



The City of Oklahoma City

FIVE YEAR FORECAST

Fiscal Year
2027-2031



CONTENTS

EXECUTIVE SUMMARY 1

While the first half of the current fiscal year presented volatility, with key revenues initially trailing projections, the City’s primary revenue sources have stabilized at or above projection. Notably, Sales and Use Tax receipts and Franchise Fees have exceeded estimates, signaling underlying strength in local consumption and utility demand.

INTRODUCTION 5

The forecast serves as a snapshot of the City government’s current and projected financial well-being as it relates to residents and the business community by providing an overview of the City’s ability to meet community needs over time. This document also demonstrates the City’s financial planning process and strengthens local government’s accountability to the community

FINANCIAL TRENDS 9

Budgetary and financial reports, combined with economic and demographic data, to produce a series of financial indicators. The City is currently in a favorable financial position based upon the Financial Trend Monitoring System (FTMS).

ECONOMIC OUTLOOK..... 41

“Oklahoma City posted impressive if modest growth in 2025 against building national headwinds, but these efforts leave little momentum to carry additional offsetting strength into 2026.” Russell Evans, Ph.D., Partner and Chief Economist at the Thorberg Collectorate.

SUCCESSFUL OUTCOMES AND FORECAST ISSUES..... 69

Previously identified issues with successful outcomes are recognized and significant future financial issues are identified to provide an “early warning” of potential expenses that are beyond the scope of the annual budget process.

GENERAL FUND REVENUES..... 103

General Fund revenues are expected to grow 3.9% annually over the next five years.

GENERAL FUND EXPENSES..... 117

General Fund operating costs are anticipated to grow 5.8% annually over the next five years.

GENERAL FUND REVENUE/EXPENDITURE GAP 127

A financial gap is projected in the next five years as expense projections exceed anticipated revenue collections. The gap will be managed by new or increased revenue, controlling expenses, and/or reprioritizing services.

SECTION 1

EXECUTIVE SUMMARY

FIVE-YEAR FORECAST

FISCAL YEAR 2027-2031

FIVE-YEAR FORECAST
FISCAL YEAR 2027-2031

An economic and operational outlook of the City.

EXECUTIVE SUMMARY

The Five-Year Forecast serves as a strategic diagnostic tool, providing a snapshot evaluation of the City's fiscal health. Aligned with GFOA best practices for long-term financial planning, this document delivers an objective analysis of the City's economic and operational outlook. By identifying potential structural gaps early, we ensure the continued delivery of core municipal services while maintaining the City's fiscal resiliency.

While the first half of the current fiscal year presented volatility, with key revenues initially trailing projections, the City's primary revenue sources have stabilized at or above projection. Notably, Sales and Use Tax receipts and Franchise Fees have exceeded estimates, signaling underlying strength in local consumption and utility demand. Based on current modeling, we anticipate a projected 3.79% year-over-year increase above FY25 actuals.

ECONOMIC OUTLOOK

The City has worked with Dr. Russell Evans, Partner and Chief Economist at the Thorberg Collectorate, to develop the economic outlook for the coming year. Dr. Evans' expectation for sales tax growth for FY26 is 2.3% and 2.2% for FY27. The U.S. labor market has stalled in the second half of the year generating nearly no net new jobs and seeing the unemployment rate move higher. Aggregate U.S. economic activity is increasingly and uncomfortably reliant on the retail spending of high-income households reliant on wealth effects to give them confidence to spend on credit. Oklahoma City posted impressive if modest growth in 2025 against building national headwinds, but these efforts leave little momentum to carry additional offsetting strength into 2026. The year ahead is likely to bring challenges to growth that will not be easily met.

FINANCIAL EVALUATION TOOLS

The *Financial Trend Monitoring System (FTMS)* reviews how key indicators have performed over the last five to ten years and considers the trend of these indicators to assess Oklahoma City's current financial condition. This system provides the City with a more comprehensive evaluation of financial condition rather than focusing on individual indicators, such as fund balance. The overall results of the FTMS indicator ratings were 57% positive, 29% neutral, and 14% negative. This was an incline from last year where 53% indicators trended positive. There were two key indicators that trended from being positive last year to neutral this year, Tax Revenues and Crime Rate. Hotel/Motel Tax Revenue rose from neutral to positive. This year, four indicators, Revenue Per Capita, Grant Revenues, Liquidity, and Enterprise Working Capital, are a year behind due to the Annual Comprehensive Financial Report (ACFR) not being finalized before the completion of this Five-Year Forecast. This data was removed last year, but is now finalized and can be presented.

Many financial issues are beyond the scope of the budget process and require other solutions. Departments identified *58 financial issues* the City will be facing over the next five years. Identifying significant issues provides an early warning system and staff can develop plans that recommend possible next steps to be taken.

GENERAL FUND OUTLOOK

For FY27, General Fund revenue is expected to increase by 2.4% compared to the FY26 budget, driven by the assumption that sales tax will grow modestly and use tax growth continue its moderate growth rate in the next year.

Changes to the FY27 base budget include adjustments for pay plans, health insurance and retirement funding, and an increase in the COTPA subsidy to support personnel-related expenses. Additionally, there is an increase in the cost of providing risk management services to various departments.

Over the next five years, General Fund revenues are projected to grow at an average rate of 3.9% annually, while expenditures are expected to increase by an average of 5.8% annually. This imbalance between revenue and expenditure growth leads to a projected General Fund gap of \$66.6 million by FY31.

FIVE-YEAR FORECAST
FISCAL YEAR 2027-2031

SECTION 2

INTRODUCTION

FIVE-YEAR FORECAST

FISCAL YEAR 2027-2031

PURPOSE

The purpose of the Five-Year Financial Forecast is to evaluate the City’s financial condition as it relates to programs and services. With accurate, timely, and objective information about the City’s financial condition, elected officials can help ensure the stability of Oklahoma City’s general and other municipal funds. With continued financial viability and service demand forecasting, the City can anticipate and meet community needs, enable additional economic diversification, and promote growth for years to come. This forecast focuses on operating revenues and expenditures associated with the General Fund, which finances a diverse spectrum of programs to meet the community’s needs, and will serve three functions:

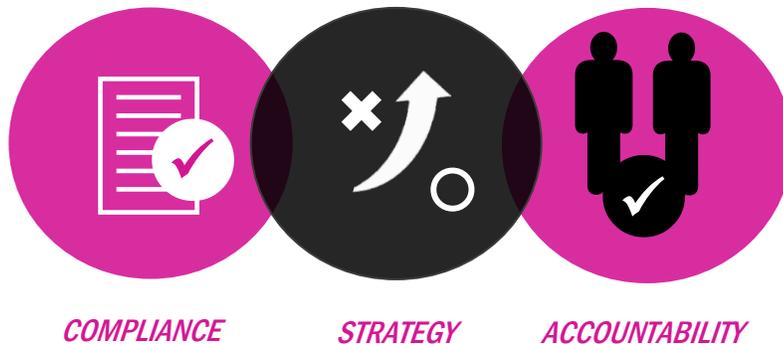
- **COMPLIANCE.** This forecast helps the City comply with financial policies and practices designed to ensure the responsible utilization of public resources. These policies and practices are governed by State law, through the Municipal Budget Act, and internal rules established by City Charter or City Council ordinances and resolutions.

Although a specific requirement for the preparation of a financial forecast does not appear in State law, 11 O. S. 2003, Article X, § 10 113 requires the City Manager to “keep the council advised of the financial condition and future needs of the city and make recommendations as he deems desirable.” The City has adopted the practice of developing a financial forecast that estimates future revenues and expenditures and identifies major financial issues that may arise for the ensuing five-year period.

- **STRATEGY.** With such a broad scope of services and limited resources, the City must be careful and strategic in allocating its resources. This forecast provides the Mayor and City Council with information to formulate long-term strategies to ensure City services are available at a level that aligns with the needs of the community. Annual budgeting alone can fail to serve the long-term public interest if short-term priorities reduce resources that may be required to meet imminent needs that fall beyond the one-year budget scope.

By identifying long-term issues and assessing resources, the forecast can provide information and create continuity between annual budgets and the long-term needs of the City. The forecast is a valuable tool for identifying potential problems and for policy makers to incrementally address such problems with a seamless continuation of core services.

- **ACCOUNTABILITY.** The forecast serves as a snapshot of the City government’s current and projected financial well-being as it relates to residents and the business community by providing an overview of the City’s ability to meet community needs over time. This document also demonstrates the City’s financial planning process and strengthens local government’s accountability to the community.



The Five-Year Financial Forecast is not intended to serve as a comprehensive source for all City-related financial activity, such as programs funded through City trusts and authorities. However, this forecast does include an assessment of unfunded capital and programmatic issues that may impact those entities.

The City is developing and executing several significant plans that are laying the groundwork for an exciting future. This Five-Year Financial Forecast is intended to provide City leaders, residents, and staff with the information necessary to help guide the future of The City of Oklahoma City.

STRUCTURE OF THE REPORT

Following the Executive Summary and Introduction Sections, the Financial Trends information begins in Section Three. This section is designed to give City leaders and residents a simple tool for evaluating the City's fiscal condition on a year-to-year basis. Adapted from "*Evaluating Financial Condition: A Handbook for Local Government*," published by the International City/County Managers Association (ICMA), this method identifies the trends in various financial and environmental areas and rates them as positive, neutral, or negative. A "score" can then be determined by showing how many of the trends fall into each category.

Following the Financial Trends, Section Four, Economic Outlook, is developed by Dr. Russell Evans, Partner and Chief Economist at the Thorberg Collectorate. The City has contracted with Dr. Evans to provide the most rigorous forecast available. The information from the economic forecast helps inform the estimation of sales tax revenues in the City's budget and this forecast.

Section Five of the Forecast provides an overview of the major issues facing City departments. The goal of Section Five is to provide an "*early warning system*" to the City Manager and City Council of significant issues that are beyond the scope of the annual budget process and the possible direction/next steps for addressing these issues. The section begins with a recognition of previous issues that have concluded with successful outcomes. Concluding Section Five is a summary by department of the issues facing the City organization.

The final sections of the forecast (Six, Seven, and Eight) provide General Fund revenue and expenditure projections over the next five years and the projected gap in the fifth year.



***Financial reporting helps
ensure accountability.***

This document also demonstrates the City's financial planning process and strengthens local government's accountability to the community

FIVE-YEAR FORECAST
FISCAL YEAR 2027-2031

SECTION 3

FINANCIAL TRENDS

FIVE-YEAR FORECAST

FISCAL YEAR 2027-2031



With regular monitoring, City leadership will be well informed to make the most financially responsible decisions

INTRODUCTION

Local governments, even those with historically strong financial track records, face challenges in financial management that are unique from their corporate counterparts. One main reason for this difference is that while there is much agreement on factors to consider when evaluating the financial condition of a business, there is not a similar general consensus on how to evaluate the condition of a local government.¹ Even with the abundance of information provided in the City's budget document and the Annual Comprehensive Financial Report (ACFR), key data between two governments can diverge significantly, and the motives and rationale behind the decision-making process can be fundamentally different. With this in mind, staff have incorporated the Financial Trend Monitoring System (FTMS) into the Five-Year Forecast. This method of financial analysis is presented in *Evaluating Financial Condition: A Handbook for Local Government* published by The International City/County Management Association (ICMA). This is the City's 19th year using the FTMS.

The goal is to use the FTMS as a management tool to recognize key quantifiable indicators and consider the trend of these indicators within the context of Oklahoma City's current environment, organizational structure, and strategy. This way, City decision-makers are provided with a more comprehensive

evaluation of financial condition rather than only concentrating on a single indicator, such as fund balance. Moreover, the indicators are plotted over time to reduce the chance of making erroneous conclusions from isolated data elements. Trend analysis helps provide correct interpretation. With regular monitoring and evaluation of these trends moving forward, City leadership will be well informed to make the most financially responsible decisions.

WHAT IS FINANCIAL CONDITION?

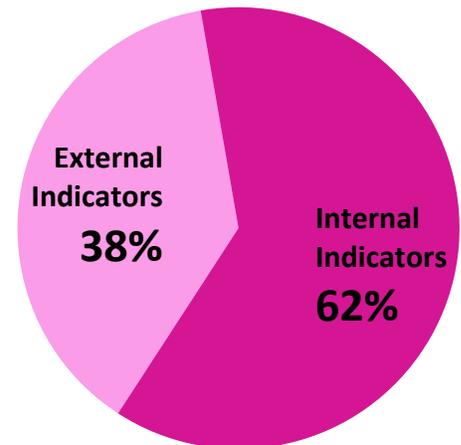
Financial condition refers to a government's ability to maintain existing service levels, withstand local and regional economic disruptions, and meet the demands of natural growth, decline, and change. More specifically, financial condition refers to:

- **Cash Solvency** – A government's ability to generate enough cash in 30 or 60 days to pay its bills.
- **Budgetary Solvency** – A government's ability to generate enough revenues over its normal budget period to meet expenditure requirements and not incur deficits.
- **Long Run Solvency** – A government's ability in the long run to pay all the costs of doing business, including expenditures that normally appear in each annual budget as well as those that will be paid in the future years in which they are due.
- **Service Level Solvency** – A government's ability to provide services at the level and quality that are required for the health, safety, and welfare of the community.¹

The intention of the indicators and analysis that follow, when considered collectively, is to provide the City's leadership and residents with a better picture of how Oklahoma City is performing in each financial condition. Knowledge of the City's financial conditions is fundamental to developing strategies to address current and future situations.

HOW DOES THE FINANCIAL TREND MONITORING SYSTEM (FTMS) WORK?

FTMS is a management tool that combines government's budgetary and financial reports with economic and demographic data to create a series of financial indicators. Indicators are then arranged in a rational order and plotted over time for use in monitoring changes in financial condition, alerting the government to potential problems, and highlighting recent successes. The ICMA publication contains 42 different measures that may be used; for this presentation, 21 measures were used. The omitted measures were either not applicable to Oklahoma City, or the data is currently unavailable for the indicator. The group of indicators chosen should help Oklahoma City:



- Develop a better understanding of its financial condition;
- Identify hidden and emerging problems before they progress;
- Present a straightforward picture of the government's financial strengths and weaknesses to elected officials, citizens, credit rating firms, and stakeholders;
- Introduce long-range considerations into the annual budgeting process; and
- Provide a starting point for policy makers in setting financial priorities.

Despite the advantages of trend monitoring, it is important to note that the indicators themselves will not detail why a problem is occurring. The indicators provide a snapshot of current conditions, and trends can become predictors to govern City decision-making processes. Therefore, decisions for further analysis may be based on the direction the indicator is moving. It is then up to City management to interpret the data behind the indicators to determine why something has changed and to provide the appropriate response.

TREND PERIOD

A period of five years was analyzed for the trend analysis. In most instances, the most recent five years (2021-2025) were examined. In some instances where complete data was unavailable, a monthly average is projected forward to complete the year. The years used for each indicator are identifiable on the accompanying charts. Although trend analysis is based on the last five years of data, most indicator charts reflect ten years of data to provide context.

OVERALL RESULTS

Each indicator has been assigned a "trend status" to indicate the direction the indicator is moving. The definitions for the trend status are:

- A **positive** trend is favorable towards the City's financial condition, and/or the indicator is meeting City policy or performance measures set by management.
- ▲ A **neutral** trend implies there is no immediate concern. These indicators are watched carefully for change to indicate early signs of improvement or worsening conditions.
- ◆ A **negative** trend is unfavorable for the City's financial condition, and/or the indicator may not be meeting City policy or performance measures. These trends are analyzed further to determine if it is likely the trend will reverse or if corrective action is needed.

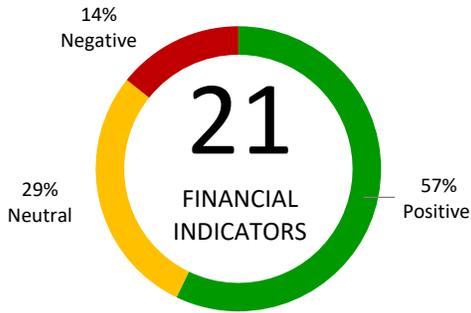
As the following chart shows, this year's FTMS has **12 positive** indicators, **6 neutral** indicators, and **3 negative** indicators. The City remains in a favorable financial position. A description of each measure, the sources of data used, and a discussion of the measure rating are included in this section beginning on page 13.

THE NEXT STEP

The FTMS system is not designed to project the future financial situation of the City. Rather, it provides snapshots of the City’s financial health over time. As an example, reporting indicates that in many metrics the City has nearly returned to pre-Covid levels if not surpassed them. Management will continue to monitor financial trends and develop strategies to keep the City moving in a positive financial direction.

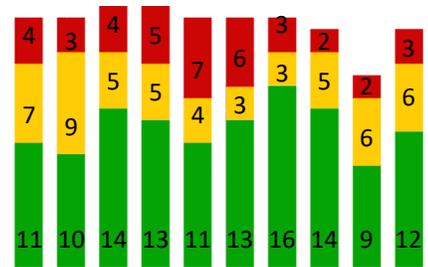
FY26 INDICATOR RATINGS

Note: Percentages are rounded, may not equal 100%



INDICATOR HISTORY

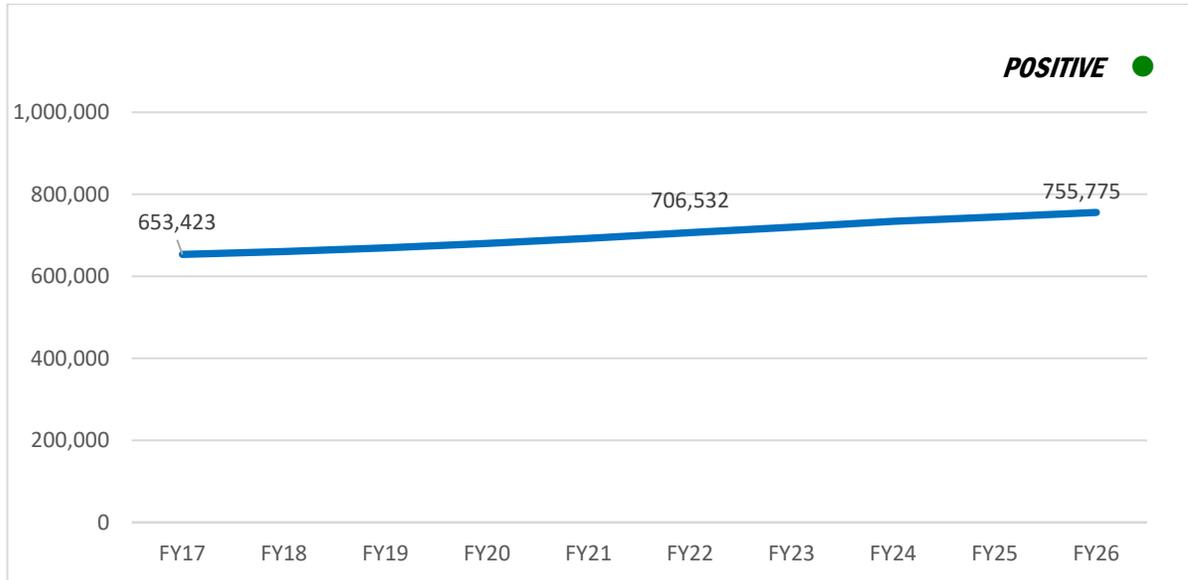
■ Positive ■ Neutral ■ Negative



FY17 FY18 FY19 FY20 FY21 FY22 FY23 FY24 FY25 FY26

FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	EXTERNAL INDICATORS
●	●	●	●	●	●	●	●	●	●	Population
◆	▲	●	●	●	●	●	▲	▲	▲	Average Weekly Earnings
●	●	●	●	●	●	●	●	●	●	Labor Force
●	●	▲	▲	●	●	●	●	●	▲	Crime Rate
●	●	●	●	●	●	●	●	●	●	Property Value
▲	▲	◆	◆	◆	◆	◆	◆	◆	◆	Office Vacancy Rate
●	●	●	●	◆	◆	▲	▲	●	●	Airport Activity
N/A	N/A	●	●	◆	◆	▲	▲	▲	▲	Hotel Room Nights Sold
INTERNAL INDICATORS										
●	●	●	●	●	●	●	●	N/A	●	Revenue Per Capita
◆	◆	▲	◆	◆	◆	●	●	▲	▲	Revenue Accuracy
▲	◆	●	▲	●	●	●	●	●	▲	Sales & Use Tax Revenue
▲	▲	▲	▲	▲	▲	◆	◆	◆	◆	Sales & Use Tax as % of GF
●	▲	●	●	◆	◆	●	▲	▲	●	Hotel Tax Revenue
▲	▲	◆	◆	◆	●	●	●	N/A	●	Grant Revenues
▲	▲	▲	▲	●	●	●	●	▲	◆	Employees/1,000 Residents
▲	▲	◆	◆	▲	▲	●	●	●	●	Fringe Benefits
●	●	●	●	▲	●	●	●	●	●	Pension Funding Ratio
▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	Long-Term Debt
●	●	●	●	●	●	●	●	●	●	Fund Balance
●	●	●	●	●	●	●	●	N/A	●	Liquidity
●	●	●	●	●	●	●	●	N/A	●	Enterprise Working Capital

POPULATION



Formula: Population Data from the City of Oklahoma City Planning Department



What does Population Growth Indicate?

