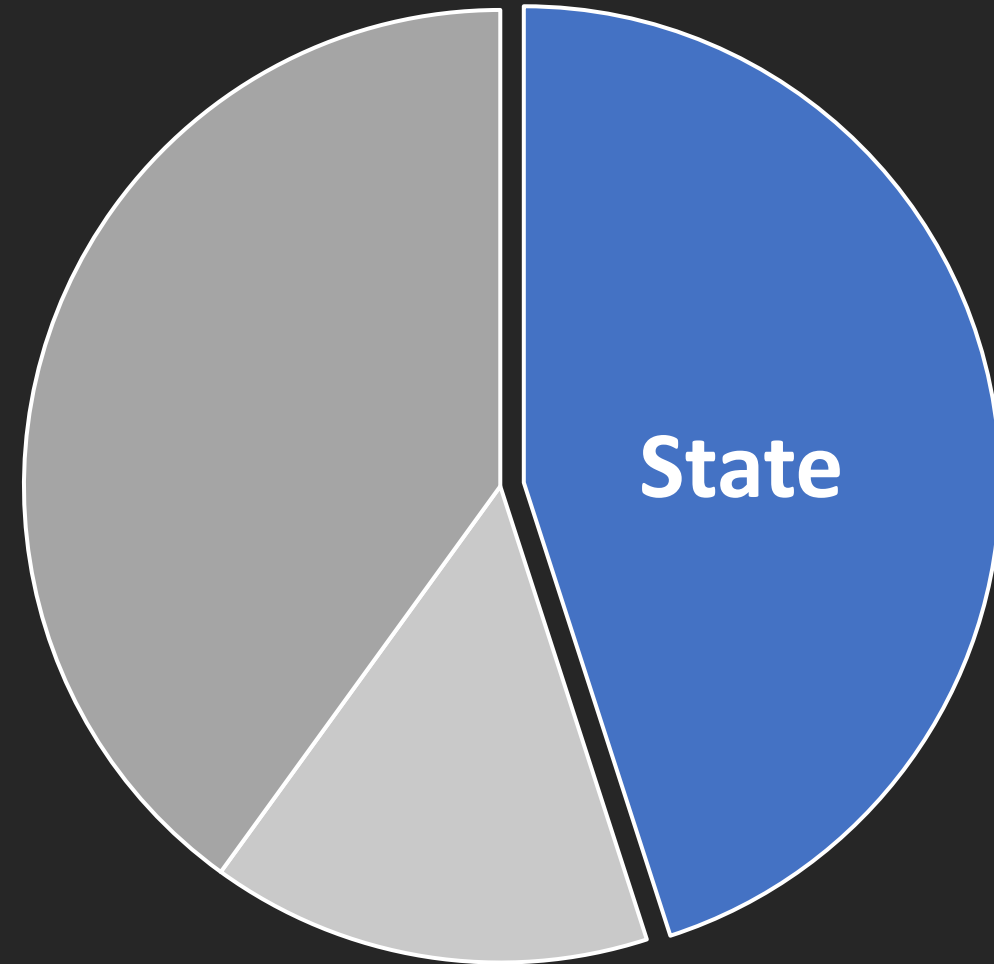


State Sales Tax

Oklahoma Sales Tax Rate 4.5%

Uses:

Education and Higher Ed (48%)
Health and Social (15%)
General Government (10%)
Public Safety (8%)
Human Services (8%)
Natural Resources/Regulatory (2%)
Other (9%)



County Sales Tax

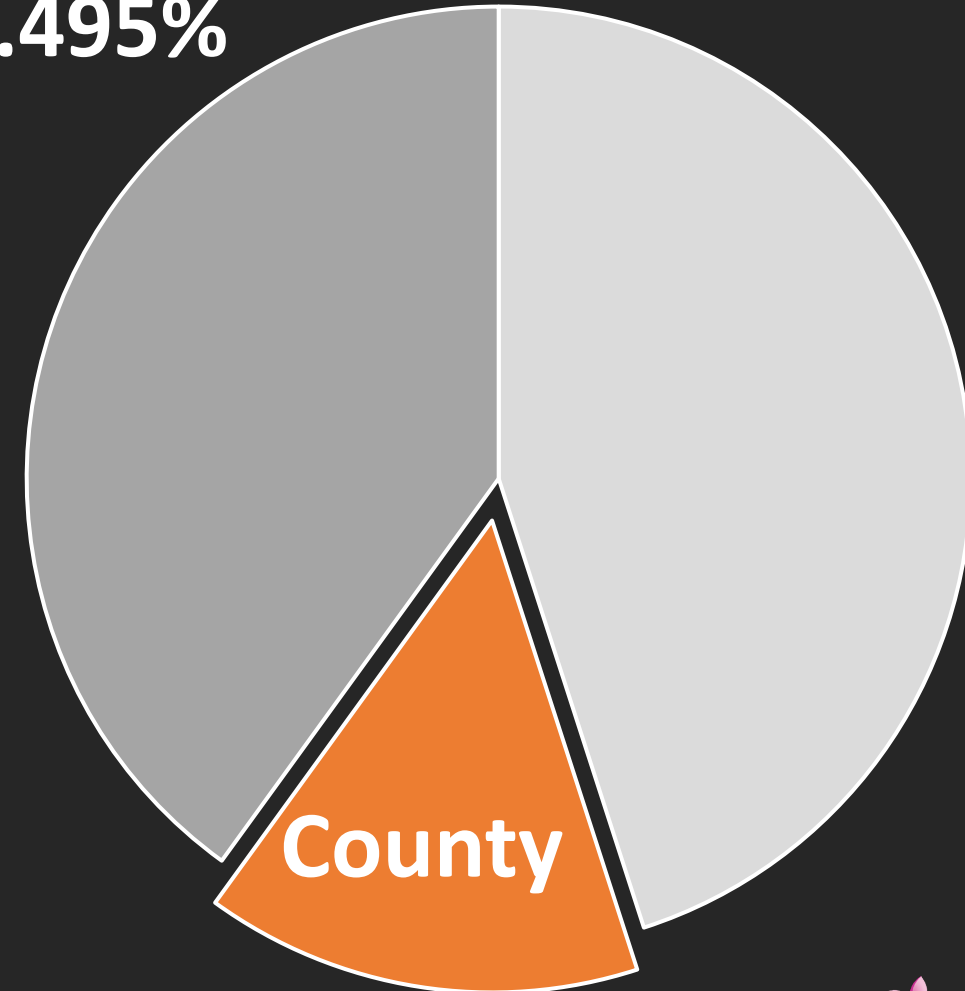
Pottawatomie County Sales Tax Rate 1.495%

Permanent 1% Tax Uses:

Roads & Bridges (60%), PC Public Safety Center (20%)
PC Fire Depts. (7%) Sheriff's Emergency Services (1.0625%)
County Ambulance Service (1.0625%), PC E-911 (1.0625%)
Additional PC Emergency Mngt. Services (1.0625%)
OSU Extension Center (2.75%), Economic Develop. (2%)
Senior Citizens (2%), Soil Conservation Services (1%)
Free Fair/Junior Livestock Show (1%)

Temporary 0.495% Tax Uses (2016-2026):

Public School Districts (14) in Pott. Co. (99%)
PC One Safe Place Family Justice Center (1%)