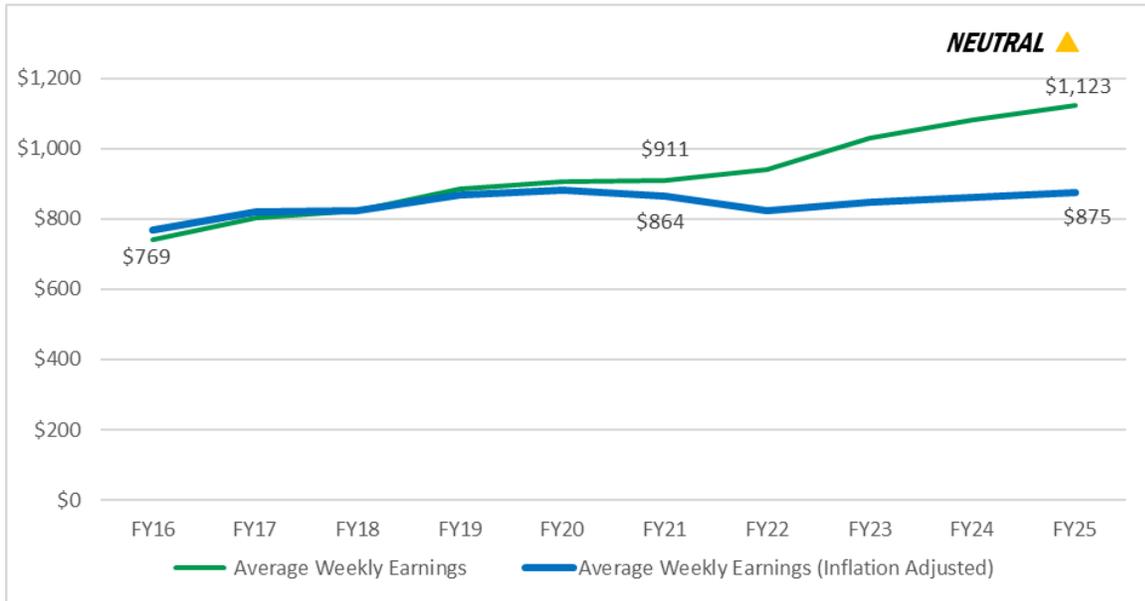
Population change directly affects governmental revenues. A sudden increase in population can create immediate pressures for new capital outlay and increased levels of service. At first glance, a decline in population may seem to relieve the pressure for expenditures but often the opposite is true, due to debt service, pensions, and government mandates being fixed amounts that are not easily adjusted in the short run. The interrelationship of population levels and other economic and demographic data reveal a cumulative negative impact on revenues as population declines.

Why is This Important to Oklahoma City?

As of FY26, Oklahoma City’s population is estimated at 755,775, reflecting a robust and consistent upward trajectory since FY01. Over the most recent five-year period, the City has maintained an average annual growth rate of 1.8%. Because this growth has remained steady rather than volatile, it allows for more predictable Long-Range Financial Planning (LRFP) and infrastructure phasing. Consequently, this demographic trend is rated Positive, providing a reliable foundation for our revenue forecasting models.

Population grew at an average of 1.8% per year over the last five years.

AVERAGE WEEKLY EARNINGS



Formula: Average Weekly Earnings, Private Sector, All Industries for Oklahoma County / CPI

What Does Average Weekly Earnings Indicate?

Average Weekly Earnings (AWE) is the amount of income a person earns each week and is a primary measure of a community’s ability to generate sales tax. The more people working each week and the more they earn, the larger the impact on the amount of sales tax generated, which is the City’s primary funding source for the General Fund. A decline in AWE leads to a reduction in purchasing power that, in turn, hurts retail business and can ripple through the rest of the local economy. The data above represents the Oklahoma City Metropolitan Statistical Area (OKC-MSA).

Why is This Important to Oklahoma City?

Within the OKC-MSA, Average Weekly Earnings (AWE) have demonstrated consistent nominal growth over the last four fiscal years. While the most recent data shows AWE exceeding FY19 levels, inflationary pressures have partially offset these gains. Consequently, while the average worker’s nominal paycheck is larger, their real purchasing power remains constrained, necessitating continued focus on high-wage job creation to outpace cost-of-living adjustments.

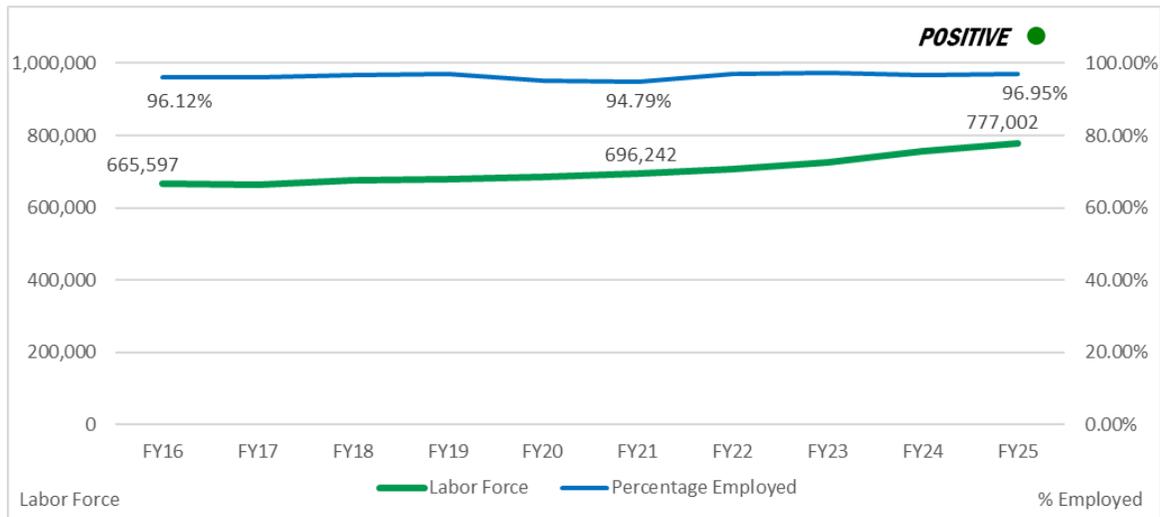
Current Year Activity

The Average Weekly Earnings for early FY26 year-to-date data shows growth year over year. In current dollars, the AWE was \$1,166.73 through November 2025.



High inflation has impacted Average Weekly Earnings which increased 1.23% after adjusting for inflation over the past five years.

LABOR FORCE



Formula: Number of People Employed in OKC-MSA / OKC-MSA Labor Force

Why is the Percentage of Population Employed an Indicator for Financial Condition?

Employment base is directly related to business activity and personal income. A growing employment base provides a cushion against short-run economic downturns in a specific sector. In addition, a higher percentage of the population working results in higher per capita incomes. Both factors should have a positive influence on the local government’s financial condition. A reduced percentage of employed residents can be an early sign of an economic downturn, which would likely have a negative impact on government revenues.

Why is This Important to Oklahoma City?

For many economists, an unemployment rate of around 5% indicates “full employment,” and if the rate remains consistent, it can have a stabilizing effect on inflation.

Over the most recent five-year period, excluding the high-volatility years of the pandemic, the Oklahoma City MSA has maintained a robust employment rate averaging 96.2%. This stability demonstrates the resilience of the local economy and its ability to absorb new residents into the workforce. When viewed alongside a 14.15% increase in total employment during this period, it earns this indicator a Positive rating.

Current Year

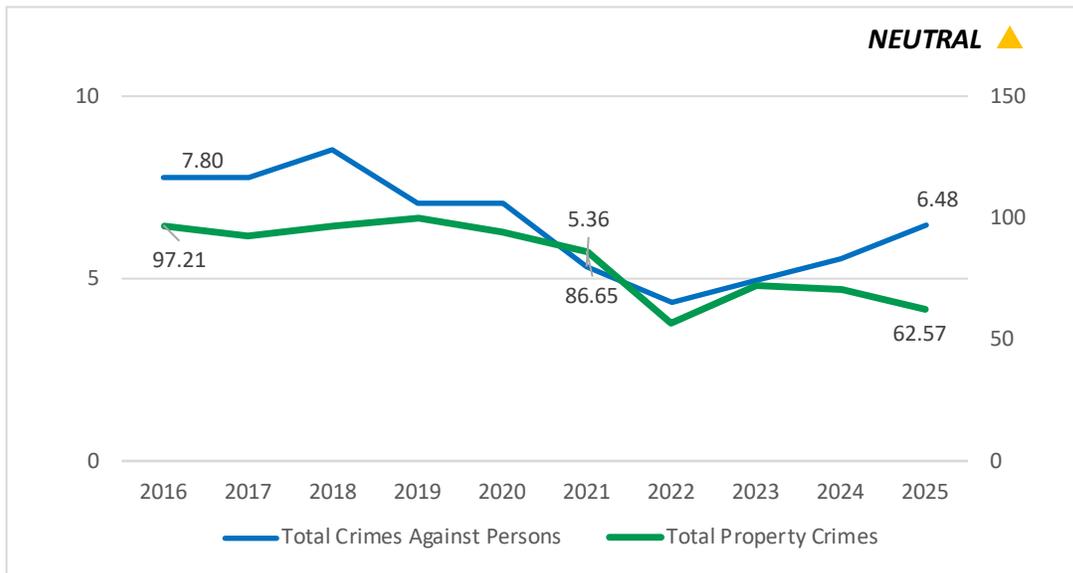
The percentage employed increased 0.23% through the first five months of FY26, increasing the average annual unemployment rate to 3.3%.



DEPARTMENT

OKLAHOMA CITY POLICE DEPARTMENT

CRIME RATE



*Crimes against persons per 1,000 of population; property crimes per 1,000 households
 Formula: Number of Crimes (against person or property) / population/1,000 or households/1000

Why is the Crime Rate an Indicator for Financial Condition?

Crime rate captures a negative aspect of a community that can affect its present and future economic development potential. The crime rate also measures demand for public services in the form of public safety expenditures. A rising crime rate, in extreme circumstances, can jeopardize the long-term health of the community by driving away existing businesses, discouraging new businesses, and straining the local government's budget with increased expenditures.

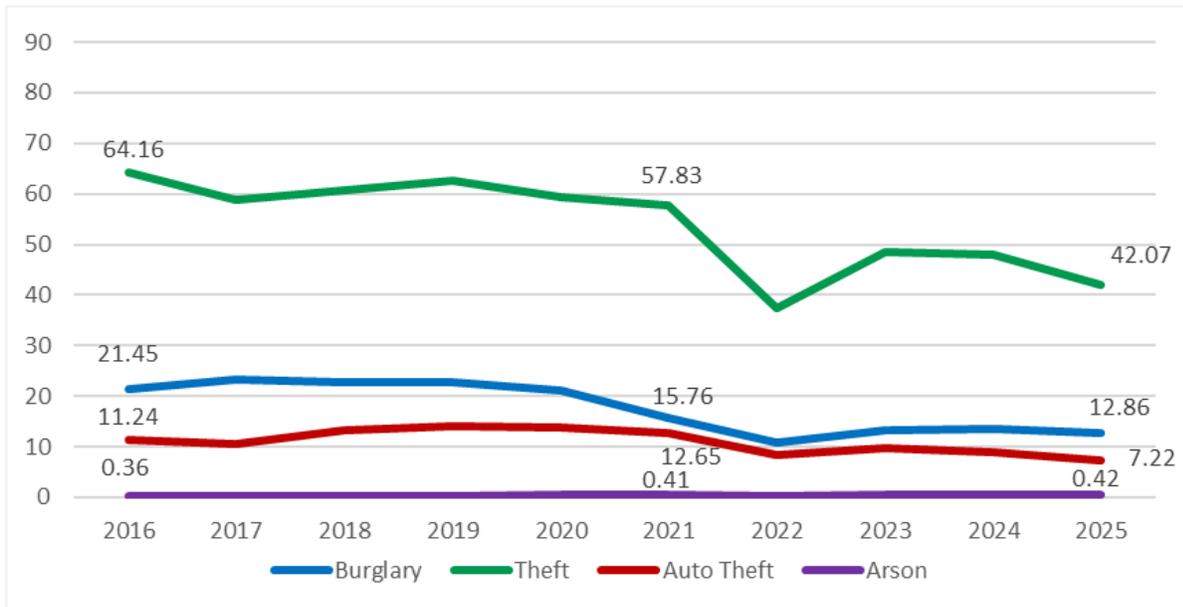
Why is This Important to Oklahoma City?

Since approximately one-third of the General Fund budget is dedicated to Police and Courts, monitoring crime trends is essential for prudent financial forecasting. The number of property crimes per 1,000 households has decreased significantly over the last five years from 86.65 crimes in calendar year 2021 to an estimated 62.57 in 2025. The number of crimes against persons per 1,000 people has increased from 5.36 per 1,000 in 2021 to an estimated 6.48 in 2025. The uptick in crime from 2022 is related to changes in reporting methods. Previously the crime reporting was based on a per incident basis. New standards require reporting for each victim involved. Due to the increasing trend for crimes against persons and decreasing trend for property crimes over the last 5 years, this indicator was ranked as neutral.

*Data for 2025 is estimated using actual data from January – November. December was an average of the first 11 months of 2025.

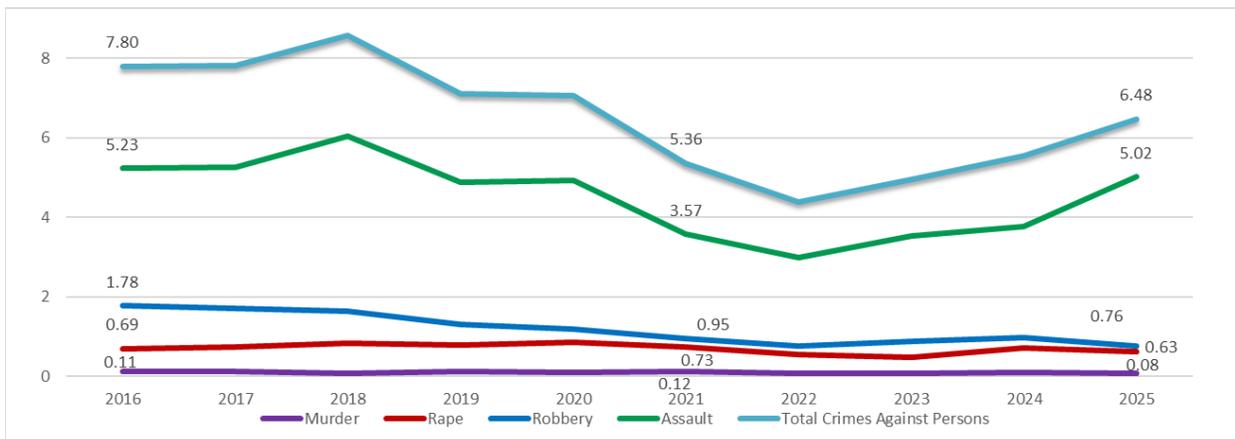
Property Crimes

The chart below is a sub-set of data behind the total number of property crimes in the graph on the preceding page. Over the last five years, property crimes per 1,000 households decreased 27.8%. Theft, auto-theft, and burglary all decreased significantly over the last five years, while arson increased 1.4% over the previous year.

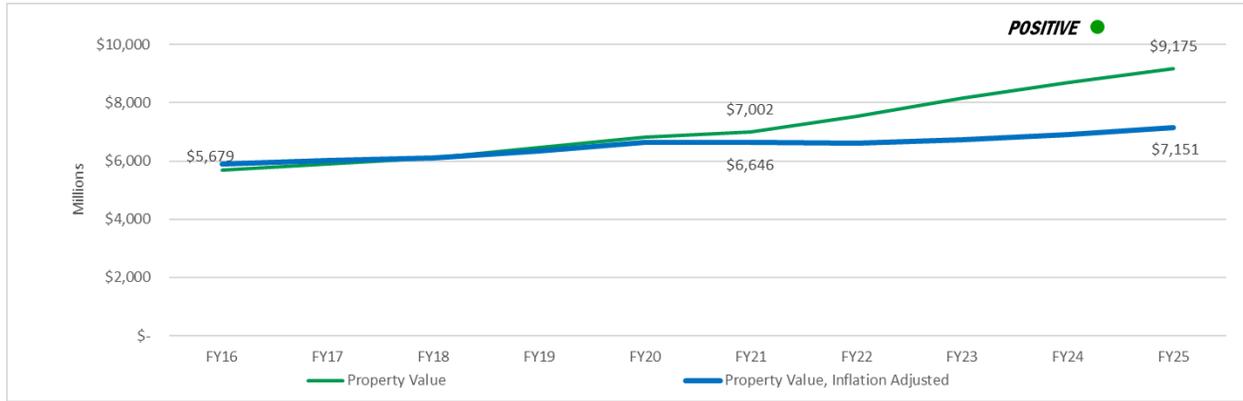


Person Crimes

The chart below is a sub-set of data behind the total number of person crimes per 1,000 residents in the chart on the preceding page. Over the last five years, person crimes per 1,000 residents increased 20.8%. Rape, robbery, and murder all decreased substantially over the last five years. The uptick in the increase is mainly related to the increase in assault crimes.



PROPERTY VALUE



Formula: Assessed Value / CPI



How Can Property Value Affect a Local Government’s Finances?

Even for communities that are not heavily reliant on property tax for operations, property value can be a useful sign of the health of the local economy. Population and economic growth will increase property value because demand will drive prices up. A city that is not reliant on property tax, but is experiencing declines in property value, still has reasons for concern because declines in property value affect revenues for capital improvement and the economic health of the City. Credit rating organizations review the local government’s tax base to assess the financial capacity of a government. A decline in property value could affect the credit rating and borrowing ability of a local government.

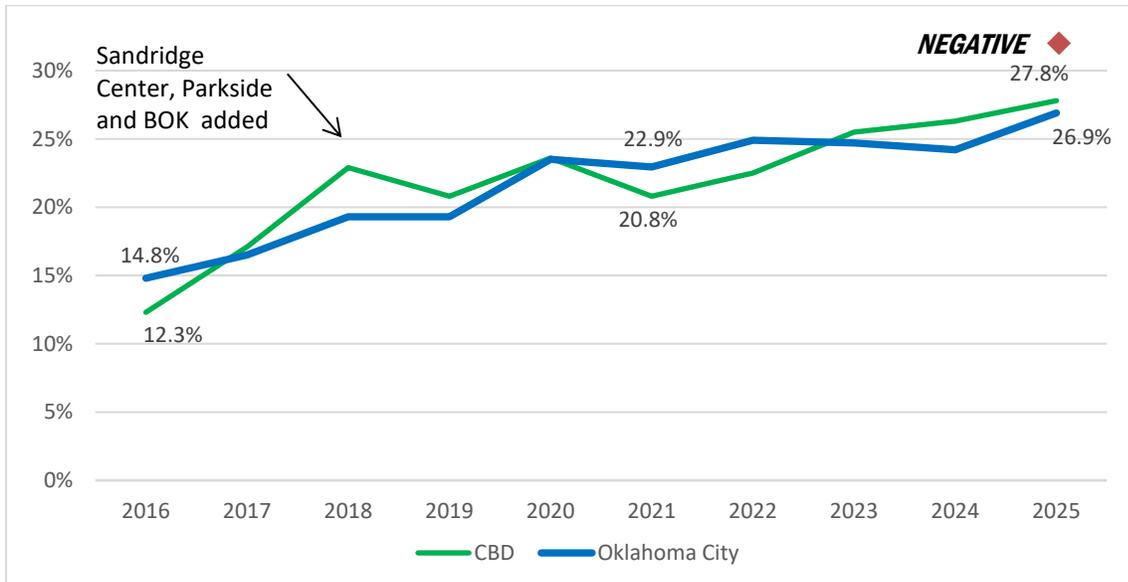
Why is This Important to Oklahoma City?

While Oklahoma City cannot use property tax to fund operations, property value is still an important component of the City’s finances, namely, its ability to finance capital projects through General Obligation Bonds. The increases in property values in recent years have expanded Oklahoma City’s debt capacity allowing more capital projects. Oklahoma City’s Net Assessed Valuation (NAV) growth rate decreased year-over-year in FY25 from 8.2% to 6.3%. While the growth rate has slowed, the overall trend in NAV is positive year over year

Assessed Property Value has increased 21.22% over 10 years

In addition, in FY25, Oklahoma City’s inflation adjusted assessed property value increased by 3.49%, over the previous year. Over the past 10 years, the inflation adjusted value has increased 21.22%, underscoring strong long-term growth. Based on the progressively upward trend of nominal property values and an increase in the inflation adjusted figure over the past five years, this has been rated as a positive indicator.

OFFICE VACANCY RATE



Formula: Vacancy Rates from Price Edwards Oklahoma City Office Market Summary through 2024. 2025 from Cushman & Wakefield Oklahoma City MarketBeats³

Why is Vacancy Rate an Indicator for Financial Performance?

Tracking changes in vacancy rates for all types of rental property such as residential, commercial, and industrial can provide an early warning sign of potential economic or demographic problems. If a community is an attractive place to live and do business in, it is reasonable to expect demands for rental property to be high. On the other hand, if an economy is sluggish or declining, increased vacancy rates can be expected.

Why is This Important to Oklahoma City?

The office vacancy rates for Oklahoma City’s Central Business District (CBD) and the greater Oklahoma City area comprise the monitored area for this indicator. If vacancy rates increase to an unhealthy rate, it could have a negative impact on property values and incomes. The pandemic reversed the previous positive trends causing negative absorption in both districts. By midyear 2025, CBD vacancy rates increased 1.5% year-over-year, and 7.0% over a five-year period. Continued use of remote work and news of large entities transferring headquarters out of state such as Devon Energy and Expand, furthers a pessimistic forecast for this indicator.

The significantly higher vacancy rate over the five-year period for Oklahoma City and higher vacancy rates for the CBD over the same period resulted in a negative rating for this review period.

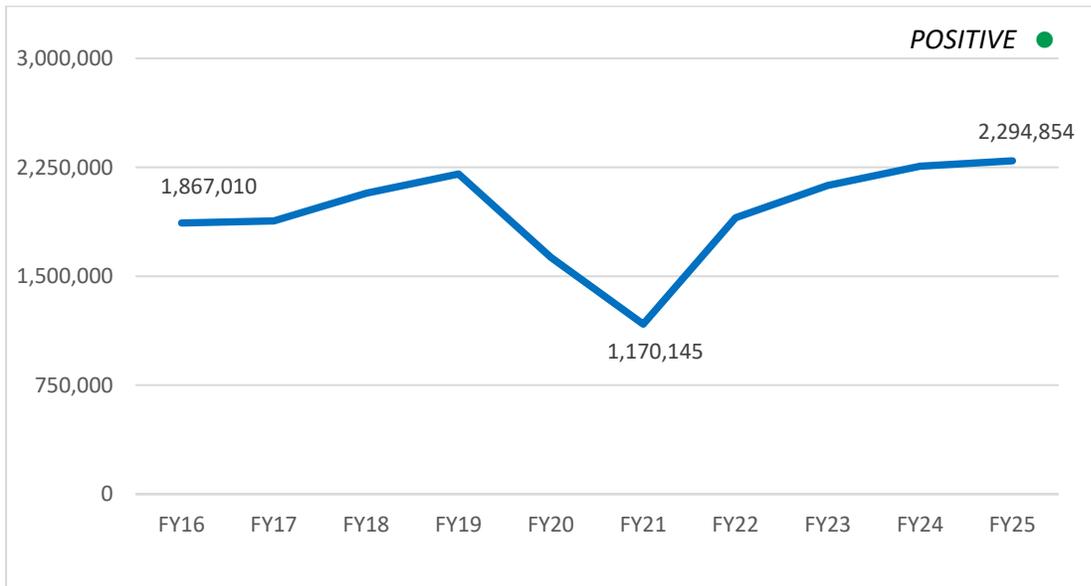
Significantly higher vacancy rates over the five-year period for OKC resulted in a negative rating.





*In FY25, airport activity
at OKC Will Rogers
International Airport
grew 1.7% over the
previous year.*

OKC WILL ROGERS INTERNATIONAL AIRPORT ACTIVITY



Formula: Annual Number of Passengers Boarding at OKC Will Rogers International Airport (WRWA)

What Does Airport Activity Measure?

Airport activity serves as a primary economic indicator for Oklahoma City, offering critical insights into tourism, commercial health, and general business climate. From a budgetary perspective, these metrics correlate with broader economic vitality.

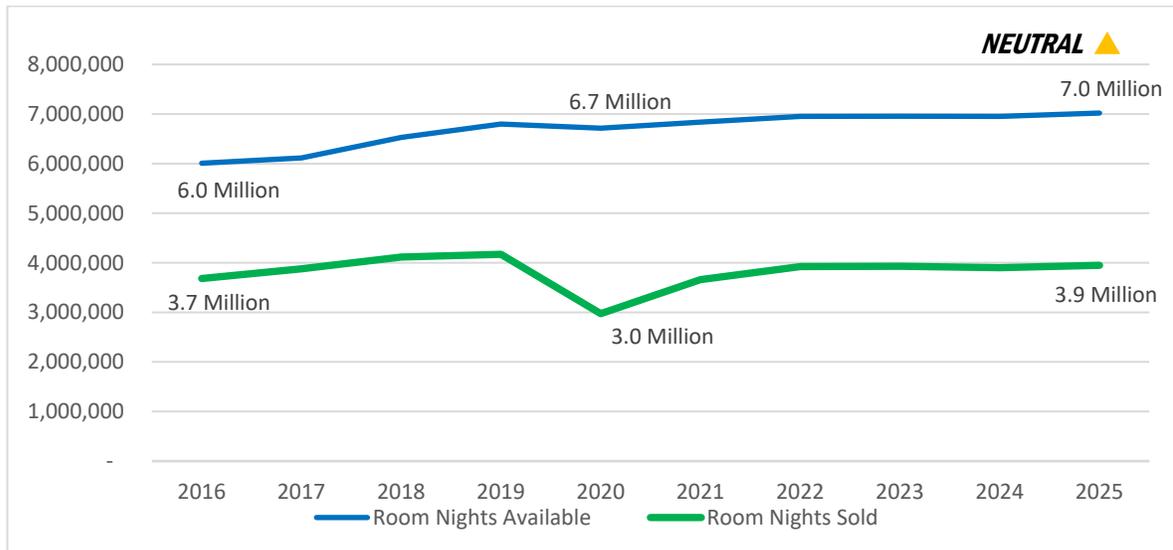
Why Is This Important to Oklahoma City?

Increased passenger volume at OKC Will Rogers International Airport (OKC) directly correlates with enhanced tax receipts from the hospitality and retail sectors. Strategic expansion of nonstop destinations and carrier options since FY13 has successfully stimulated traveler growth. Following the disruption of the pandemic, which saw enplanements drop from a record 2.2 million in FY19 to a 17-year low of 1.2 million in FY21 the recovery has been significant. By FY25, activity surpassed pre-pandemic benchmarks, establishing a new record high of 2.3 million boarding passengers.

Current Year Passenger Activity

During the first half of FY26, boarding figures increased by an average of 0.65%. This growth rate remains consistent with stabilization trends following a period of rapid recovery. With activity levels fully restored to pre-pandemic trajectories, this indicator remains Positive.

HOTEL ROOM NIGHTS SOLD



Formula: Number of room nights sold according to Smith Travel Research

Why is Hotel Room Nights Sold an Indicator of Financial Performance?

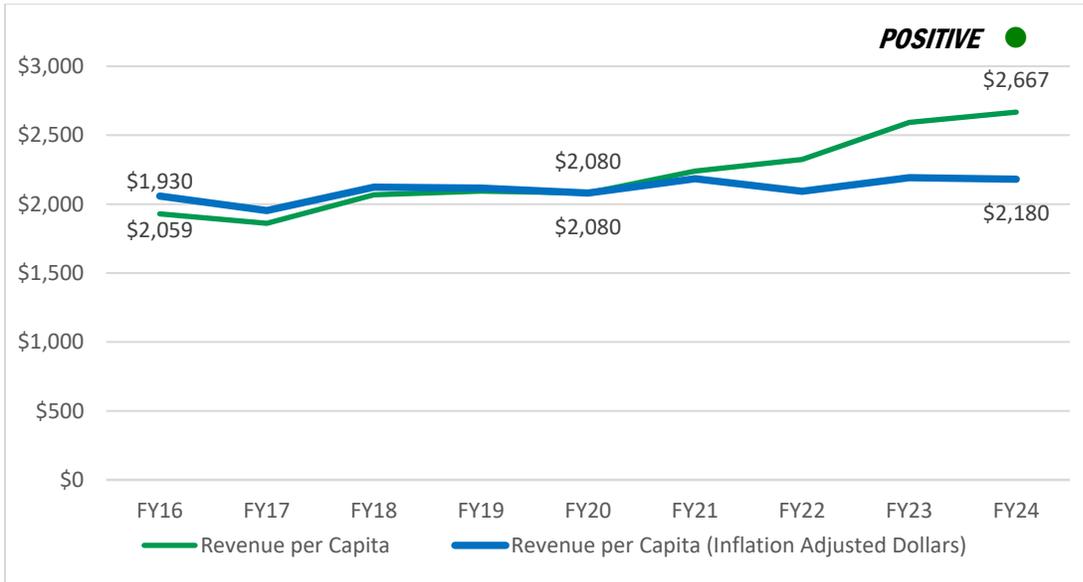
Monitoring hotel room nights sold provides a baseline for evaluating the performance of Oklahoma City's tourism and hospitality sector. From a municipal finance perspective, this activity generates "exported" tax revenue or rather funds collected from non-residents that support local services and infrastructure without increasing the tax burden on residents. For revenue diversification, a robust tourism sector provides a fiscal hedge, stabilizing City collections when other industrial sectors experience contraction.

Why is This Important to Oklahoma City?

The tourism industry functions as an economic multiplier; visitor expenditures in lodging, dining, and transportation stimulate job growth within the leisure and hospitality sectors, which in turn leads to secondary reinvestment in the local economy. The City's role in providing high-quality infrastructure and managing tourist impact is essential for attracting private development. Significant capital investments, such as the 605-room Omni Convention Center Hotel (opened January 2021) and the 404-room OKANA Resort & Indoor Waterpark (opened March 2025), demonstrate the expanding inventory designed to capture this market.

Before the COVID-19 pandemic, occupancy had remained steady, averaging 62% annually over the previous five-years. During the height of the pandemic, in 2020 and 2021, occupancy rates averaged 49% and 3.3 million room nights sold annually. Signs of recovery became evident with the last 4 years showing an average 56% occupancy rate, with 2025 showing a 1.2% year-over-year growth in room nights sold. While growth continues, the pace has not reached a level that would warrant changing this indicator from neutral to positive.

REVENUE PER CAPITA



Formula: Operating Revenues (Inflation Adjusted Dollars) / Population

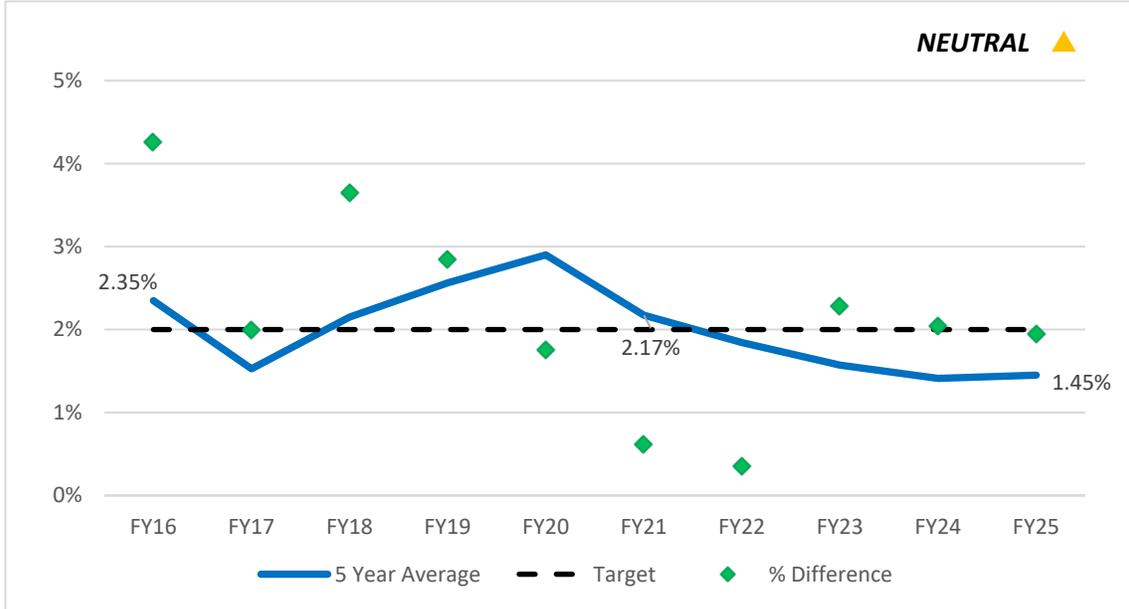
What is Revenue Per Capita?

Per capita revenue shows changes in operating revenues relative to changes in population size. As population increases, revenues and the need for services can be expected to increase proportionately. Therefore, the level of per capita revenues should remain at least constant in real terms. When per capita revenues decrease, a local government needs to either find new revenue sources or reduce expenditures to maintain existing service levels. This assumes that the cost of service is directly related to population size.⁵

Why is This Important to Oklahoma City?

This issue is delicate since revenue per capita reflects the financial impact of the City’s taxes and fees on residents but it is also necessary to provide the level of quality of services that residents desire. Over the five-year period, revenue per capita increased 4.81% after adjusting for inflation, but grew 28.23% in nominal dollars indicating that recent high inflation has been depressing the real value of revenue growth. In FY24, real revenue per capita increased 1.4% above FY23, while increasing 2.9% in nominal dollars. In the current year, inflation does appear to be returning to a more ‘normal’ value of just over 3% with the Federal Reserve’s strategy targeting 2% still unfolding. The indicator maintained a positive rating due to growth in both trends over the past five years. While positive, revenue growth is seemingly being propped up by inflation at least in part.

REVENUE ACCURACY



Formula: Rolling 5-year average of percentage difference between budget and actual general fund revenue

Determining Revenue Accuracy

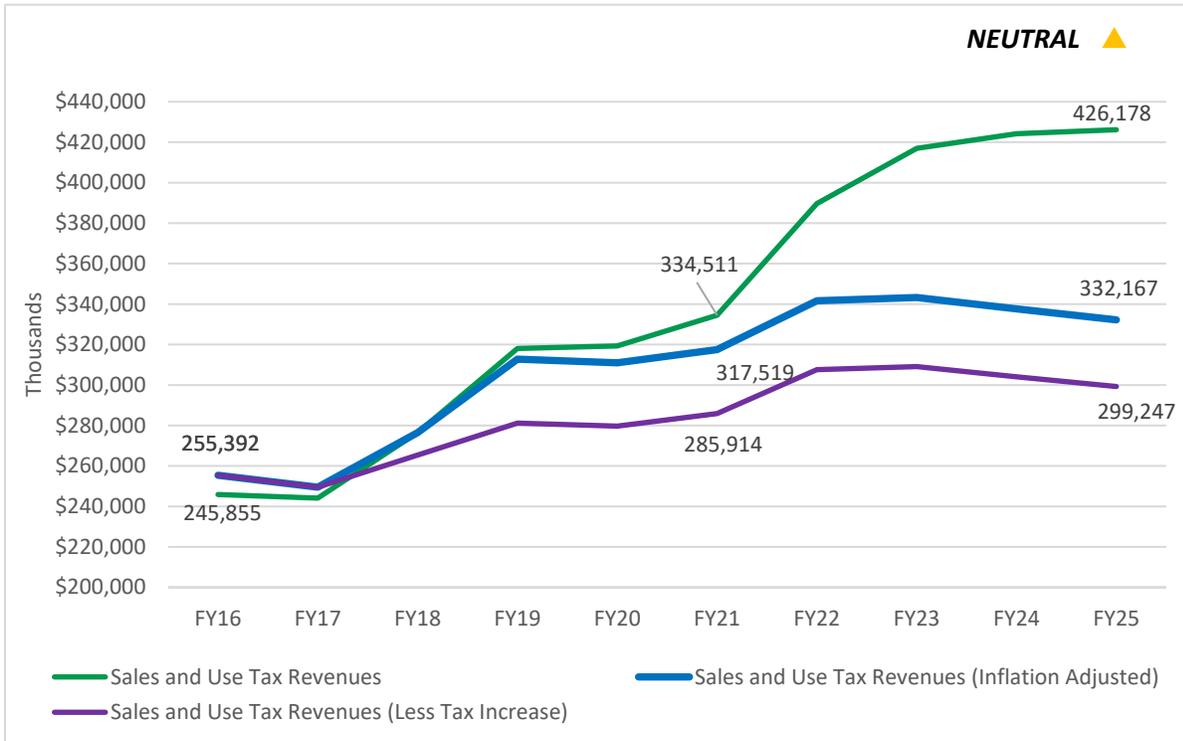
This indicator examines the difference between revenue projections and revenues received in the General Fund during the fiscal year. Significant continued variances in revenue from projected amounts, whether the discrepancy is an overage or shortage, can be a concern. Either scenario could indicate a changing economy or inaccurate forecasting techniques. Additionally, credit rating organizations such as Standard & Poor’s use this indicator to review the quality of financial management in a local government since variances between budget and actual results are considered indicative of management’s financial planning capabilities.⁶ The worst-case scenario for this indicator would be increasing revenue shortfalls.

Why is This Important to Oklahoma City?

Keeping this variance minimal means services have not been unnecessarily reduced because of a perceived shortage that did not occur; or that new services were not established that could not be maintained because revenues failed to meet projections. The City maintains a target of keeping projections within 2% of actuals and the indicator is measured on a five-year average

In FY24-FY25, revenue collections were 1.95% below projections and the five-year average decreased from 2.17% in FY21 to 1.45% in FY25. For FY23 and FY24, inflation caused consumers to reduce spending. The average absolute variance over the last five years was 1.45%, which was within the City’s 2% target. However, the significant variance between projection and actual revenue within a few of the individual data points is cause for concern and results in a neutral rating for this indicator.

SALES AND USE TAX REVENUE



Formula: General Fund Operating Sales and Use Tax / Consumer Price Index (2013 used as base year)

Why are Operating Sales and Use Tax Revenues Included in this Indicator?

Sales and use tax, being the two largest and most significant sources of tax revenue, are considered as an indicator for this forecast. For an accurate analysis, Sales and Use Tax revenues were identified in both nominal and real dollars (i.e. adjusted for inflation).

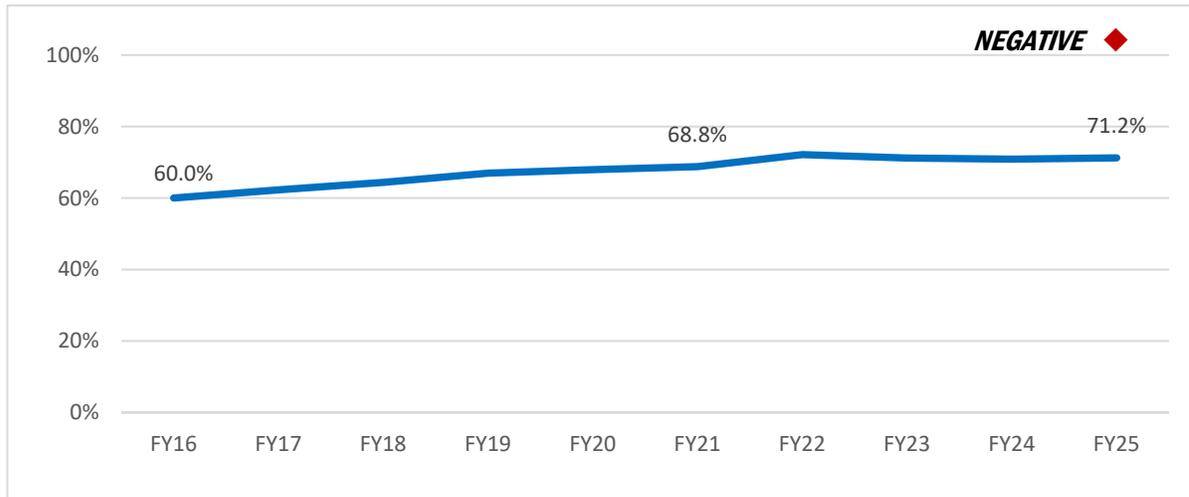
Why is This Important to Oklahoma City?

Sales and use tax accounted for 71.2% of all General Fund revenue in FY25. A change in growth rate can impact the City’s operations and services provided to residents. Changes in sales and use tax can have a number of causes including state or local economic health, sales tax rate changes, changes in population, the movement of retail operations to and from other communities, and/or taxpayers moving their base to other jurisdictions.⁷ Consumer spending based on their own individual economic situation directly impacts service levels. After adjusting for inflation, sales and use tax revenue increased 4.61% over the last five years, or \$14.6 million, due in large part to the ¼ cent tax rate increase. If the tax rate increase was excluded, sales and use tax would have grown 4.66% or \$13.3 million over the last five years, which is why the indicator was rated neutral. In other words, in real dollars sales and use tax dollars have been flat or declined over the last few fiscal years.

Current Year Activity

Through January 2026, fiscal year base sales tax has increased 2.2% and use tax has increased 6.4% over FY25 through the same period. Both sales tax and use tax are projected to grow 2.5% and 4.9%, respectively, at year-end. Staff reports on these figures monthly due to their volatile nature.

SALES AND USE TAXES AS % OF GENERAL FUND



Formula: Sales Tax Revenue / All General Fund Revenue

Why is Sales and Use Tax as a % of General Fund Revenue an Indicator for Financial Performance?

Sales tax is collected at a rate of 2 ¼ cents per dollar and use tax is collected at a rate of 3 ½ cents for the City's General Fund. In economic terms, sales and use tax are considered elastic revenue sources; meaning that they change incrementally with changes in the economy.⁹ When the economy is strong, sales and use tax revenues grow; when the economy is slowing, these revenues decrease. In contrast, inelastic revenue types, such as property taxes, are less responsive to changes in the economy. For example, the revenue generated from property tax, being based on assessed valuation, generally remains stable regardless of the direction the economy is moving in the near-term because it takes longer for economic activity to impact assessed values. In practical terms, discretionary consumer spending is the resource being used to provide non-discretionary core services. The resulting strategy is

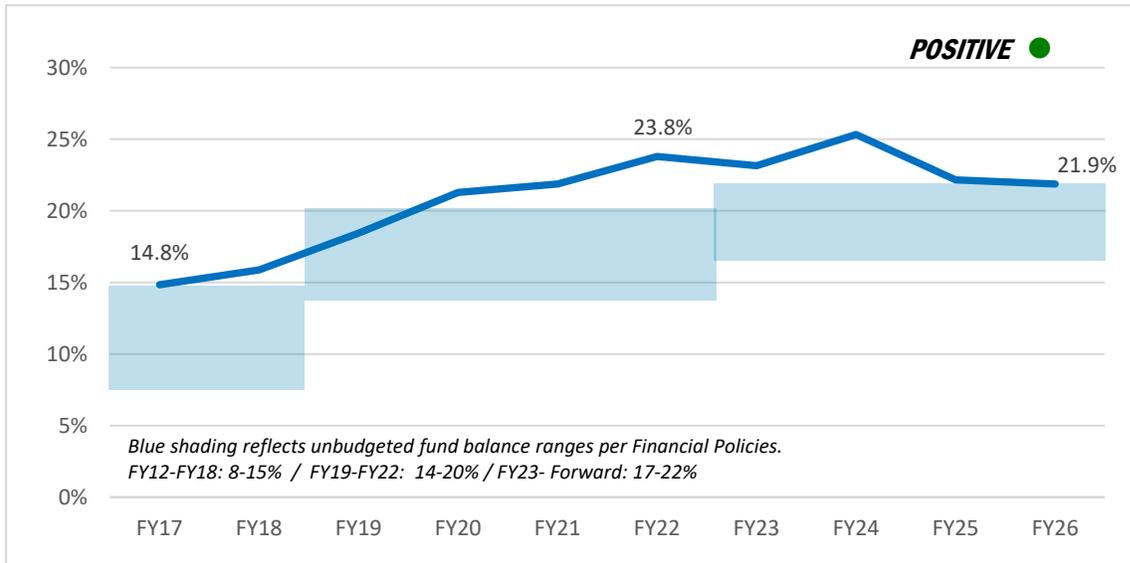
Why is This Important to Oklahoma City?

Ideally, Oklahoma City, or any municipality, needs diversity in its revenue sources. It is beneficial that sales and use tax contributes a significant part of Oklahoma City's revenue mix so that in times of economic growth and/or inflation the revenue yield can increase to keep pace with demand and higher prices. However, relying too much on these revenue sources leaves the City more vulnerable to economic downturns since other, more stable revenue sources comprise a smaller portion of the City's total revenue. Although sales and use tax has increased as a percent of total General Fund revenue, in part due to a tax rate increase in FY18, the City's reliance on these revenues has still increased 2.4% in the last five years, indicating a growing dependence on a volatile revenue source for operations. Thus, the rating has maintained a negative rating.