1.5% = \$15.7 Million COUNTY-wide - 75% collected in Shawnee

City Sales Tax

City of Shawnee Sales Tax Rate 4.0%

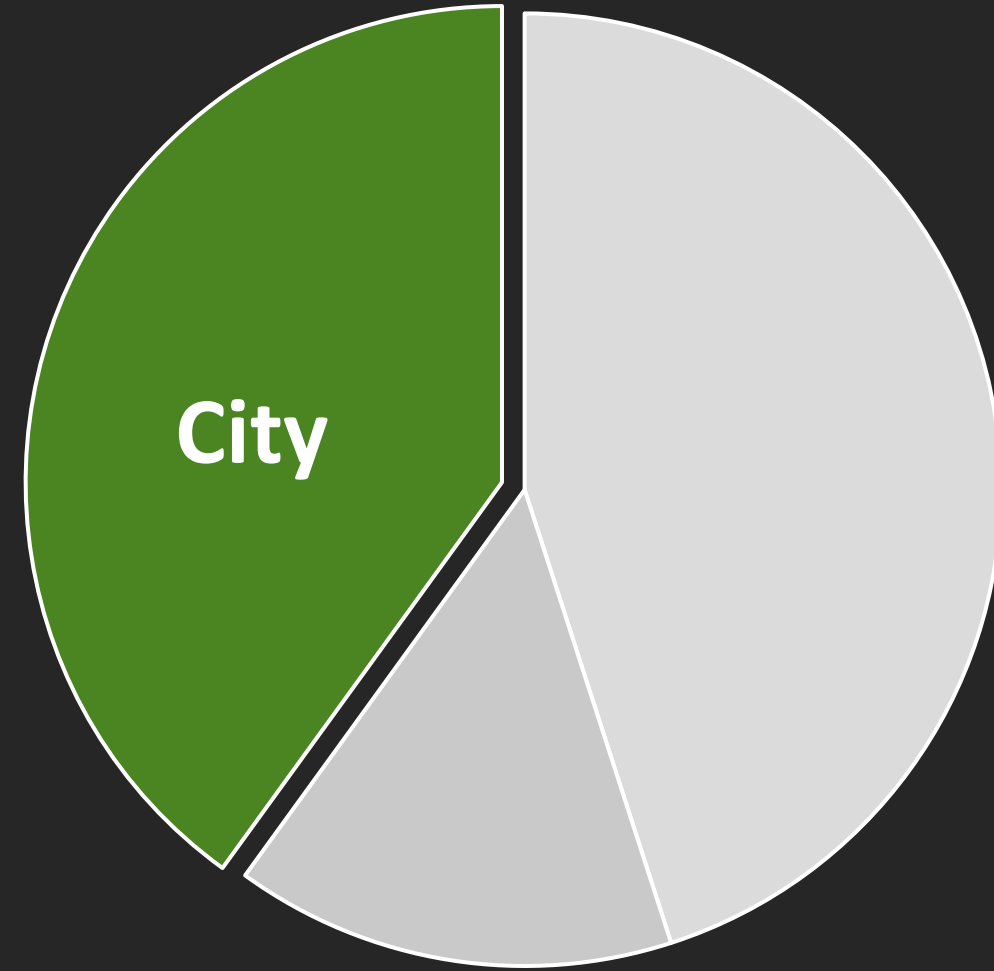
Permanent 2% Tax Use:
General Fund Operations

Permanent 1% Tax Uses:
Capital Improvement, Economic Development,
Debt Service (7/8); Police (1/16); Fire (1/16)