Current Year Activity

In FY26, sales and use tax are projected to comprise 70.7% of all General Fund operating revenue by year end.

FUND BALANCE



Formula: Unbudgeted Fund Balance / Budgeted Revenues

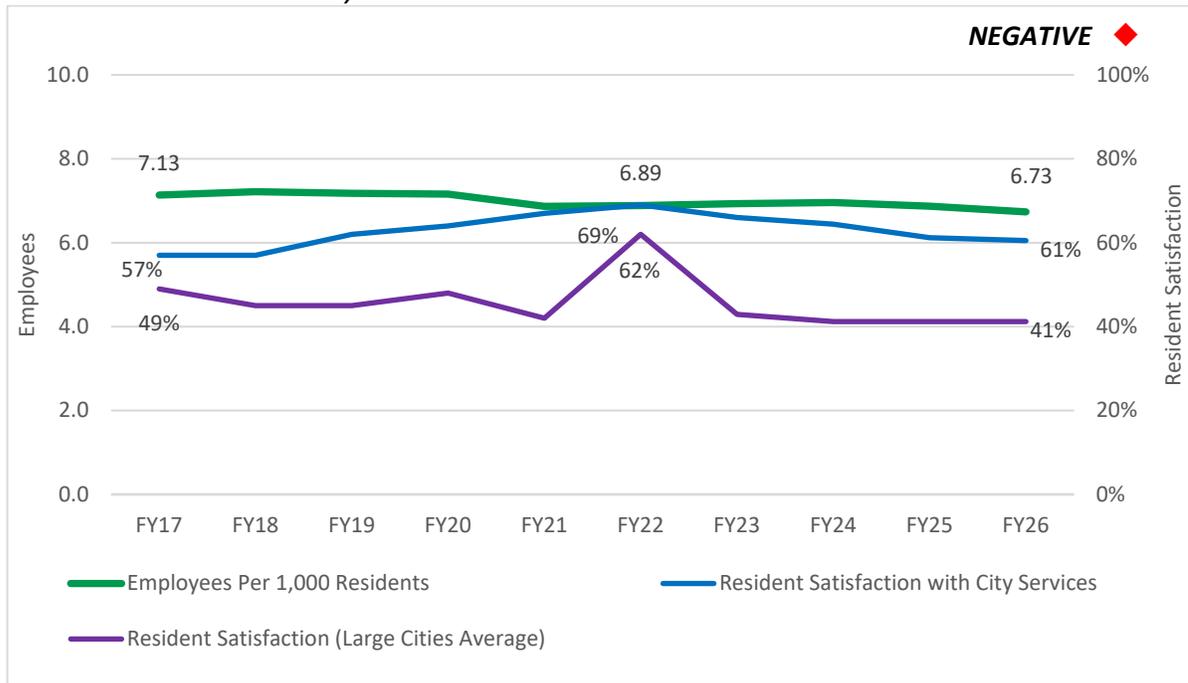
What is Fund Balance?

At the most basic level, fund balance is the money left at the end of the year after all revenues have been received and all expenditures have been made. The portion of fund balance not budgeted remains as an unbudgeted reserve. The size of a local government’s fund balance can affect its ability to withstand financial emergencies and accumulate funds for capital projects. Usually, a local government will attempt to operate each year with a surplus to maintain a positive fund balance. An unplanned decline in fund balance or continuing subsidies from fund balance to cover operating expenses is an indicator the government will not be able to meet future needs.

Why is This Important to Oklahoma City?

In FY23, City Council, revised the financial policy to establish a new range of 17-22% for unbudgeted fund balance, which is equivalent to a minimum of two months of operating costs and follows best practices established by the Government Finance Officers Association (GFOA). The revised policy provided for the transfer of unbudgeted fund balance above 22% to a capital maintenance reserve fund or for liquidity purposes. Note: the GFOA recommended reserves are based on a sliding scale that considers the volatility of the entity’s revenue sources. The City’s upper cap of 22% is well below the recommended 30% for organizations dependent on highly volatile revenue sources. Significant revenue shortfalls caused by downturns in the economy can result in the use of fund balance to supplement recurring revenue to maintain services. Having fund balance to call on during the recessions or downfalls reaffirms the importance of having an adequate reserve. The percent of unbudgeted fund balance has continued to remain at or above the high end of ranges set by City policy leading to a positive credit rating. Consideration for a revised upper threshold may need to be considered.

EMPLOYEES PER 1,000 RESIDENTS



Formula: Number of Municipal Employees / Population / 1000



OKC has consistently outperformed the average for large cities for resident satisfaction in city services.

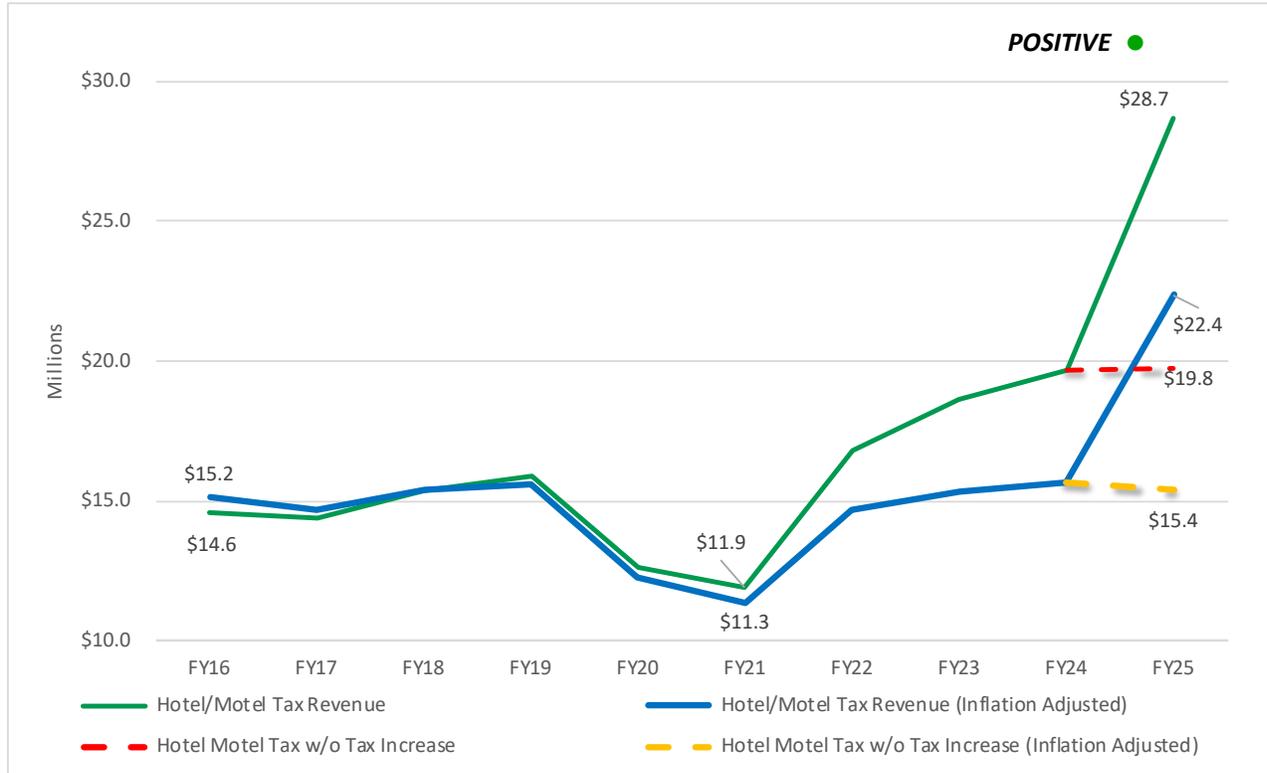
What Does Employees per 1,000 Residents Measure?

Personnel costs are a major portion of a local government’s operating budget and plotting changes in the number of employees is important for estimating trends that can affect expenditures. Changes in the number of employees can be an indicator of whether expenses are going to grow faster or slower than population, assist in determining if government is becoming more or less labor intensive, and if personnel productivity is increasing or decreasing.⁸

Why is This Important to Oklahoma City?

The number of employees per 1,000 residents provides a quantitative measure of government efficiency, while resident satisfaction provides a qualitative measure of government efficiency. Population grew 7.0% over the five-year period and the number of employees grew 4.6% resulting in a slight decrease in the ratio of employees to residents from last year 6.87 to 6.73. To ensure that the ratio of employees to population is enough to maintain service levels and address resident priorities, results from the annual resident survey are included in the chart. The national average for resident satisfaction among similar sized cities was 41%. The most recent resident survey completed in FY25, reported 61% of residents were satisfied with city services, well above the national average. This is a 12.3% decrease from five years ago, and a 1.1% decrease year-over-year. Though the City vastly outperformed the national average and resident satisfaction has decreased over the five-year period, a negative rating indicator is reflected in the chart above.

HOTEL TAX



Formula: Hotel Tax / CPI

Why is Hotel Tax an Indicator for Financial Performance?

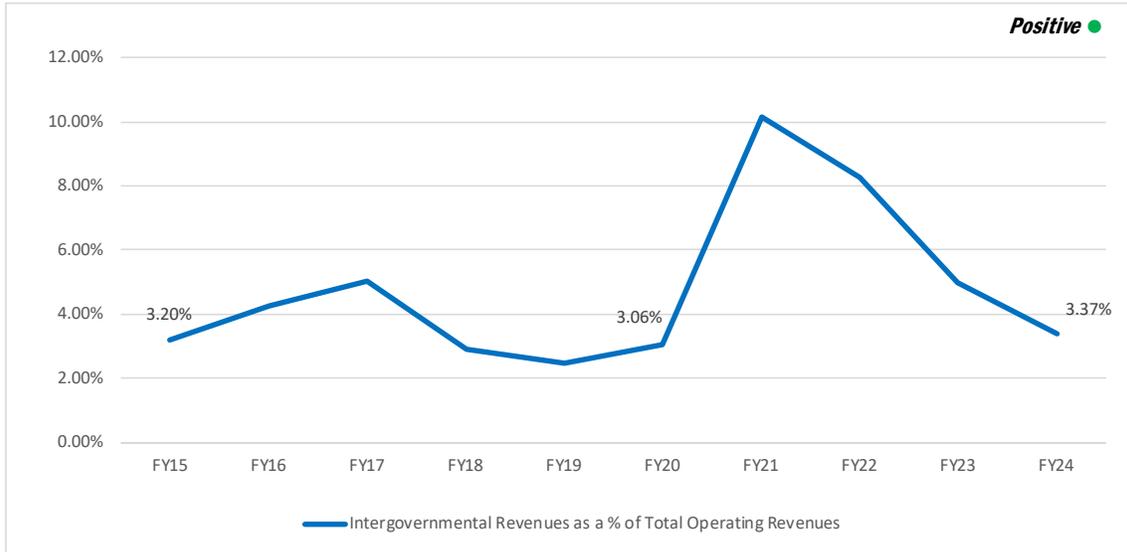
Hotel tax is a financial indicator because it gives an indication of both tourism and business activity. While tourism is a growing sector for Oklahoma City, the overall indicator is more reflective of business activity as business travel still dominates the Oklahoma City market. This shift is expected to escalate as the City's nationwide notoriety increase from its 2025 NBA Championship from The Thunder, as well as planned marquee events such as the 2028 Olympics.

In FY24, the hotel tax rate for Oklahoma City was approved to increase from 5.5% to 9.25%. The increase went into effect during FY25 on October 1, 2024. Out of the 9.25%, 4.81% is dedicated to convention and tourism promotion and is used to fund a contract with the Oklahoma Convention and Visitor's Bureau; 3.25% is dedicated to capital improvements at the State Fairgrounds and the repayment of bonds used to finance those improvements; 1% is dedicated to sponsoring or promoting events recommended by the Convention and Visitor's Commission; and 0.19% will be used for improvements to the Oklahoma City Convention Center.

Why is This Important to Oklahoma City?

Hotel Tax collections rebounded in FY22 increasing 40.6% and in FY23, increasing 11.1% year-over-year, FY24 continued the growth trend with increasing 5.5%. In the past five years, hotel tax has grown 140.67% in nominal dollars, and 97.62% in real dollars adjusted for inflation, due to looking at FY21 which is our lowest collection year in 14 years and FY25 being our highest collection year ever due to the tax rate increase. If we were to look at our growth without the tax increase, we would have grown 0.49% year-over-year in nominal dollars. Given the trajectory of the last few years, this indicator was rated as positive.

GRANT REVENUES



Formula: Grant Revenues / Operating Revenues

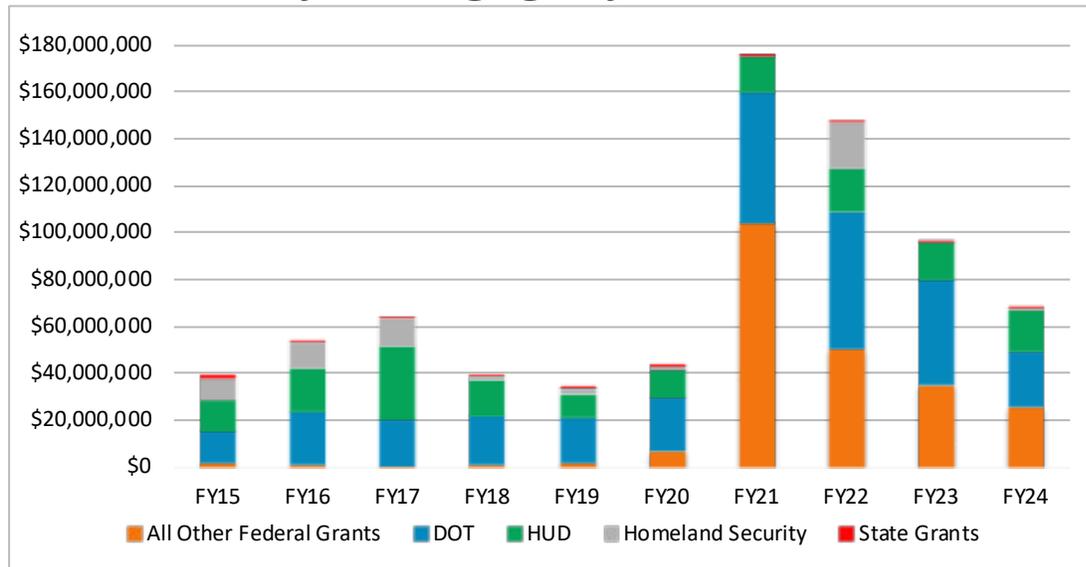
What are Grant Revenues?

Grant revenues generally come from state and federal agencies for specific purposes. An overdependence on grant revenues can be harmful – especially during economic downturns when Federal and State governments struggle with their own budgets. Nevertheless, a municipality may want to maximize the use of grant revenues consistent with its service priorities.¹⁰ The primary concern is to understand the local government’s vulnerability to reductions of such revenues, and to determine whether the local government is controlling the use of external revenue or whether these revenues control policies.

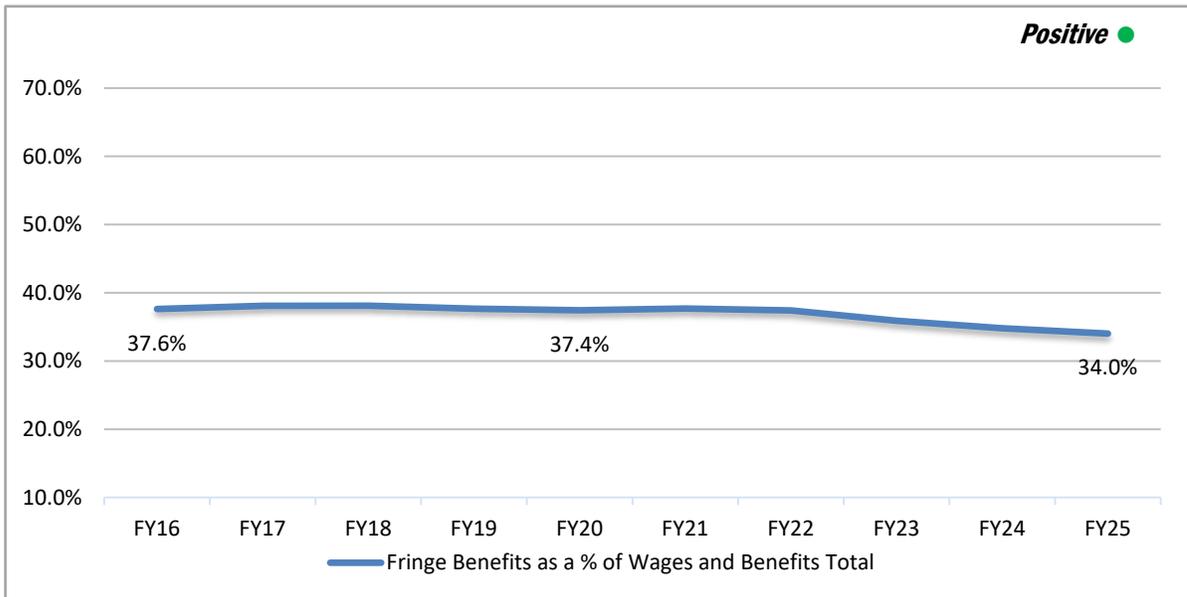
Why is This Important to Oklahoma City?

Without grant funds, many of the social services and capital projects funded by the grants would cease. Some grants are for specific programs, capital improvements or federal reimbursements for natural disaster recovery. Over the past five years grant revenues, as a percentage of operating revenues, have averaged 5.96%. Grants increased significantly beginning FY21 due largely to COVID-19 pandemic related grants from the Department of Treasury from the Coronavirus Aid, Relief, and Economic Security (CARES) Act; the Consolidated Appropriations Act of 2021 for emergency rental assistance (ERA); and Coronavirus State and Local Fiscal Recovery Funds from the American Rescue Plan Act (ARPA) of 2021. With 18.1% growth over the past five years, despite an 30% decrease from FY23, the indicator maintained a positive rating. The assumption is that grant revenue has returned to post recovery levels and will return to its prior growth performance.

Grant Revenue by Granting Agency



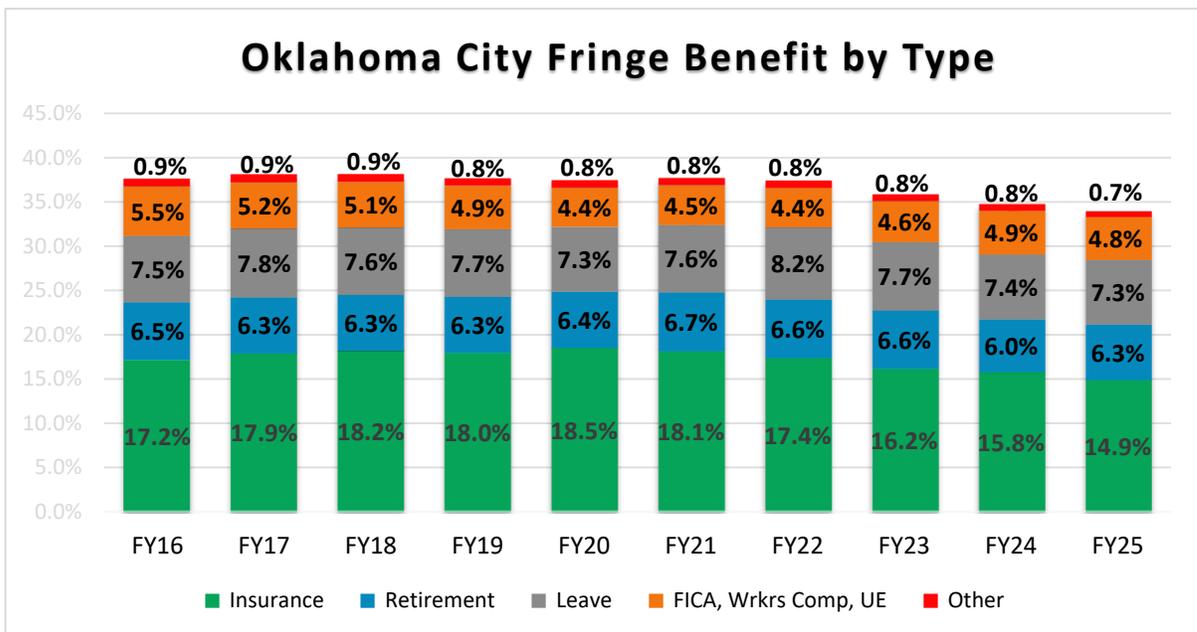
FRINGE BENEFITS



Formula: Fringe Benefit Expense / Compensation (Benefits + Pay)

What are Fringe Benefits?

The most common forms of fringe benefits are health and life insurance, retirement plans, paid vacation and sick leave, benefits required by law such as an employer’s contribution to Social Security and Medicare (FICA), unemployment (UE), and worker’s compensation. In addition, there are other benefits such as uniform and tool allowances, parking, and tuition reimbursement.

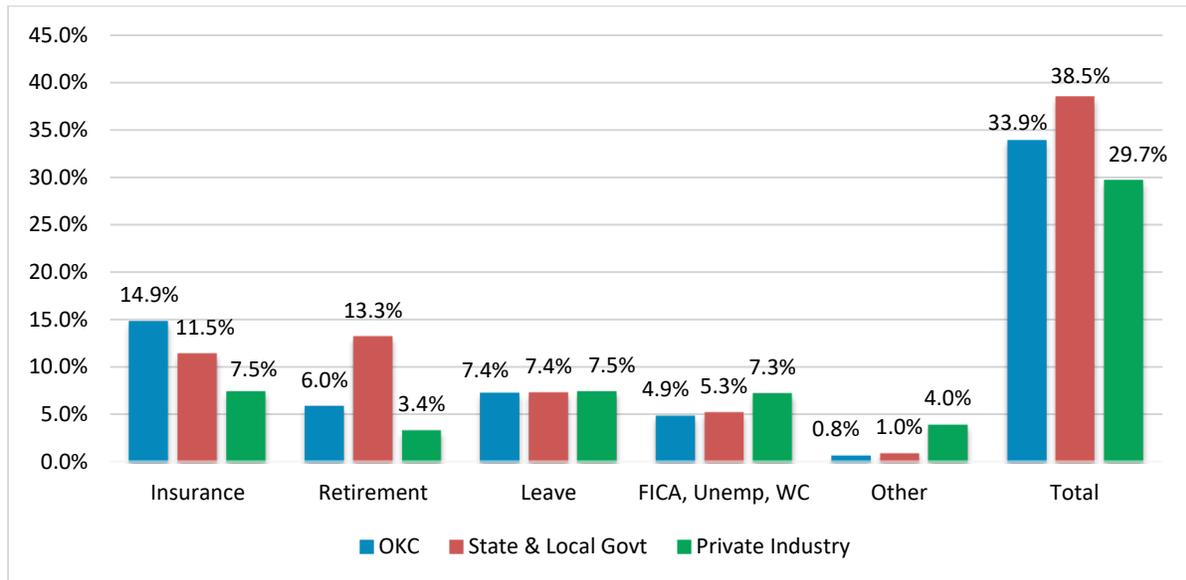


Why is This Important to Oklahoma City?