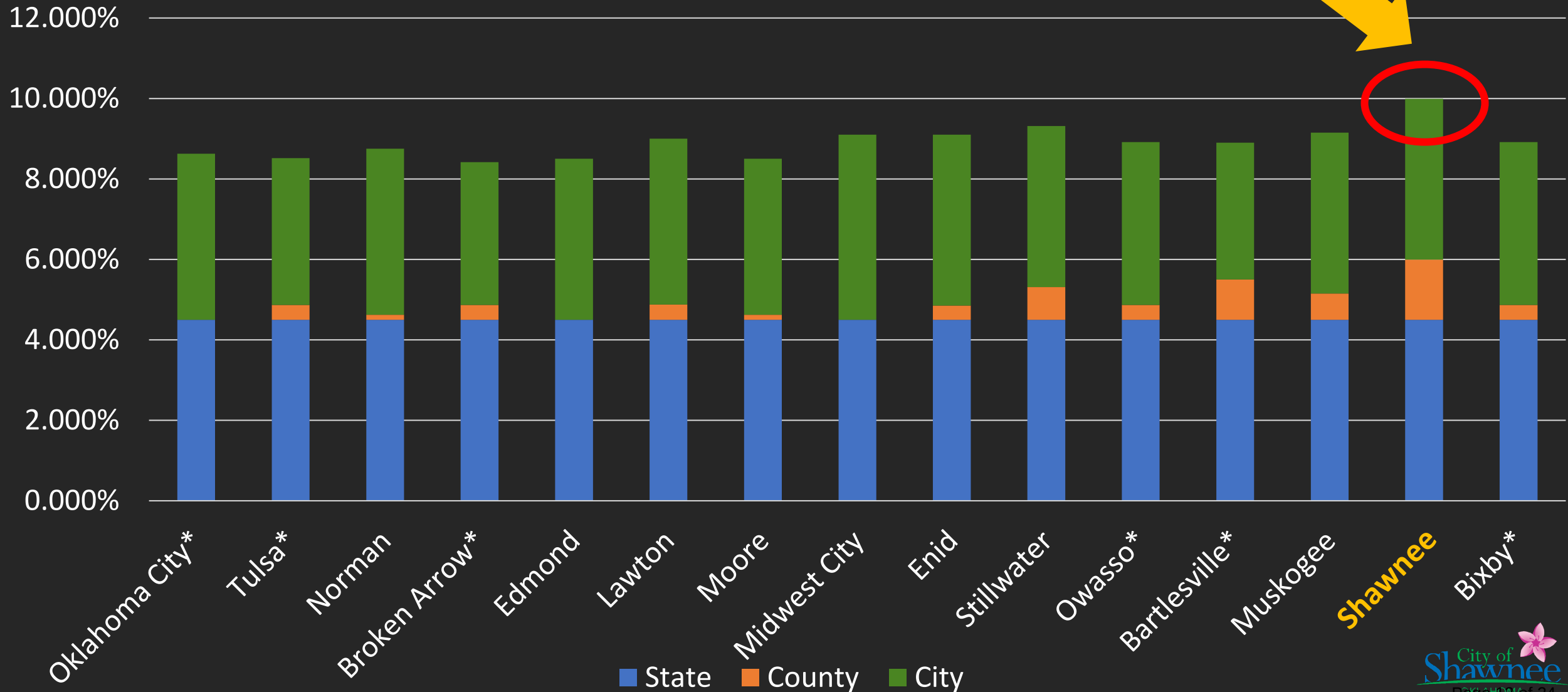
Temporary 0.5% Tax Uses (2018-2028):
Public Safety (1/4), Streets and Roads (1/4)
Parks and Public Facilities (1/2)

Permanent 0.5% Tax Uses:
Capital Improvement,
Pledged for Wastewater Treatment Plant loan

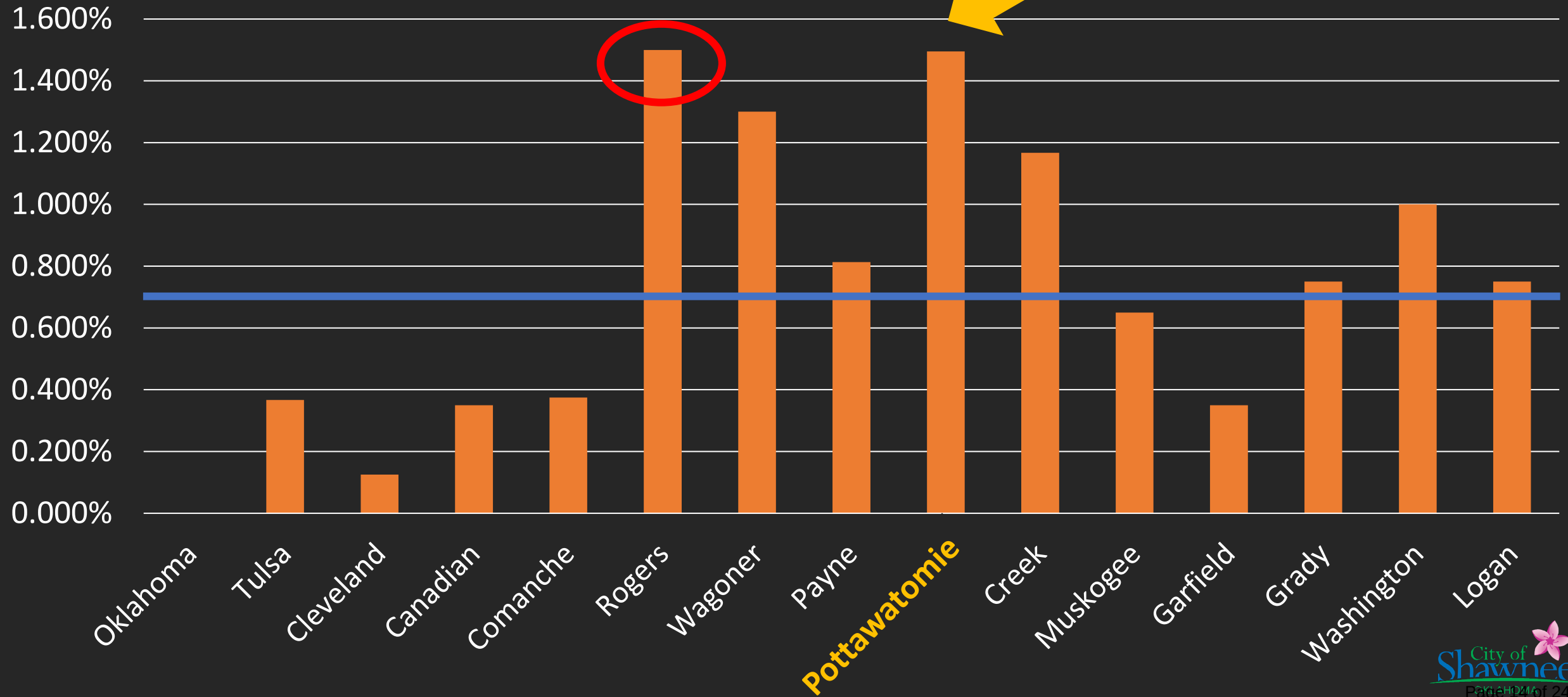
2.0% (unrestricted) = \$15.6 Million CITY-wide for GF Operations