Benefits are a significant share of operating costs and are more than one-third of employee compensation. Health insurance, retirement/pension contributions, and retiree health insurance were among the top 10 expense items in the FY25 General Fund budget. Staff has worked to keep benefit cost increases from growing too fast through initiatives such as higher co-pays on health plans, additional premium sharing, and an employee medical clinic to provide primary care services. However, this exercise is a balancing act of maintaining strong recruitment, while also holding long term costs down. Another fringe benefit is post-employment health insurance, which is primarily administered on a pay-as-you-go basis. This differs from advance funding, the method used for pension contributions. Pay-as-you-go only reflects current costs for former employees and does not provide an accurate reflection of the full cost of the benefit for current and future retirees. Fringe benefit costs, as a percentage of total compensation, has slightly decreased over the past five years and is lower than the average for state and local governments, resulting in an improved positive rating. While efforts have yielded results in cost containment of these benefits, rising wages has also been a driving figure in their reduction as a proportion of total compensation.

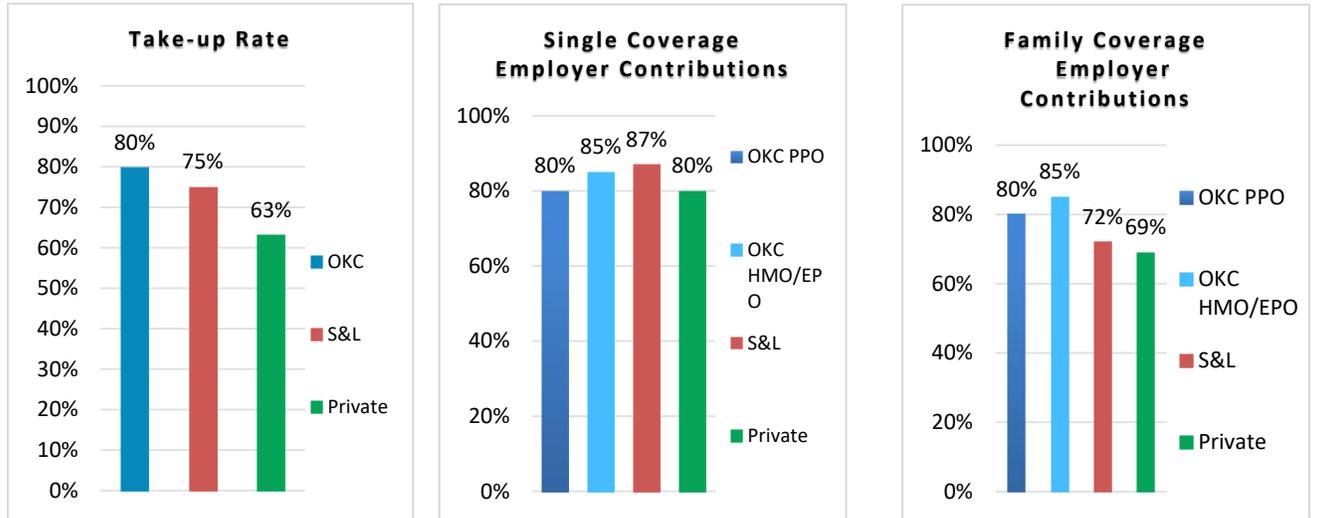
How Oklahoma City Compares

To put Oklahoma City’s fringe benefits package into context, we compared it against results from the Bureau of Labor Statistics (BLS) benefits survey. Oklahoma City was lower overall compared to state and local governments (S&L), and slightly higher than the private sector, specifically for insurance.

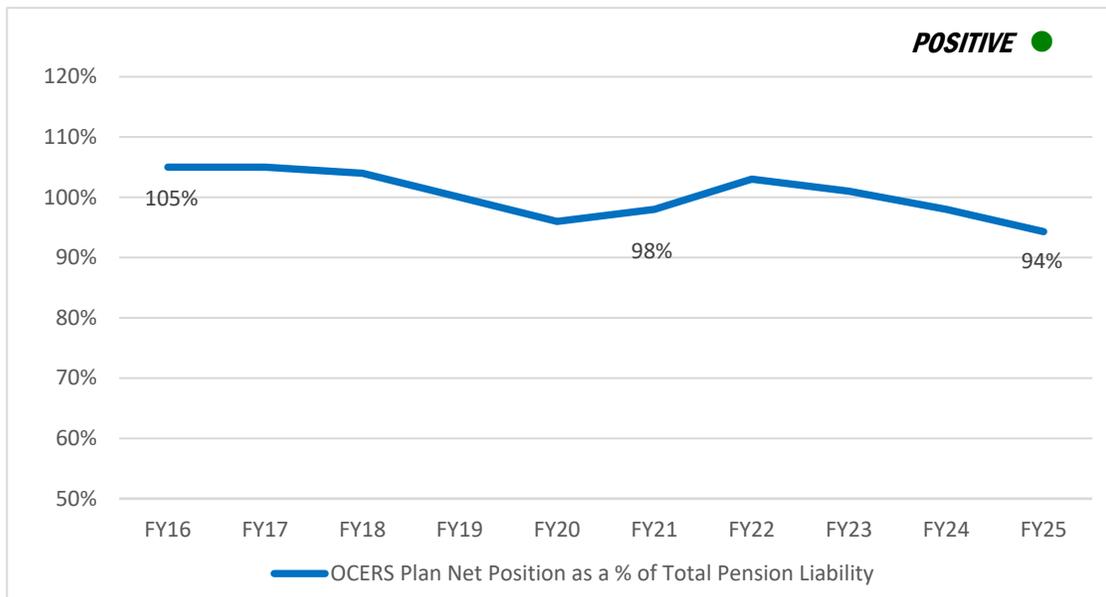


A Closer Look at Health Insurance

The single largest difference for insurance was premium sharing on family coverage. Oklahoma City shares a higher percentage of family coverage, which may be a driver behind the higher take-up or participation rate for Oklahoma City.



PENSION FUNDING RATIO



Formula: Ratio Provided and Calculated by Pension Plan Actuaries

What is the Pension Funding Ratio?

The funding ratio for a pension measures the funding progress of the plan by expressing the actuarial value of assets as a percentage of the actuarial accrued liability. A pension is fully funded if this ratio is equal to or greater than 100%. For those plans that are not fully funded, this ratio should increase over time until fully

funded. The actuarial accrued liability is the present value of the projected cost of pension benefits earned by employees. Simply stated, it is the dollar amount that is required to be in the plan today with an assumed rate of return that would satisfy future benefits of current participants (employees and retirees). The actuarial assets are calculated using a smoothing method that allocates market gains and losses over a four-year period so that fluctuations in the market are not immediately recognized.

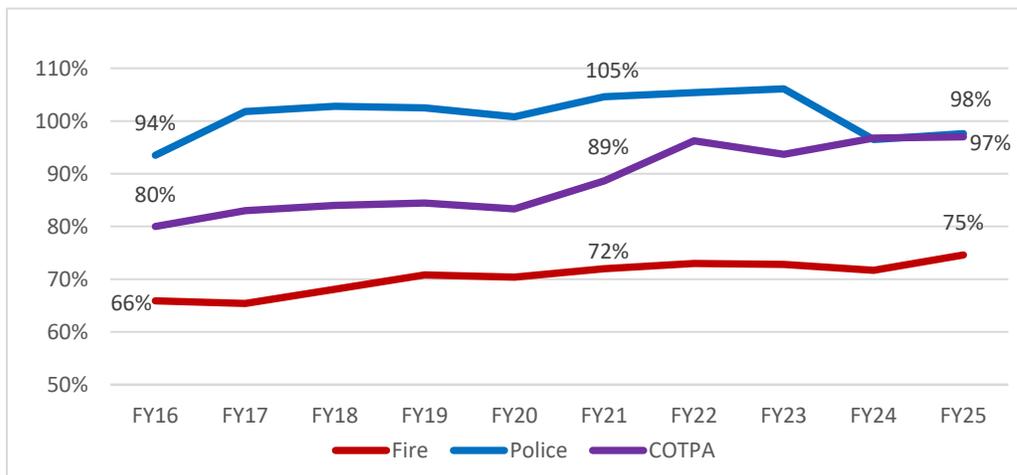


Why is This Important to Oklahoma City?

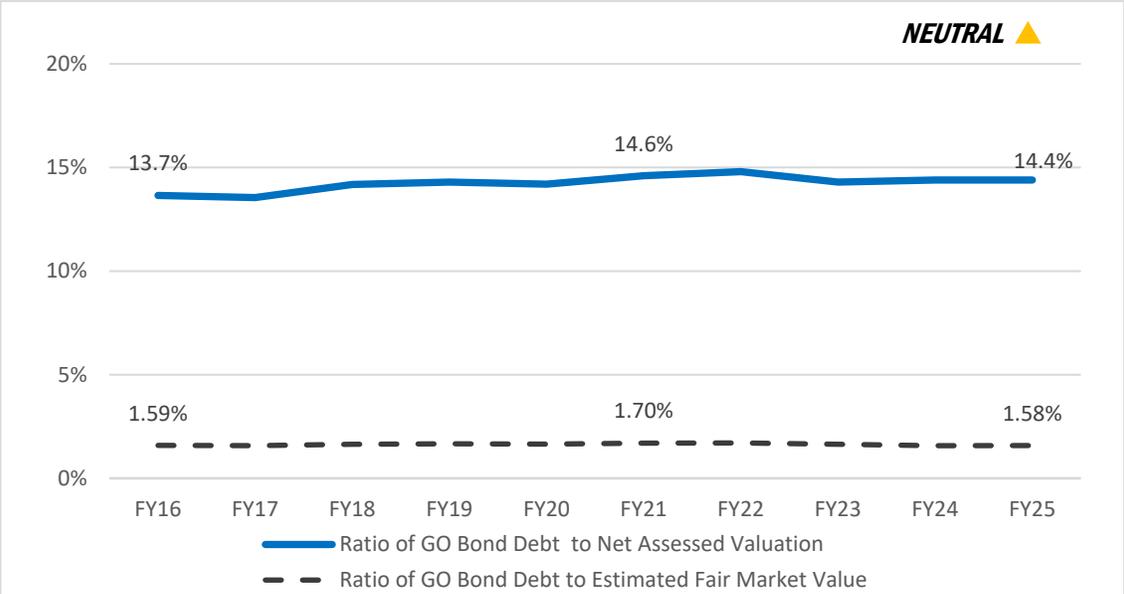
The Oklahoma City Employee Retirement System (OCERS) is the primary pension system for many City employees. Fire and Police uniform employees are covered by state-operated pension systems, and Central Oklahoma Transit and Parking Authority (COTPA) employees are also covered by a separate pension system. From 2015 through 2019, the ratio was at or above 100%. In FY20, several assumptions were changed including reducing the rate of return from 7.1% to 7.0% and reducing wage inflation from 3.25% to 3.0%. Funding ratios have declined in the last three fiscal years based mainly on investment losses during the pandemic. Despite, this decline the OCERS funding ration remains strong at 94%, earning a Positive rating.

Other Pension Systems

Fire and Police uniform employees are covered by state-operated pension systems. COTPA employees are covered by a separate pension. All three pension systems continue to move in the right direction as the City continues to make the actuarially recommended contributions to all pension systems.



LONG-TERM DEBT



Formula: General Obligation Bonded Debt (Bonds Outstanding as of June 30 less Reserve) / Net Taxable Assessed Value

How is Long Term Debt Measured?

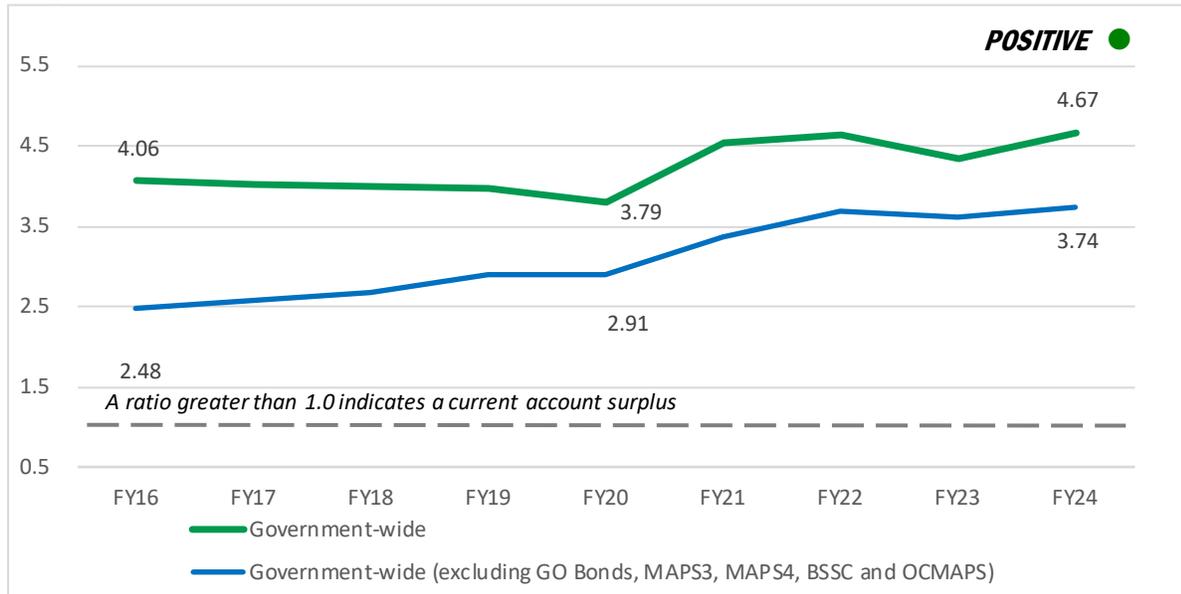
Long-term debt for this analysis is the ratio of general obligation (GO) debt outstanding as of June 30 to the net assessed valuation. The GO debt outstanding as of June 30 is simply the amount of long-term debt for which the government has pledged its full faith and credit divided by the net taxable assessed value of the property in the jurisdiction. An accelerated debt issuance can overburden a municipality; however, the credit rating industry also recognizes that a low debt ratio may not always be a positive factor since it could indicate underinvestment in capital facilities and public infrastructure.¹⁰

Why is This Important to Oklahoma City?

Oklahoma City’s long-term debt ratio has slightly increased over the past ten years from 13.7% to 14.4%. Lower interest rates allowed more bonds to be sold, which resulted in more projects completed. The increased debt was used to fund projects such as a new Police Headquarters, new Municipal Court Building, and more than \$110 million for streets. Although debt grew slightly faster than net taxable assessed value over the five-year period the mill levy remained below the informal policy of 16 mills and therefore, the long-term debt ratio of 14.4% in FY25 is viewed as being stable and maintains a neutral rating.

The unrated indicator was added to track GO debt as a percentage of the City’s estimated fair market value of taxable property. While similar to net bonded debt, this measure divides GO bond outstanding principal as of June 30 (excluding reserves) by the estimated fair market value of the City’s taxable property. Fair market value is not capped like net taxable assessed value so this measure helps track the debt burden set in the City’s debt policy. It states the City’s amount of direct unlimited and limited tax general obligation debt outstanding at any time should not exceed 3.0% of the City’s estimated full market value. A debt burden that ranges from 3-4% tends to be viewed as average.

LIQUIDITY



Formula: Cash and Current Investments / Current Liabilities

What is Liquidity?

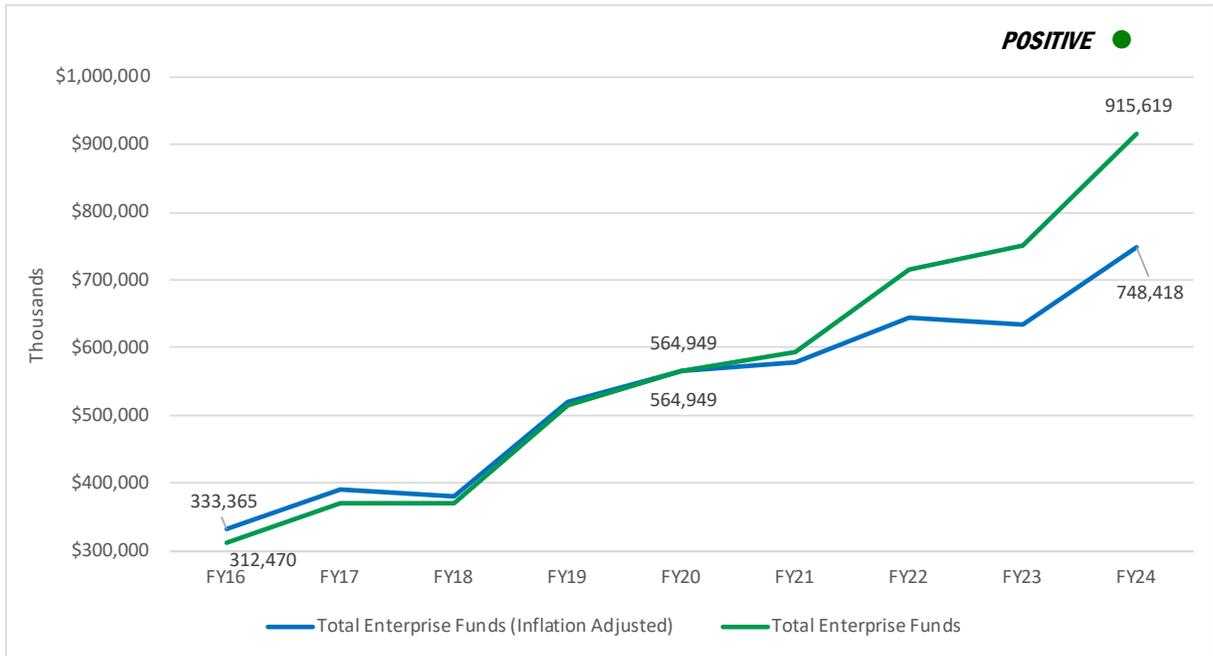
A local government’s cash position, or liquidity, determines its ability to pay short-term obligations and serves as a good indicator of short-term financial condition. Liquidity is the ratio of cash, cash equivalents, and current investments to current liabilities. A cash shortage is the first sign of low or declining liquidity and can lead to insolvency and/or indicate that a government has over-extended itself in the long run and is unable to pay its bills. The current ratio calculated in this indicator compares cash, cash equivalents and current investments to current liabilities for primary government funds and component units. A ratio greater than one is desired and indicates a “current account surplus.” Conversely, a ratio of less than one indicates insufficient amounts of cash and short-term investments to cover short-term liabilities as they are due.

Why is This Important to Oklahoma City?

During the last five years, the liquidity ratio has remained around 4.4, indicating a current account surplus. In FY16 the ratio began to decline slightly each year due to completion of planned capital projects, before increasing 20% in FY21. In FY24, the ratio increased 8%, which is why the indicator retained a positive rating.

A secondary data set provides a more practical look at liquidity. This additional data set is not calculated using a government accounting standard, but instead it excludes five of the largest funds: General Obligation Bonds, MAPS 3, MAPS4, OCMAPS, and Better Streets Safer City which are restricted to the purpose of funding capital projects. This “practical” liquidity rate has also trended positive during the five-year period with assets growing more consistently than liabilities, providing insight into the cash position for operations. The more “practical” liquidity rate was 3.74 in FY24, indicating that operational funding is also healthy.

ENTERPRISE WORKING CAPITAL



Formula: Enterprise Working Capital = Current Assets – Current Liabilities

What is Working Capital?

Enterprise funds common to local governments include utilities, airports, and parking systems. These funds differentiate themselves from the General Fund in that user fees rather than taxes are their primary means of generating revenue. Instead of having the ability to raise taxes to increase support for programs, enterprise entities are subjected more to the laws of supply and demand. The revenue excess or shortfall at the end of the accounting period may not fully represent the condition of an enterprise, therefore, this indicator examines changes in working capital – comparable to fund balance in the General Fund – as an additional measure of financial condition. For this analysis only, commercial paper is excluded from liabilities since it is anticipated to become long term debt. In all other financial reporting, commercial paper is reported as current debt in accordance with the Governmental Accounting Standards Board’s (GASB) protocol. For this measure, enterprise funds are defined as the City enterprise funds plus the enterprise component unit (i.e. the Trust).

Why is This Important to Oklahoma City?

Sufficient enterprise working capital makes it easier to fund capital outlay and improvements after paying all current liabilities incurred from daily operations. Over the five-year period, enterprise working capital increased 62% in nominal dollars, and 32% in real dollars adjusted for inflation.

1 Nollenberger Karl, Sanford M. Groves, and Maureen Godsey Valente, Evaluating Financial Condition: A Handbook for Local Government. Washington DC: ICMA, 2003.1.

2 City of Oklahoma City Planning Department.

3 Price Edwards Oklahoma City Mid-Year 2022 Office Market Summary

<https://www.priceedwards.com/market-trends/office>

4 Baker Hughes Rig Counts. January 2023 <https://rigcount.bakerhughes.com/na-rig-count>

5 Nollenberger 16.

6 Nollenberger 41.

7 Nollenberger 32.

8 Nollenberger 51.

9 Nollenberger 23.

10 Nollenberger 79.

SECTION 4

ECONOMIC OUTLOOK

FIVE-YEAR FORECAST

FISCAL YEAR 2027-2031

2026

Economic Outlook



Prepared by:

Russell Evans, Ph. D.