Combined Sales Tax



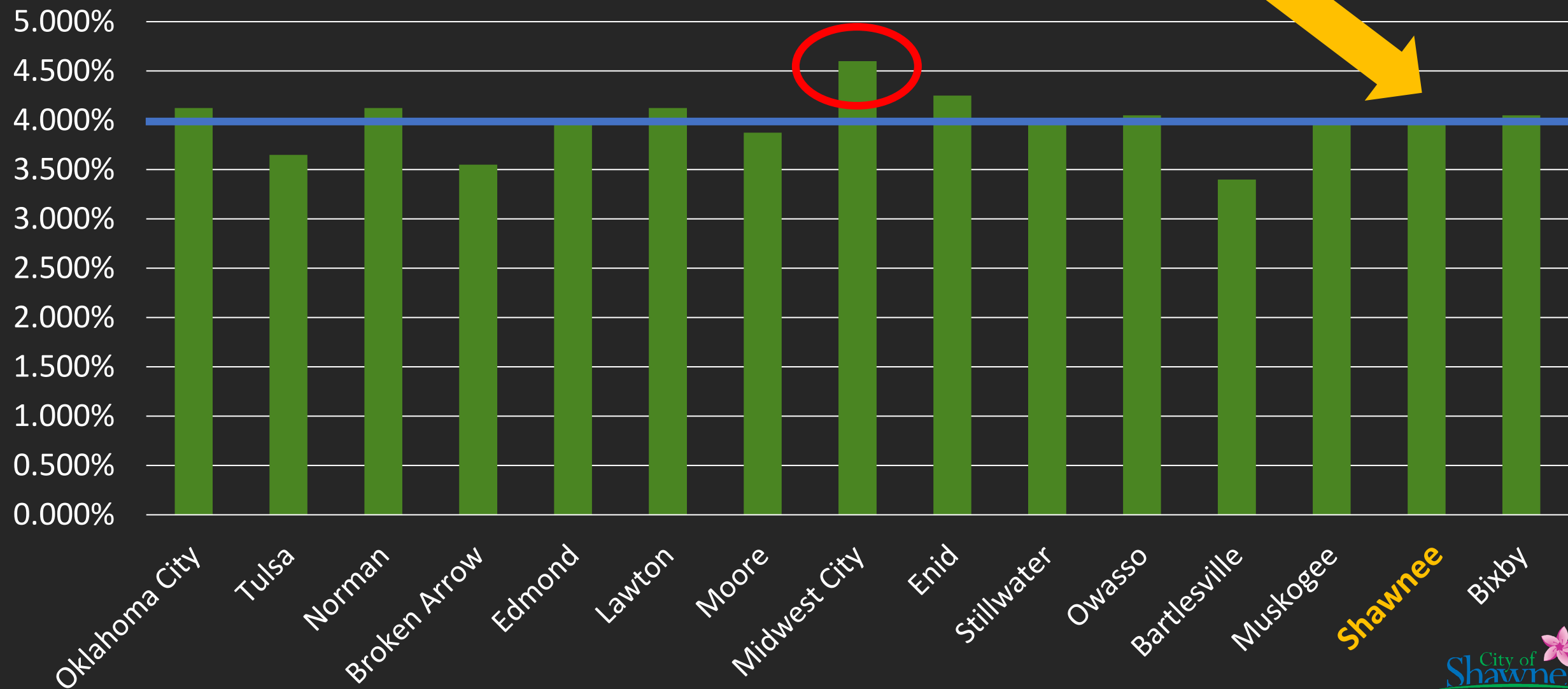
County Sales Tax



Washington	53,706	1.000%
Grady	57,375	0.750%
Garfield	62,023	0.350%
Muskogee	66,677	0.650%
Creek	73,332	1.167%
Pottawatomie	73,791	1.495%
Payne	83,352	0.813%
Wagoner	89,280	1.300%
Rogers	100,248	1.500%
Comanche	121,574	0.375%
Canadian	175,829	0.350%