Partner & Chief Economist

Regional Economic Advisers,
a division of Thorberg Collectorate

Dean

College of Business
University of Central Oklahoma

TABLE OF CONTENTS

TABLE OF CONTENTS43

LIST OF FIGURES.....44

INTRODUCTION AND 2025 IN REVIEW45

U.S. ECONOMIC OUTLOOK49

OKLAHOMA ECONOMIC AND EMPLOYMENT OUTLOOK54

OKLAHOMA CITY ECONOMIC AND EMPLOYMENT OUTLOOK.....58

OKLAHOMA CITY FISCAL OUTLOOK.....60

APPENDIX TABLES.....64

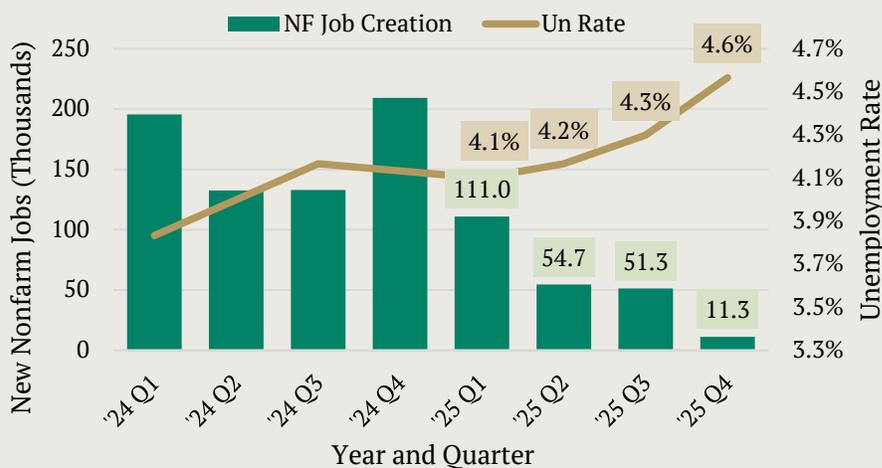
LIST OF FIGURES

Figure 1.1 U.S. Job Creation and Unemployment.....	45
Figure 1.2 Income, Consumption, & Net Worth	46
Figure 1.3 Nonfarm Employment Growth	47
Figure 2.1 U.S. Real Gross Domestic Product.....	50
Figure 2.2 U.S. Unemployment.....	51
Figure 2.3 Federal Funds Rate	52
Figure 2.4 Inflation.....	52
Figure 3.1 Oklahoma Nonfarm Employment: 12-Month Net Change	54
Figure 3.2 OK Nonfarm Employment	55
Figure 3.3 OK Employment Growth by Industry	56
Figure 4.1 OKC MSA Employment Long-Run Trends.....	58
Figure 4.2 OKC MSA Nonfarm Employment.....	58
Figure 4.3 OKC MSA Employment Growth by Industry	59
Figure 5.1 5-Year Geometric Average Growth of Municipal Sales Tax	60
Figure 5.2 Greater Than 24 Month Prior.....	61
Figure 5.3 Sales Tax Scenario	62
Figure 5.4 Fiscal Growth Scenarios	63
Table 1.1 U.S. Macroeconomic Outlook.....	64
Table 1.2 Oklahoma Macroeconomic & Labor Outlook.....	65
Table 1.3 Oklahoma City Macroeconomic & Labor Outlook	66
Table 1.4 Oklahoma Employment Outlook.....	67
Table 1.5 Oklahoma City Employment Outlook	68

INTRODUCTION AND 2025 IN REVIEW

The stage for the 2026 economic outlook is comfortably set by three graphics that collectively offer the following context. First, the U.S. labor market has stalled in the second half of the year generating nearly no net new jobs and seeing the unemployment rate move higher. Second, aggregate U.S. economic activity is increasingly and uncomfortably reliant on the retail spending of high-income households reliant on wealth effects to give them confidence to spend on credit. Third, Oklahoma City posted impressive if modest growth in 2025 against building national headwinds, but these efforts leave little momentum to carry additional offsetting strength into 2026. The year ahead is likely to bring challenges to growth that will not be easily met.

Figure 1.1 U.S. Job Creation and Unemployment



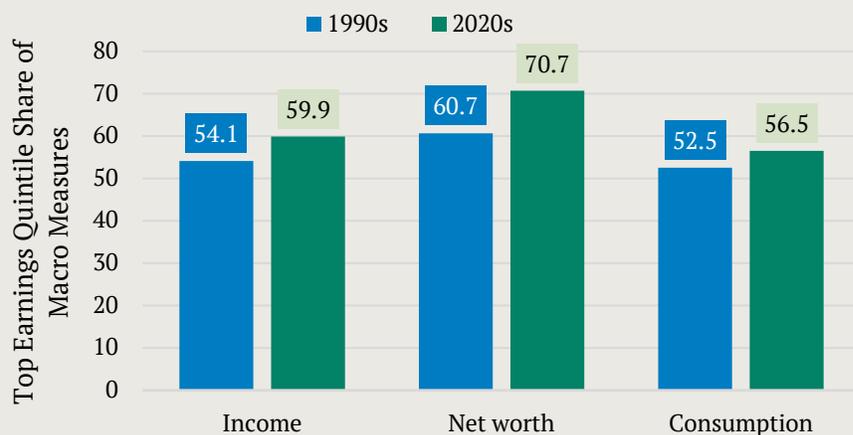
U.S. job creation stalled in the second half of 2025 and the unemployment rate is moving higher to end the year.

Source: Bureau of Labor Statistics

The U.S. economy added an average of 51,300 jobs per month in the third quarter and only averaged 11,300 jobs per month in the fourth quarter. The economy is not generating enough new payroll jobs to hold the unemployment rate constant and, as a result, the unemployment rate is moving higher to a monthly average of 4.6% in the fourth quarter. The labor market is expected to struggle into the start of 2026 to generate sufficient new jobs to contain the upward trend in the unemployment rate, putting pressure on the Federal Reserve to act on its dual mandate even as inflation remains stubbornly above policy’s 2% target rate.

The simple narrative of the resilient consumer in 2025 gave way to a less reassuring picture in the second half of the year. A look behind the consumer numbers revealed the reality that high-income and high net worth households accounted for more than half of all retail consumption. High income households are spending on credit backed by wealth that has been buoyed by record highs in the stock market and robust appreciation of real estate assets.¹

Figure 1.2 Income, Consumption, & Net Worth



“
The top 20% of earners represent nearly 60% of total income and 56.5% of total consumption.
”

Source: Federal Reserve Bank of Dallas

The chart above is re-created from research conducted by the Federal Reserve Bank of Dallas and emphasizes the increased concentration of income, wealth, and consumption among the top quintile of earners.² Middle and lower income households are already feeling the pinch of a looser labor market that offers fewer job prospects and less bargaining power to workers leaving many of these households struggling to maintain flat spending while servicing revolving debt. High income households are spending out of assets rather than income, leading policymakers to be particularly sensitive to shifts in sentiment or performance of equity and real estate markets. While we do expect some modest economic stimulus from recently passed tax legislation and we do expect the Federal Reserve to continue modest interest rate cuts (likely later in 2026), it is unclear that either will be sufficient to turn the labor market while supporting asset prices while keeping a lid on inflation expectations. The year ahead will be among the trickiest to navigate in recent times for the Federal Reserve policymaking body.

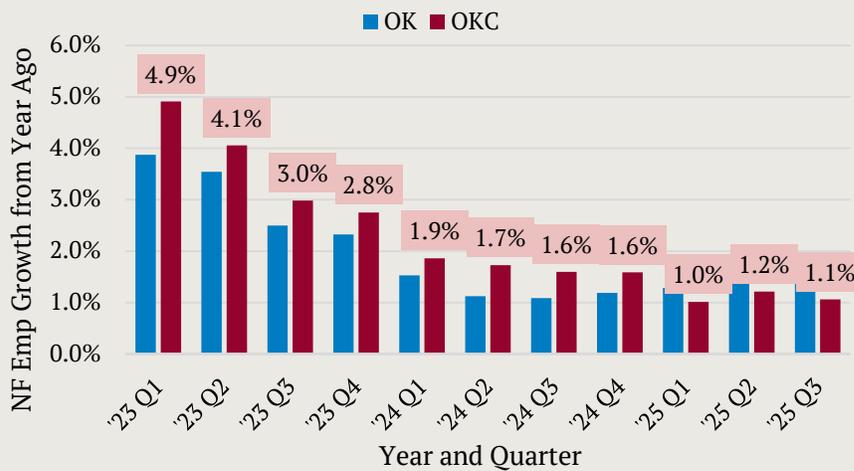
¹ *Wealth inequality and the ‘K-shaped’ economy are more striking than ever, data shows*, Alex Haring, CNBC, January 2026

² *Consumption concentration may be up, adding slightly to economic fragility*, Benjamin Hoham and Fang Yang, Federal Reserve Bank of Dallas, November 2025

INTRODUCTION AND 2025 IN REVIEW

Economic headwinds were expected in 2025, but Oklahoma City had the advantage of carrying residual economic momentum from 2024 into the year. A pickup in the pace of population growth together with large scale public and private real estate projects supported job gains in the construction and health sectors as expected. But both the depth and breadth of job gains waned throughout the year leaving precious little momentum to act as a buffer to national economic weakness in 2026.

Figure 1.3 Nonfarm Employment Growth



“
The pace of job growth slowed in OKC through 2025 leaving little momentum to carry into 2026.
 ”

The graphics above tell a somewhat unsettling story. A national economy that is not generating enough new jobs to keep the unemployment rate from moving higher and not generating enough new income to sustain spending growth by lower and middle-income households. A national economy that is overly reliant on consumer spending by a small segment of households to support production sufficient to avoid a recession. A local economy that lacks any buffering momentum should conditions materially weaken in 2026. And a complex set of challenges that will prove difficult for traditional fiscal and monetary policy to resolve.

A year ago, the outlook offered the following summary with a warning:

“ The year ahead is likely to bring moderate growth, avoid a recession, and make continued progress on inflation. But too much uncertainty remains to declare the year ahead uneventful. Caution is encouraged as household balance sheets in particular remain precariously exposed to external shock. - *Outlook 2025* ”

The summary for the 2026 outlook remains largely the same, though more muted with a more pronounced warning. The best-case scenario for the year ahead is moderate growth, avoiding a recession, and not losing progress already made on inflation. Extreme caution is encouraged as national economic resilience continues to be reliant on high-income household balance sheets that remain precariously exposed to external shocks.

The outlook proceeds with an overview and commentary on expectations for the U.S. economy. The U.S. economic outlook is pulled from external sources and readers are encouraged to explore any of those references for a deeper perspective. The outlook will then turn to a summary presentation of the economic outlook for Oklahoma and the state's largest metro areas, Oklahoma City and Tulsa. All state and local economic projections are generated internally using a suite of custom time-series econometric forecasting models.

U.S. ECONOMIC OUTLOOK

We provide a summary outlook from three respected entities and add our commentary to their analysis. The legend depicting the coordinating colors for each entity is found below. These are the National Association for Business Economics³, the Conference Board⁴, and Goldman Sachs⁵.

The NABE forecast survey includes the November 2025 NABE Outlook Survey and reports the median forecast derived from the observations of 40 surveyed forecasters. The Conference Board is a member-driven think tank that produces nonprofit, nonpartisan research for business and policy leaders. The Conference Board observations come from their published 2026 Economic Forecast. The Goldman Sachs observations are reported from the Goldman Sachs Global Investment Research team’s published U.S. Economic and Financial Outlook. Readers are encouraged to find or follow any of these entities for ongoing national economic analysis. The outlook presented in subsequent sections for state and local economies are the product of our internal econometric forecasting models. It’s also important to also note that, contrary to our typical Outlook release, a third-quarter actual observation for 2025 was excluded by most forecasters, largely due to the lack of data from federal statistic agencies.

— National Association for Business Economics — Conference Board — Goldman Sachs — Actuals



³ [National Association for Business Economics, NABE Outlook Survey, November 2025](#)

⁴ [The Conference Board, Economic Forecast for the US Economy, December 2025](#)

⁵ [Goldman Sachs Global Investment Research: US Economics Team, The US Economic and Financial Outlook, November 2025](#)

U.S. ECONOMIC OUTLOOK

Despite all organizations forecasting real GDP growth to slow moving through 2025, second quarter growth strongly exceeded expectations only for third quarter advance estimates to far exceed expectations as well. Current projections anticipate even stronger fourth quarter growth. That all three national forecasts anticipate much slower GDP growth than will actually be reported only speaks to the difficulty in interpreting GDP in this environment.

Figure 2.1 U.S. Real Gross Domestic Product

Source: Bureau of Economic Analysis, forecaster calculations



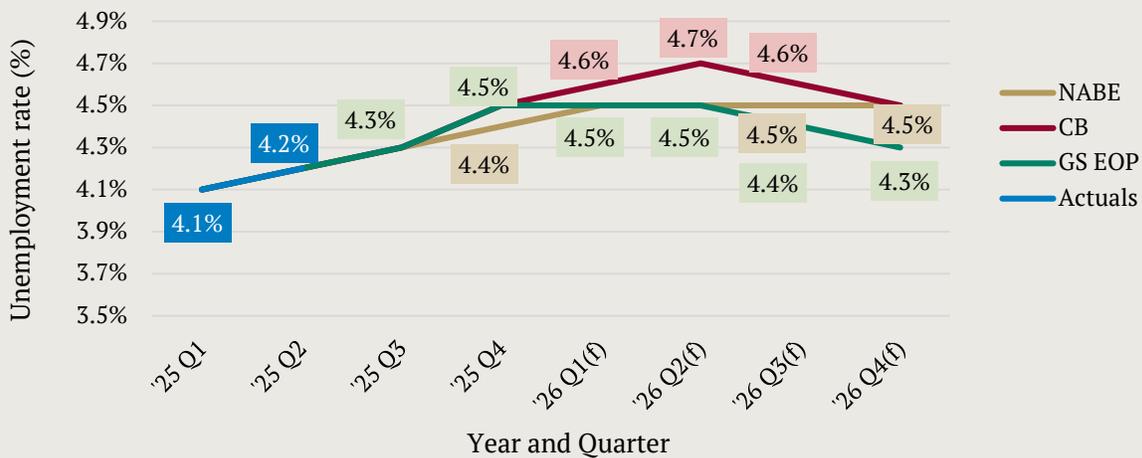
GDP is an economic accounting exercise, and personal consumption expenditures will account for a consistent 2.0 to 2.5 percentage points of growth in the back half of 2025. Reported growth in GDP will be elevated by swings in net exported and private inventory changes. NABE and Goldman anticipate the strongest 2026 finish at 2.0% growth with Conference Board expecting slower growth each quarter. In some ways, the forecasts may be better seen as anticipated underlying strength (or lack thereof) rather than predictions of actual growth rates which swing considerably with each policy change. It is noteworthy, however, that relative to the previous year forecasts for 2026 show less variation, noting an alignment of expectations for GDP growth across all shops.

U.S. ECONOMIC OUTLOOK

The first half of 2025 employment performance largely aligned with expectations. Economic forecasters anticipate unemployment to rise through the middle of 2026 followed by an end of the year stabilization within a reasonably narrow range between 4.3-4.5%.

The national unemployment rate is effectively a weighted average of the unemployment rate across the individual states. As the state unemployment rates edge higher, especially in populous states, the national unemployment rate moves higher as well. Note that the forecast below assumes a largely stable labor market at the current level of the unemployment rate. We think it more likely that the unemployment rate continues to move modestly higher through 2026 before (hopefully) gaining stronger footing in the second half of the year.

Figure 2.2 U.S. Unemployment



Source: Bureau of Labor Statistics, forecaster calculations

U.S. ECONOMIC OUTLOOK

After the implementation of multiple rate cuts, the Federal Funds rate was reduced to a target range of 3.5-3.75% in December of 2025. These cuts brought borrowing costs to their lowest level since 2022. Although the timing of additional anticipated cuts varies, all 3 organization forecasts expect 2026 to end at a 3.125% Federal Funds rate, suggesting 2 or 3 rate cuts over the course of 2026. Progress on inflation is expected to continue slowly through 2026 with annual inflation at year-end near 2.5%, and still above the policy target of 2%.

Figure 2.3 Federal Funds Rate



Figure 2.4 U.S. Inflation



U.S. ECONOMIC OUTLOOK

The preceding presentation on U.S. economic expectations can be a bit misleading. At face value, the takeaway seems to be an uneventful year ahead of average growth, a stable labor market, gradual policy adjustments, and inflation moving towards policy's target. An alternative explanation may be that the combined forces of a series of eventful economic disruptions will be a lateral movement in overall economic activity.

A difficulty in forecasting economic conditions ahead is a lack of clarity around current economic realities. The U.S. economy will avoid a recession in 2025 but will not escape without seeing state labor markets materially weaken. The U.S. economy will avoid a spike in inflation in 2025 but will remain far enough from target to be unsettling with no clear consensus on the balance of inflationary forces in 2026. High income and high net worth consumers are truly resilient in their spending habits, but low income and low net worth households are already shifting behaviors towards saving. In other words, an alternative takeaway from the U.S. economic forecast may be that, in the absence of a clear indication that conditions are moving towards either expansion or contraction, a default forecast is for economic activity to move sideways.

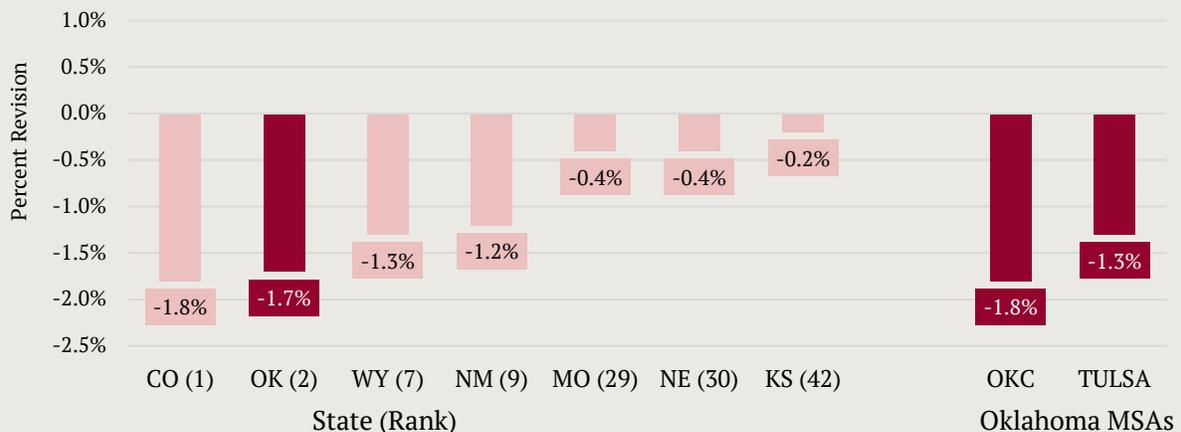
A lack of clarity on the extent of current strength (or weakness) in the state and local economy likewise muddies the outlook for 2026. What is clear in the discussion that follows is that 2026 will need to support itself as 2025 wraps up with precious little positive momentum to carry the economy into a new year.

OKLAHOMA ECONOMIC AND EMPLOYMENT OUTLOOK

Heading into 2025 it was clear that national economic conditions, and the national labor market in particular, were beginning to slow. Concern was building and many preliminary 2025 forecasts already felt optimistic. But Oklahoma had momentum on its side given the strong job gains of 2024. Or so we thought.

Initial job growth is the result of a broad survey of employers and worksites. Subsequently, an alternative and more comprehensive dataset on the count of the employed covered by unemployment insurance is used to revise, or benchmark, the initial survey estimates. The benchmark revisions for 2024 employment estimates occur in September 2025 and final revisions in March 2026. The initial benchmark revisions indicate that Oklahoma’s 2024 job growth was overstated significantly.

Figure 3.1 Preliminary Revisions to Initial 2024 Nonfarm Estimates



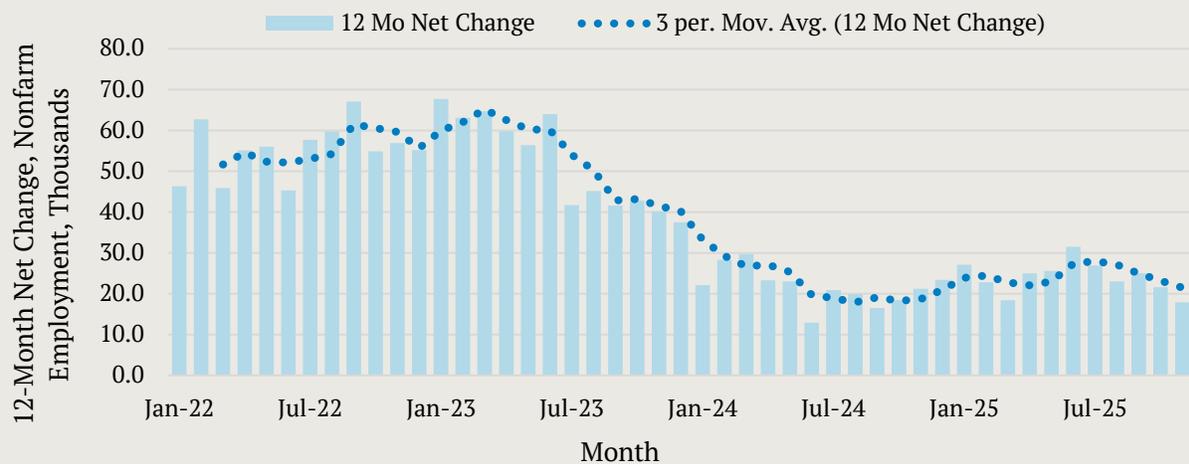
Source: Bureau of Labor Statistics

Initial job gains in Oklahoma were revised down by 1.7% of total nonfarm payrolls. The magnitude of revisions was second in the nation and just behind the 1.8% downward revisions in Colorado. Revisions for each of the states of the 10th Federal Reserve district are included for comparison. Inside Oklahoma, initial estimates in Oklahoma City were revised down by 1.8% of nonfarm payrolls while Tulsa job gains were revised down by 1.3%. In other words, the momentum thought to be present and carried into 2025 wasn’t reality. The state and Oklahoma City would be pushing growth uphill against weakening national conditions without the benefit of momentum.