Peer County Population & Tax Rate

Municipal Sales Tax

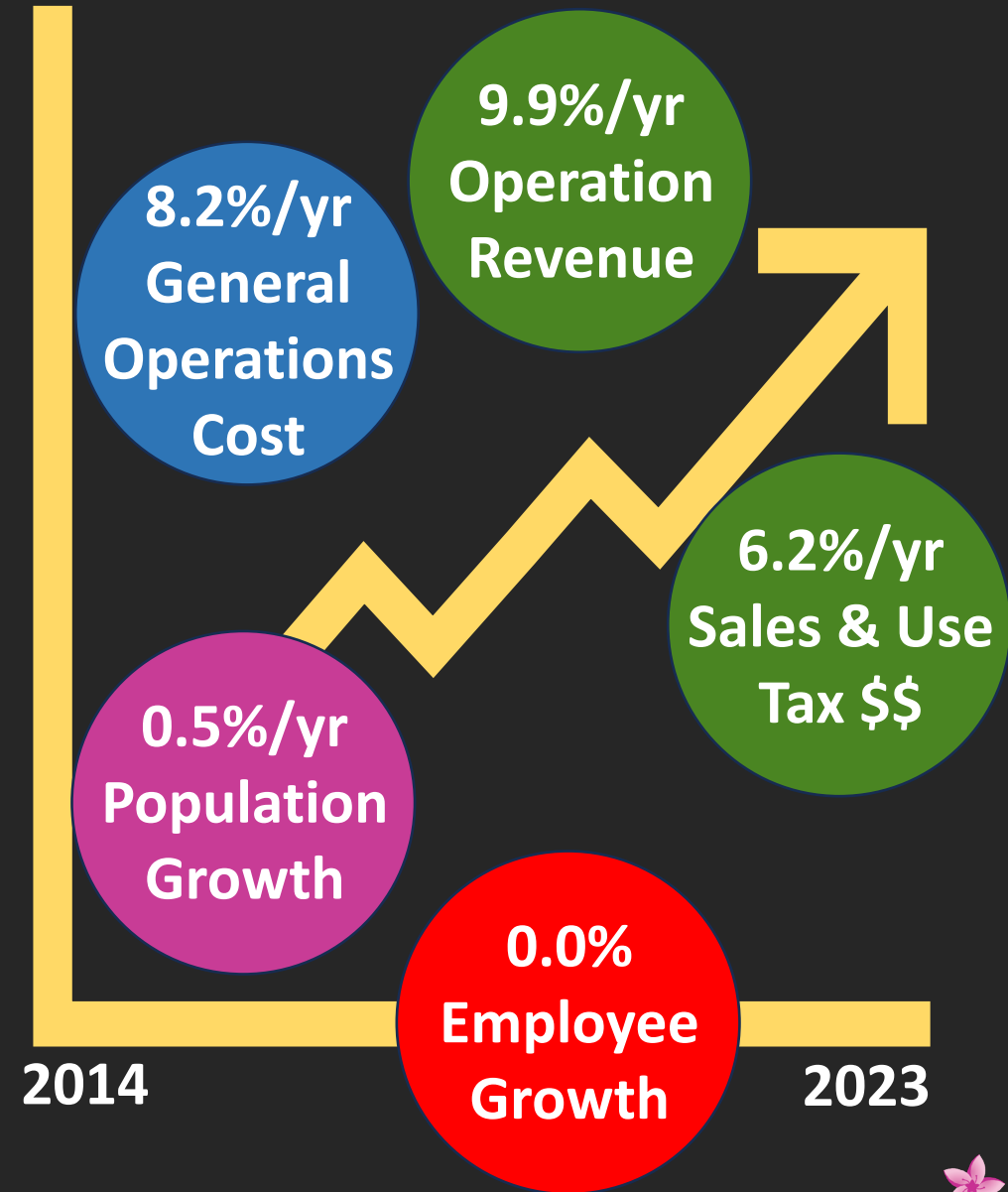


Mustang	23,270	4.00%	140
Ardmore	24,847	3.75%	285
Yukon	26,388	4.00%	257 + 122
Jenks	27,553	3.55%	154
Bixby	30,698	4.05%	(Unknown)
Shawnee	31,803	4.00%	300
Muskogee	36,873	4.00%	435 + 100
Bartlesville	38,114	3.40%	375
Owasso	41,162	4.05%	328
Stillwater	49,525	4.00%	562 (Electric)
Enid	50,577	4.25%	497 + 85

Peer City Population Tax Rate & Employees

Audited Financials

- Growth over time
 - Population
 - General Operations Cost
 - Operations Revenue
 - Sales Tax
 - Full-Time Employees



Budget Development (cont.)



“Budget Building” Considerations by Priority

- 1st – Wages, Benefits, Scheduled Merit Steps for all Current Employees, Necessary Training
- 2nd – Must-have Operational Expenses, such as Hard- and Software, Equipment, Supplies, and Services

- 3rd – Potential Cost of Living Adjustments
- 4th – Cost associated with Additional Training
- 5th – Program Changes or Improved Activities
- 6th – Potential Requests to Add Staffing

Workforce Impact

Cost of Living Adj.

- Last COLA for non-union employees in November 2021

“Sharing” Model

- Year-to-date sales tax “over projections” shared as stepped COLA’s with Police & Fire

Current Status

General Findings

- Among 10 **city peers**
 - 9th in employees by population & size
- Among 10 **county peers**
 - 2nd highest sales tax rate by population

Tax Limit

- Residents **unlikely to approve** a sales tax increase, resulting in a rate higher than 10.0%

Future Outlook

SMA Transfers

- Increasing debt load will **reduce transfer amounts** through 2029
- Currently **insufficient funds** to keep water & sewer assets maintained

Revenue Restrictions

- Last State in the U.S. to **restrict operational funding to sales & use tax** (or fees)
- State legislative change likely years out

Future Outlook (cont.)

Operational Impact

- Growing revenue/cost gap will result in **lower levels of service** and/or staffing levels

Potential Outcomes

- Infrastructure **repair/replacement deferred**
- City's market position **lowers attraction & retention of staff**

Thank you for your time.
Concerns or Questions?