OKLAHOMA ECONOMIC AND EMPLOYMENT OUTLOOK

The pace of nonfarm job creation slowed throughout 2025 and nearly stalled completely to end the year. Initial estimates suggest effectively no new net nonfarm payroll jobs in the state since early fall and total payroll employment up fewer than 20,000 net jobs from a year ago. To end the year, both initial and continued unemployment insurance claims are approaching lines that tend to demarcate a healthy from a distressed state labor market.

Figure 3.2 Oklahoma Nonfarm Employment: 12-Month Net Change

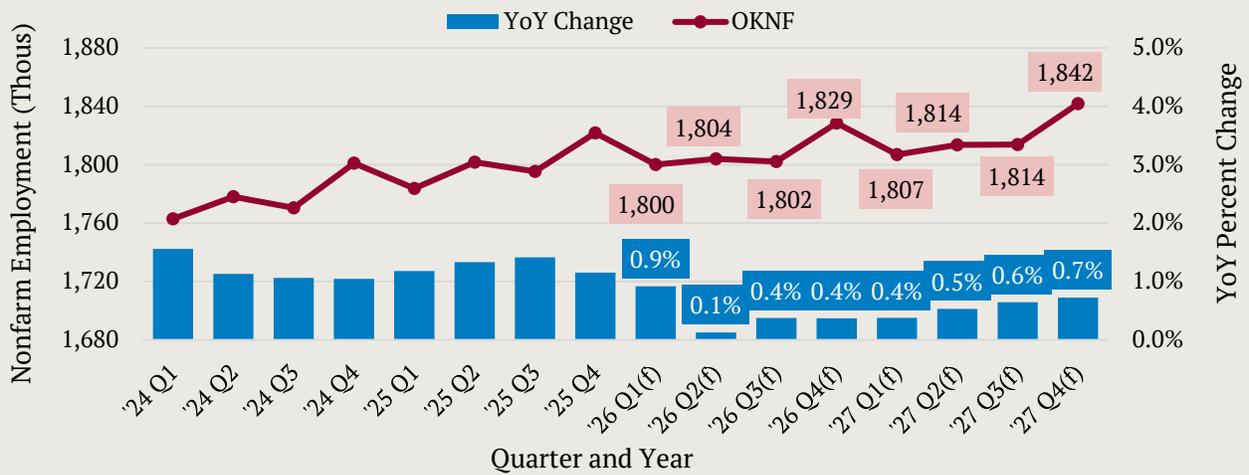


Source: Bureau of Labor Statistics

In contrast to 2025, Oklahoma enters 2026 with a labor market that is losing steam rather than gaining momentum. Our baseline forecast extends this struggle through the first half of 2026. There is not yet enough information to assume a recession in 2026, yet it is also difficult to articulate a case absent significant policy support for a breakout to growth. Like the national forecasts above, we make a largely lateral move on our baseline expectation for 2026.

Oklahoma nonfarm employment grew at an annual rate of 1.3% in 2025 with gains spread broadly across the state. Oklahoma City nonfarm payrolls grew at an annual rate of 0.9% while Tulsa payrolls grew at an annual rate of 1.2%. Recall, however, that these are effectively preliminary estimates of 2025 job growth and will be comprehensively revised in September 2026 and again in March 2027. We expect those revisions to revise lower initial job growth estimates in the Tulsa MSA which will likely move lower initial estimates for statewide job gains. In other words, the modest job growth reported for 2025 is likely overstating the true strength of the state’s labor market.

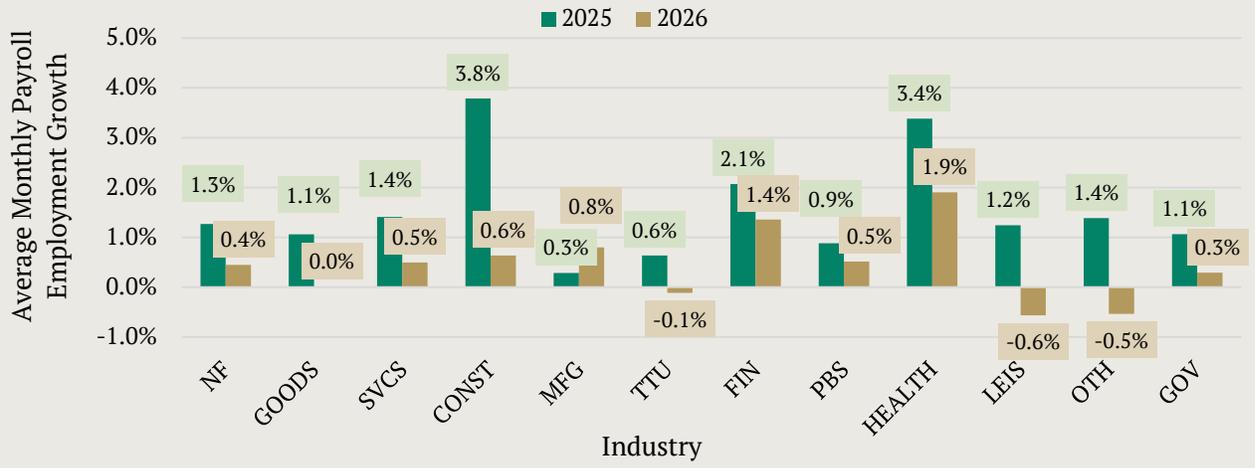
Figure 3.3 OK Nonfarm Employment



Source: Bureau of Labor Statistics, author calculations

OKLAHOMA ECONOMIC AND EMPLOYMENT OUTLOOK

Figure 3.4 OK Employment Growth by Industry



Source: Bureau of Labor Statistics, author calculations

OKLAHOMA CITY ECONOMIC AND EMPLOYMENT OUTLOOK

The Oklahoma City economy added fewer jobs than initially reported in 2024, carried less momentum into 2025, and managed modest job gains through the year. Job gains were concentrated in three sectors: construction, health services, and leisure hospitality. By the end of 2025, the six-month moving average of Oklahoma City employment was effectively flat and employment changed little from 12 months prior.

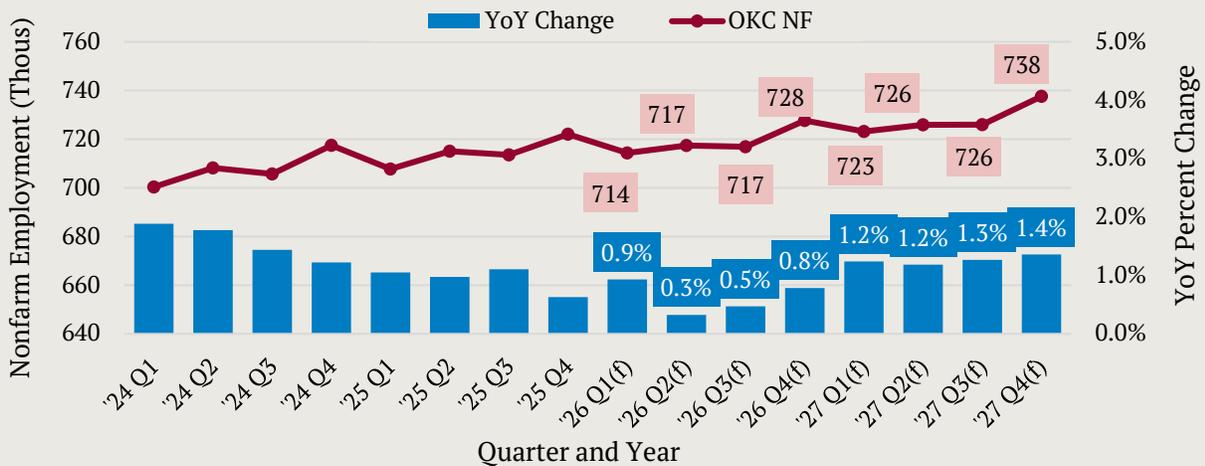
Figure 4.1 OKC MSA Employment Long-Run Trends



Source: Bureau of Labor Statistics

The baseline forecast anticipates 0.6% nonfarm job growth in 2026 with job growth largely flat through the middle of the year. If the economy can gain its footing in 2026, growth accelerates modestly in 2027.

Figure 4.2 OKC MSA Nonfarm Employment

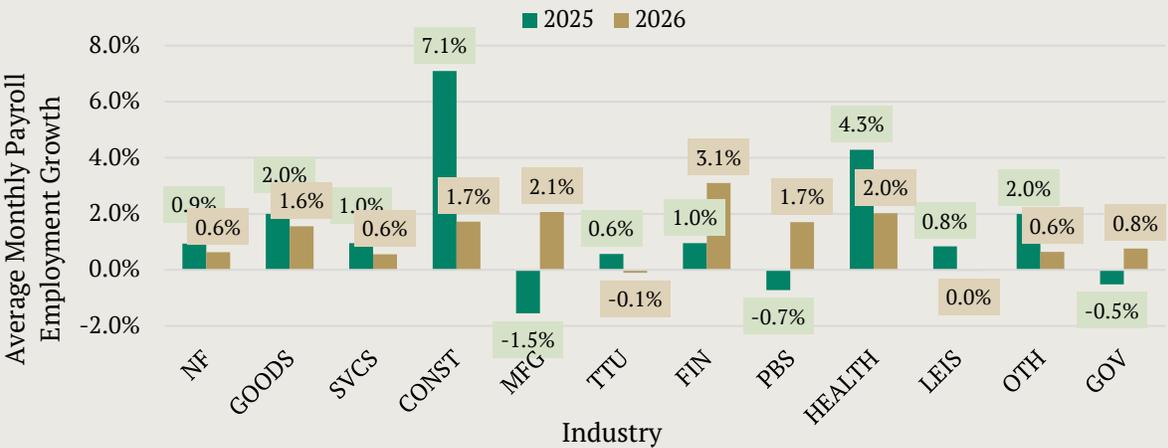


Source: Bureau of Labor Statistics, author calculations

OKLAHOMA CITY ECONOMIC AND EMPLOYMENT OUTLOOK

Oklahoma City employment in 2025 was supported in part by strong demand for construction employment. While we do expect the industry to hold those job gains as a series of large private and public projects progress, we do not expect the pace of job growth to repeat. Similarly, job growth in leisure and hospitality and restaurant services in particular has turned flat to end 2025 as shifting consumer spending begins to be felt across the sector. We do expect continued job growth in the health services sector to be joined by modest gains in manufacturing, financial services, and professional services.

Figure 4.3 OKC MSA Employment Growth by Industry



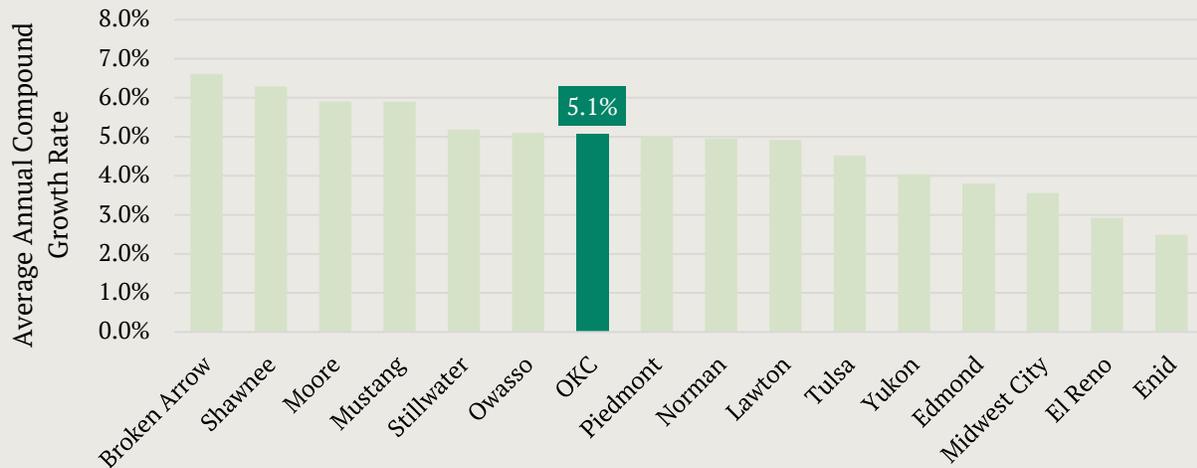
Source: Bureau of Labor Statistics, author calculations

The full forecast of Oklahoma and Oklahoma City macroeconomic and labor market conditions in 2026 is available in the appendix tables.

OKLAHOMA CITY FISCAL OUTLOOK

Oklahoma City sales tax collections have grown at a compound average annual rate of 5.1% from FY 2021 through FY 2025, near the middle of 16 major and mid-sized cities in Oklahoma. Among Oklahoma City suburbs and edge cities, Shawnee, Moore, and Mustang have experienced stronger five-year growth, Piedmont and Norman have nearly matched Oklahoma City growth, with Yukon, Edmond, and Midwest City struggling to match Oklahoma City’s pace.

Figure 5.1 5-Year Geometric Average Growth of Municipal Sales Tax



Source: Oklahoma Tax Commission

For FY 2027 planning purposes we assume explicitly the nonfarm employment growth presented previously. We create and include in the models an indicator variable for each of three possible states of being: expansion, transition, and recession. Note, however, that by imposing an explicit employment path of very modest growth, both the expansion and recession effects are muted as they are not joined by large employment effects.

Figure 5.3 Sales Tax Scenario

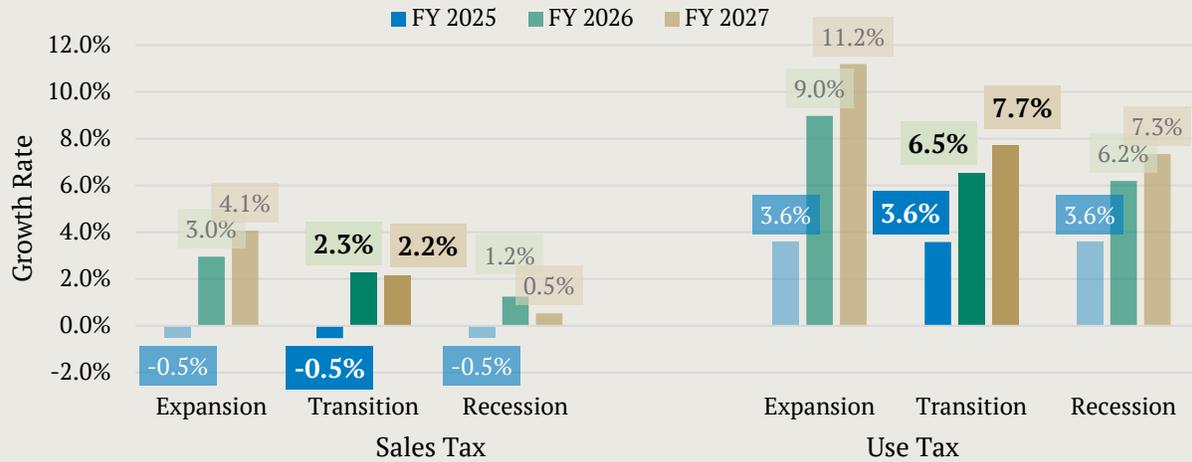
Source: Oklahoma Tax Commission, author calculations



The panel on the left shows a longer sales tax history which allows periods of recession and expansion to be easily identified. The panel on the right zooms in to include only the most recent fiscal years and better illustrates the alternative paths for FY 2027.

Under the baseline assumption of modest employment growth and a continuation of a transition scenario, sales tax growth ends FY 2026 up 2.3% with use tax growth of 6.5%. Note that both of these growth rates are roughly where collections stand year-to-date through seven months of the fiscal year. Fiscal year 2027 follows a largely sideways trajectory with sales tax growth of 2.2% and use tax growth of 7.7% or total collections (sales plus use) growth of 3.2%.

Figure 5.4 Fiscal Growth Scenarios



Source: Oklahoma Tax Commission, author calculations

A good forecasting exercise doesn't eliminate forecast misses; it makes misses manageable. At some point the Oklahoma City economy will move firmly into an expansion phase with sales and use tax growth rates accelerating accordingly. But we may yet pass through more challenging economic terrain on the way. The view of the path ahead for 2026 and beyond is clouded by a lack of clarity from where we are coming. What does seem clear is that the Oklahoma City economy will face the year ahead without the benefit of robust 2025 momentum to propel it. Oklahoma, like most other states, waits for a resolution to the U.S. economic question of whether conditions can broaden to include lower and middle-income households before conditions deteriorate for high-income household. The economic forecasts may appear modest and uneventful on the surface but likely belie an eventfuly challenging year ahead.

APPENDIX TABLES

U.S. Macroeconomic Outlook

Year		2024				2025				2026(f)			
Quarter		Q1	Q2	Q3	Q4	Q1	Q2	Q3(e)	Q4(e)	Q1(f)	Q2(f)	Q3(f)	Q4(f)
REAL GDP	Actual	0.8%	3.6%	3.3%	1.9%	-0.6%	3.8%						
	CB (f)							2.6%	1.2%	0.8%	1.5%	1.4%	1.4%
	NABE (f)							2.8%	1.0%	1.5%	1.9%	2.0%	2.0%
	GS (f)							2.8%	0.9%	1.5%	1.8%	2.0%	2.0%
UNEMPLOYMENT RATE	Actual	3.8%	4.0%	4.2%	4.1%	4.1%	4.2%						
	CB (f)							4.3%	4.5%	4.5%	4.5%	4.4%	4.3%
	NABE (f)							4.3%	4.4%	4.5%	4.5%	4.5%	4.5%
	GS (f)							4.3%	4.5%	4.5%	4.5%	4.4%	4.3%
FED FUNDS RATE	Actual	5.3%	5.3%	4.8%	4.4%	4.4%	4.4%						
	CB (f)							4.1%	3.6%	3.1%	3.1%	3.1%	3.1%
	NABE (f)							4.1%	3.6%	3.6%	3.4%	3.1%	3.1%
	GS (f)							4.1%	3.6%	3.4%	3.1%	3.1%	3.1%
CORE PCE INFLATION	Actual	2.4%	2.1%	2.2%	2.7%	2.8%	2.7%						
	CB (f)							2.9%	3.0%	3.1%	2.8%	2.4%	2.3%
	NABE (f)							3.0%	3.0%	3.0%	2.7%	2.5%	2.4%
	GS (f)							2.9%	2.9%	2.8%	2.8%	2.7%	2.5%

Source: Federal Reserve Economic Data, Bureau of Economic Analysis, Conference Board, National Association of Business Economists, Goldman Sachs

Oklahoma Macroeconomy & Labor Market Outlook, Annual

Year		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025(e)	2026(f)	2027(f)	
MACRO OUTLOOK	REAL GROSS DOMESTIC PRODUCT*	Value	\$172,016	\$176,087	\$186,574	\$193,793	\$190,094	\$192,539	\$196,031	\$200,072	\$191,377	\$194,991	\$194,171	\$207,073	\$210,316	\$213,648	\$218,829	\$222,817
		Y/Y growth	5.0%	2.4%	6.0%	3.9%	-1.9%	1.3%	1.8%	2.1%	-4.3%	1.9%	-0.4%	6.6%	1.6%	1.6%	2.4%	1.8%
	PERSONAL INCOME**	Value	\$159,875	\$167,797	\$177,636	\$172,726	\$164,709	\$171,995	\$180,824	\$189,997	\$198,234	\$217,902	\$233,182	\$247,301	\$260,910	\$270,915	\$278,853	\$286,396
		Y/Y growth	6.4%	5.0%	5.9%	-2.8%	-4.6%	4.4%	5.1%	5.1%	4.3%	9.9%	7.0%	6.1%	5.5%	3.8%	2.9%	2.7%
	PERSONAL CONSUMPTION**	Value	\$114,071	\$117,602	\$122,262	\$124,004	\$126,385	\$130,254	\$136,008	\$138,657	\$138,205	\$155,943	\$170,231	\$180,518	\$189,695	\$196,432	\$202,489	\$208,341
		Y/Y growth	3.2%	3.1%	4.0%	1.4%	1.9%	3.1%	4.4%	1.9%	-0.3%	12.8%	9.2%	6.0%	5.1%	3.6%	3.1%	2.9%
POPULATION	Value	3,815,196	3,847,936	3,871,400	3,900,900	3,916,688	3,920,316	3,928,371	3,943,727	3,965,415	3,992,238	4,026,229	4,063,882	4,095,393	4,121,550	4,142,725	4,161,233	
	Y/Y growth	0.8%	0.9%	0.6%	0.8%	0.4%	0.1%	0.2%	0.4%	0.5%	0.7%	0.9%	0.9%	0.8%	0.6%	0.5%	0.4%	
LABOR OUTLOOK	TOTAL EMPLOYMENT	Value	2,211,969	2,249,096	2,273,648	2,287,838	2,287,131	2,291,944	2,312,261	2,309,379	2,265,447	2,311,367	2,380,642	2,450,387	2,474,908	2,497,325	2,510,275	2,528,219
		Y/Y growth	2.4%	1.7%	1.1%	0.6%	0.0%	0.2%	0.9%	-0.1%	-1.9%	2.0%	3.0%	2.9%	1.0%	0.9%	0.5%	0.7%
	WAGES & SALARY EMPLOYMENT	Value	1,657,454	1,679,892	1,699,684	1,705,945	1,689,282	1,696,327	1,720,358	1,741,587	1,666,612	1,683,523	1,740,701	1,785,141	1,807,062	1,827,064	1,835,019	1,846,064
		Y/Y growth	2.0%	1.4%	1.2%	0.4%	-1.0%	0.4%	1.4%	1.2%	-4.3%	1.0%	3.4%	2.6%	1.2%	1.1%	0.4%	0.6%
	PROPRIETOR'S EMPLOYMENT	Value	554,515	569,204	573,964	581,893	597,849	595,617	591,903	567,792	598,835	627,844	639,941	665,246	667,846	670,261	675,256	682,155
		Y/Y growth	3.8%	2.6%	0.8%	1.4%	2.7%	-0.4%	-0.6%	-4.1%	5.5%	4.8%	1.9%	4.0%	0.4%	0.4%	0.7%	1.0%
	AVERAGE WAGE AND SALARY	Value	\$42,329	\$43,045	\$44,461	\$45,112	\$44,817	\$46,104	\$47,762	\$49,067	\$50,650	\$52,685	\$55,111	\$57,632	\$59,965	\$62,043	\$63,952	\$65,827
		Y/Y growth	3.9%	1.7%	3.3%	1.5%	-0.7%	2.9%	3.6%	2.7%	3.2%	4.0%	4.6%	4.6%	4.0%	3.5%	3.1%	2.9%
	HH EMPLOYMENT	Value	1,702,391	1,701,666	1,711,936	1,745,090	1,734,041	1,747,790	1,768,822	1,779,707	1,722,603	1,784,726	1,837,576	1,894,600	1,920,156	1,939,871	1,953,073	1,969,909
		Y/Y growth	2.1%	0.0%	0.6%	1.9%	-0.6%	0.8%	1.2%	0.6%	-3.2%	3.6%	3.0%	3.1%	1.3%	1.0%	0.7%	0.9%
HH LABOR FORCE	Value	1,793,402	1,793,532	1,789,664	1,823,310	1,818,341	1,821,114	1,828,707	1,837,388	1,838,309	1,859,248	1,895,258	1,956,969	1,985,625	2,007,623	2,035,855	2,055,914	
	Y/Y growth	1.6%	0.0%	-0.2%	1.9%	-0.3%	0.2%	0.4%	0.5%	0.1%	1.1%	1.9%	3.3%	1.5%	1.1%	1.4%	1.0%	
HH UN RATE	Value	5.1%	5.1%	4.3%	4.3%	4.6%	4.0%	3.3%	3.1%	6.3%	4.0%	3.0%	3.2%	3.3%	3.4%	4.1%	4.2%	
	Y/Y growth	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
HH LABOR FORCE PART. RATE	Value	62.1%	61.6%	61.0%	61.7%	61.2%	61.1%	61.2%	61.2%	60.7%	60.9%	61.4%	62.6%	62.8%	62.8%	62.5%	62.3%	
	Y/Y growth	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

*\$Mil, 2017, **\$Mil

Source: Bureau of Economic Analysis, Bureau of Labor Statistics: Local Area Unemployment Statistics

Oklahoma City Macroeconomy & Labor Market Outlook, Annual

Year		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025(e)	2026(f)	2027(f)	
MACRO OUTLOOK	OKC RGDP*	Value	\$63,139	\$64,951	\$69,106	\$72,005	\$72,190	\$74,419	\$77,047	\$78,361	\$76,135	\$76,699	\$76,312	\$81,586	\$84,762	\$88,501	\$91,753	\$94,581
		Y/Y growth	4.4%	2.9%	6.4%	4.2%	0.3%	3.1%	3.5%	1.7%	-2.8%	0.7%	-0.5%	6.9%	3.9%	4.4%	3.7%	3.1%
	OKC SHARE RGDP		36.7%	36.9%	37.0%	37.2%	38.0%	38.7%	39.3%	39.2%	39.8%	39.3%	39.3%	39.4%	40.3%	41.4%	41.9%	42.4%
			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	OKC PERS INC**	Value	\$55,613	\$57,235	\$60,781	\$61,824	\$61,605	\$63,697	\$66,709	\$72,145	\$76,377	\$83,719	\$90,801	\$95,278	\$99,840	\$104,691	\$108,021	\$112,241
		Y/Y growth	5.0%	2.9%	6.2%	1.7%	-0.4%	3.4%	4.7%	8.1%	5.9%	9.6%	8.5%	4.9%	4.8%	4.9%	3.2%	3.9%
	OKC PERS INC SHARE		34.8%	34.1%	34.2%	35.8%	37.4%	37.0%	36.9%	38.0%	38.5%	38.4%	38.9%	38.5%	38.3%	38.6%	38.7%	39.2%
			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	OKC POP	Value	1,298,801	1,321,517	1,337,977	1,359,300	1,375,610	1,384,348	1,397,239	1,413,117	1,429,940	1,443,830	1,459,957	1,477,926	1,494,902	1,512,242	1,529,127	1,545,336
		Y/Y growth	1.7%	1.7%	1.2%	1.6%	1.2%	0.6%	0.9%	1.1%	1.2%	1.0%	1.1%	1.2%	1.1%	1.2%	1.1%	1.1%
OKC POP SHARE		34.0%	34.3%	34.6%	34.8%	35.1%	35.3%	35.6%	35.8%	36.1%	36.2%	36.3%	36.4%	36.5%	36.7%	36.9%	37.1%	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
OKC PCPI	Value	\$42,819	\$43,310	\$45,427	\$45,482	\$44,784	\$46,013	\$47,744	\$51,054	\$53,413	\$57,984	\$62,194	\$64,468	\$66,787	\$69,229	\$70,642	\$72,632	
	Y/Y growth	3.3%	1.1%	4.9%	0.1%	-1.5%	2.7%	3.8%	6.9%	4.6%	8.6%	7.3%	3.7%	3.6%	3.7%	2.0%	2.8%	
LABOR OUTLOOK	OKC HH EMP	Value	613,430	617,969	622,994	636,346	645,834	653,718	666,993	676,815	655,280	684,252	710,233	737,070	750,557	759,348	770,970	783,028
		Y/Y growth	2.5%	0.7%	0.8%	2.1%	1.5%	1.2%	2.0%	1.5%	-3.2%	4.4%	3.8%	3.8%	1.8%	1.2%	1.5%	1.6%
	OKC HH LF	Value	641,575	646,993	648,066	661,146	672,704	677,971	687,508	696,790	698,170	711,400	730,650	759,629	774,437	784,269	803,487	818,767
		Y/Y growth	2.1%	0.8%	0.2%	2.0%	1.7%	0.8%	1.4%	1.4%	0.2%	1.9%	2.7%	4.0%	1.9%	1.3%	2.5%	1.9%
OKC HH UN RATE	Value	4.4%	4.5%	3.9%	3.8%	4.0%	3.6%	3.0%	2.9%	6.1%	3.8%	2.8%	3.0%	3.1%	3.2%	4.0%	4.4%	
	Y/Y growth	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

*\$Mil, 2017, **Mil

Source: Bureau of Economic Analysis, Bureau of Labor Statistics: Local Area Unemployment Statistics

Oklahoma Employment by Sector Outlook, Quarterly

Year		2024				2025				2026(f)				2027(f)			
Quarter		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4(e)	Q1(f)	Q2(f)	Q3(f)	Q4(f)	Q1(f)	Q2(f)	Q3(f)	Q4(f)
NONFARM	Value (thous)	1,762.9	1,778.1	1,770.4	1,801.0	1,783.7	1,801.7	1,795.4	1,821.8	1,800.1	1,804.0	1,802.2	1,828.5	1,806.9	1,813.6	1,813.8	1,841.8
	Q4/Q4 growth	1.6%	1.1%	1.1%	1.0%	1.2%	1.3%	1.4%	1.2%	0.9%	0.1%	0.4%	0.4%	0.4%	0.5%	0.6%	0.7%
PRIVATE	Value (thous)	1,395.9	1,409.4	1,412.7	1,426.1	1,416.6	1,433.5	1,434.3	1,446.2	1,431.5	1,436.0	1,444.0	1,453.3	1,436.4	1,444.4	1,454.3	1,464.9
	Q4/Q4 growth	1.2%	0.7%	0.9%	1.1%	1.5%	1.7%	1.5%	1.4%	1.0%	0.2%	0.7%	0.5%	0.3%	0.6%	0.7%	0.8%
GOODS	Value (thous)	255.3	257.3	257.8	258.4	259.5	260.1	260.0	260.2	259.5	260.1	260.6	259.6	257.5	257.9	258.6	258.0
	Q4/Q4 growth	2.1%	1.1%	1.2%	0.8%	1.6%	1.1%	0.9%	0.7%	0.0%	0.0%	0.2%	-0.2%	-0.8%	-0.8%	-0.8%	-0.6%
SERVICES	Value (thous)	1,507.6	1,520.8	1,512.6	1,542.6	1,529.4	1,546.2	1,535.3	1,558.5	1,540.4	1,544.7	1,543.2	1,571.5	1,552.8	1,558.6	1,558.2	1,587.3
	Q4/Q4 growth	1.5%	1.1%	1.0%	1.1%	1.4%	1.7%	1.5%	1.0%	0.7%	-0.1%	0.5%	0.8%	0.8%	0.9%	1.0%	1.0%
CONSTRUCTION	Value (thous)	84.4	86.0	86.5	87.2	89.3	89.3	88.5	90.0	88.6	89.8	90.7	90.3	89.0	90.4	91.4	91.2
	Q4/Q4 growth	5.4%	3.6%	3.3%	3.0%	5.8%	3.9%	2.3%	3.2%	-0.8%	0.5%	2.5%	0.3%	0.4%	0.7%	0.8%	1.0%
MANUFACT	Value (thous)	140.1	140.8	140.9	140.8	139.9	141.0	141.9	141.5	142.0	141.8	142.2	142.7	142.6	142.4	142.7	143.1
	Q4/Q4 growth	1.9%	0.9%	1.0%	0.2%	-0.1%	0.1%	0.7%	0.5%	1.5%	0.6%	0.2%	0.8%	0.4%	0.4%	0.3%	0.3%
TRADE TRANSPORT UTILITIES	Value (thous)	318.2	317.3	317.7	324.9	319.9	321.5	320.1	324.7	317.0	317.8	320.2	329.7	321.3	321.5	323.8	333.1
	Q4/Q4 growth	-0.8%	-1.0%	-0.6%	-0.6%	0.5%	1.3%	0.8%	-0.1%	-0.9%	-1.1%	0.0%	1.5%	1.4%	1.2%	1.1%	1.0%
FINANCE	Value (thous)	85.0	85.6	85.6	85.3	86.4	86.2	87.4	88.7	87.6	88.2	88.7	88.9	88.5	89.1	89.6	89.9
	Q4/Q4 growth	2.9%	1.5%	0.7%	-0.1%	1.6%	0.6%	2.1%	3.9%	1.4%	2.4%	1.5%	0.3%	1.1%	1.1%	1.1%	1.1%
PROF BUSINESS SERVICES	Value (thous)	206.1	208.1	206.4	206.4	202.6	210.6	210.5	210.5	207.5	209.7	210.5	211.0	207.9	210.1	211.3	212.2
	Q4/Q4 growth	-1.3%	-1.5%	-1.5%	-1.4%	-1.7%	1.2%	2.0%	2.0%	2.4%	-0.5%	0.0%	0.2%	0.2%	0.2%	0.4%	0.6%
EDUCATION HEALTH	Value (thous)	266.4	268.6	272.1	275.4	275.7	278.2	280.7	284.6	283.5	283.4	285.4	288.1	287.4	287.7	290.1	293.1
	Q4/Q4 growth	5.0%	4.7%	4.4%	4.1%	3.5%	3.5%	3.2%	3.3%	2.8%	1.9%	1.7%	1.3%	1.4%	1.5%	1.6%	1.7%
LEISURE	Value (thous)	178.0	184.8	185.6	187.0	184.3	188.4	186.2	185.6	181.7	185.5	187.9	185.3	183.0	187.0	189.6	187.3
	Q4/Q4 growth	1.1%	0.9%	1.5%	3.5%	3.5%	2.0%	0.3%	-0.7%	-1.4%	-1.6%	0.9%	-0.2%	0.7%	0.8%	0.9%	1.1%
OTHER	Value (thous)	69.4	70.2	70.2	71.4	70.8	71.3	72.0	71.0	70.8	70.5	71.3	71.1	71.0	70.8	71.8	71.6
	Q4/Q4 growth	-0.2%	0.0%	0.2%	2.5%	2.0%	1.7%	2.5%	-0.6%	0.0%	-1.2%	-1.0%	0.0%	0.3%	0.5%	0.7%	0.8%
GOVERNMENT	Value (thous)	367.0	368.7	357.7	374.9	372.2	372.7	361.0	378.1	374.0	372.8	362.2	379.3	375.2	374.2	363.8	381.1
	Q4/Q4 growth	3.0%	2.7%	1.9%	0.9%	1.4%	1.1%	0.9%	0.8%	0.5%	0.0%	0.3%	0.3%	0.3%	0.4%	0.4%	0.5%
OK QCEW	Value (thous)	1,681.2	1,694.3	1,680.4	1,714.0	1,693.0	1,709.1	1,693.3	1,725.0	1,704.1	1,708.1	1,697.8	1,732.8	1,712.1	1,718.5	1,709.6	1,745.8
	Q4/Q4 growth	1.6%	1.2%	1.2%	0.9%	0.7%	0.9%	0.8%	0.6%	0.7%	-0.1%	0.3%	0.4%	0.5%	0.6%	0.7%	0.8%

Source: Bureau of Labor Statistics

67 FIVE-YEAR FORECAST

Oklahoma City Employment by Sector Outlook, Quarterly

Year		2024				2025				2026(f)				2027(f)			
Quarter		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4(e)	Q1(f)	Q2(f)	Q3(f)	Q4(f)	Q1(f)	Q2(f)	Q3(f)	Q4(f)
NONFARM	Value (thous)	700.4	708.2	705.7	717.5	707.7	715.1	713.5	722.0	714.3	717.4	716.9	727.7	723.2	725.9	726.0	737.6
	Q4/Q4 growth	1.9%	1.8%	1.4%	1.2%	1.1%	1.0%	1.1%	0.6%	0.9%	0.3%	0.5%	0.8%	1.2%	1.2%	1.3%	1.4%
PRIVATE	Value (thous)	567.2	574.2	576.1	581.0	575.4	583.2	584.4	588.8	582.6	585.6	588.8	593.6	590.7	593.5	597.3	602.9
	Q4/Q4 growth	1.7%	1.6%	1.5%	1.3%	1.4%	1.6%	1.4%	1.3%	1.3%	0.4%	0.8%	0.8%	1.4%	1.3%	1.4%	1.6%
GOODS	Value (thous)	81.1	81.9	81.5	81.2	81.7	83.0	83.4	84.1	83.8	84.3	84.6	84.7	84.5	85.0	85.4	85.5
	Q4/Q4 growth	1.0%	0.7%	0.5%	-0.4%	0.7%	1.4%	2.3%	3.5%	2.5%	1.5%	1.4%	0.8%	0.9%	0.8%	0.9%	0.9%
SERVICES	Value (thous)	619.2	626.3	624.2	636.3	627.5	634.0	630.1	638.2	631.5	634.0	633.5	645.0	641.6	644.2	644.1	655.9
	Q4/Q4 growth	2.0%	1.9%	1.6%	1.4%	1.3%	1.2%	0.9%	0.3%	0.6%	0.0%	0.5%	1.1%	1.6%	1.6%	1.7%	1.7%
CONSTRUCTION	Value (thous)	34.1	35.0	35.0	35.4	36.7	37.4	37.5	37.9	37.6	38.1	38.3	38.1	37.9	38.5	38.8	38.8
	Q4/Q4 growth	2.5%	2.8%	3.2%	3.5%	7.4%	7.0%	6.9%	7.1%	2.5%	1.7%	2.1%	0.6%	0.9%	1.1%	1.5%	1.7%
MANUFACT	Value (thous)	36.4	36.3	36.1	35.4	34.7	35.4	35.8	36.1	36.0	36.1	36.3	36.4	36.4	36.4	36.6	36.8
	Q4/Q4 growth	1.7%	0.0%	-1.2%	-3.6%	-4.7%	-2.6%	-0.7%	1.9%	3.9%	2.2%	1.3%	0.9%	1.0%	0.8%	0.8%	1.0%
TRADE TRANSPORT UTILITIES	Value (thous)	127.2	126.3	127.1	130.2	128.0	128.3	127.4	129.9	127.0	126.7	127.6	131.9	129.8	129.4	130.3	134.7
	Q4/Q4 growth	1.1%	0.3%	0.8%	-0.3%	0.6%	1.6%	0.3%	-0.2%	-0.8%	-1.3%	0.2%	1.5%	2.2%	2.1%	2.1%	2.1%
FINANCE	Value (thous)	37.5	37.7	37.6	37.4	37.5	37.5	37.9	38.8	38.7	39.0	39.3	39.5	39.4	39.7	40.0	40.2
	Q4/Q4 growth	1.8%	1.1%	0.2%	-1.2%	-0.1%	-0.5%	0.7%	3.7%	3.2%	3.9%	3.6%	1.7%	1.7%	1.8%	1.8%	1.7%
PROF BUSINESS SERVICES	Value (thous)	93.3	94.3	93.4	92.2	90.1	93.5	93.8	93.0	93.4	93.9	95.0	94.4	94.0	94.3	95.4	95.6
	Q4/Q4 growth	0.1%	0.3%	-0.9%	-2.5%	-3.4%	-0.8%	0.4%	0.9%	3.6%	0.4%	1.3%	1.5%	0.7%	0.4%	0.5%	1.2%
EDUCATION HEALTH	Value (thous)	114.3	116.3	118.7	120.4	120.1	121.4	123.5	124.8	123.9	124.3	125.3	126.2	126.0	126.7	128.1	129.3
	Q4/Q4 growth	5.3%	5.7%	6.2%	6.0%	5.1%	4.4%	4.0%	3.7%	3.2%	2.4%	1.5%	1.1%	1.6%	2.0%	2.2%	2.5%
LEISURE	Value (thous)	77.4	80.9	80.9	82.1	80.5	81.9	80.9	80.6	79.7	80.8	82.0	81.3	80.3	81.6	82.9	82.4
	Q4/Q4 growth	0.9%	1.7%	1.4%	3.8%	4.1%	1.3%	0.0%	-1.8%	-1.0%	-1.3%	1.4%	0.9%	0.7%	1.0%	1.1%	1.3%
OTHER	Value (thous)	30.1	30.4	30.4	31.0	30.9	31.1	31.1	31.3	31.2	31.2	31.4	31.5	31.5	31.5	31.9	32.0
	Q4/Q4 growth	0.0%	-0.5%	0.0%	2.6%	2.7%	2.3%	2.2%	0.9%	0.9%	0.1%	1.1%	0.5%	1.0%	1.2%	1.5%	1.6%
GOVERNMENT	Value (thous)	133.1	134.0	129.7	136.5	133.9	133.9	129.1	133.7	133.7	134.1	130.4	136.4	134.6	134.5	130.7	136.8
	Q4/Q4 growth	2.7%	2.5%	1.1%	1.1%	0.6%	-0.1%	-0.4%	-2.1%	-0.1%	0.1%	1.0%	2.0%	0.6%	0.3%	0.3%	0.3%
OKC QCEW	Value (thous)	661.6	668.7	665.3	677.4	669.2	675.7	672.0	681.9	675.3	678.4	675.6	687.7	683.4	686.3	684.2	697.1
	Q4/Q4 growth	1.9%	1.7%	1.5%	1.2%	1.2%	1.0%	1.0%	0.7%	0.9%	0.4%	0.5%	0.8%	1.2%	1.2%	1.3%	1.4%

Source: Bureau of Labor Statistics

SECTION 5
SUCCESSFUL OUTCOMES
AND FORECAST ISSUES

FIVE-YEAR FORECAST

FISCAL YEAR 2027-2031



SUCCESSFUL OUTCOMES

Annually, the Office of Management and Budget engages departmental leadership to forecast critical fiscal challenges anticipated over the five-year horizon. As challenges are addressed, they are retired from the active registry. Those categorized as 'Successful Outcomes' represent instances where resource allocation was effectively aligned with long-term service mandates. By identifying these variables early, staff developed proactive strategies and actionable recommendations for the City Council. To demonstrate this fiscal stewardship and maintain transparency, 16 notable achievements are detailed in the following section.

EARLY WARNING SYSTEM

The Forecast Issues section highlights the financial landscape for each department in the coming years. These issues are divided between continuous operational enhancements and those dictated by specific legal or fiscal deadlines. For all time-definite obligations, the report identifies the precise fiscal year by which action must be finalized to maintain fiscal stability and service continuity.

Department Issues. Overall, there are a total of 58 issues that departments are facing. Also included is a narrative from each department that provides a short description of the most critical issues they are facing over the next five years.

LONG-TERM REVENUE ENHANCEMENT

Current revenue structures are a serious impediment to absorbing the costs of critical, high-priority issues; therefore, securing new revenue sources is a recommended course of action. Significant opportunities for revenue enhancement include property taxes dedicated to both infrastructure or operations, modernizing the sales tax to include services, and enacting new local taxes. To implement these changes, the City must obtain electorate authorization. Notably, leveraging property tax for general operations remains contingent upon an amendment to Oklahoma state law, which would align municipal funding with those of all other states.

*The goal is to provide an
 “early warning system”
 about significant financial
 issues that are generally
 beyond the scope of the
 annual budget process.*

AIRPORTS

Construction of Additional Public Parking

The OKC Will Rogers International Airport has seen continual growth of enplanements and parking demand during the summer and holiday peak periods. Trip durations are shorter, causing closures in the parking garages.

Currently, overall parking demand is at 80% average capacity and 100% capacity during peak travel times. According to a Parking Facilities Study created by Kimely Horn, covered parking currently undersupplies the demand of the traveling public by 353 spots. By 2027, using conservative forecasting numbers, OKC Will Rogers International Airport is forecasted to underserve this demand by 1,283 spots (48%) if no additional facilities are built.

In 2024, Oklahoma City Airport Trust (Trust) solicited the architectural services of Allford Hall Monaghan Morris to create a preliminary conceptual design and report to address this parking need. Staff agreed with the conclusion of the report that, at minimum, a four-bay, five-story garage was needed to meet the needs of the current traveling public and give room for growth to future terminal expansion projects.

Design of the proposed structure will maximize compatibility of the existing parking garages and increase overall throughput and parking experience utilizing an efficient and aesthetically pleasing ramping system and modernizing parking technology. The new parking garage will utilize the current passenger tunnel as well as adding 1 to 3 new elevators. Approximately 2,000 net spaces will be added with a rough estimated construction cost of \$80-85 million. Construction is expected to begin in FY27 and is targeted to be completed by the Summer Olympics in 2028.

Construction of this garage will be over existing uncovered parking which, combined with construction laydown, will remove approximately 500 – 600 spots. In anticipation of this and future parking demand, the Trust completed a 600-spot canopied parking lot in 2024. OCAT will expand this lot by approximately 400 spaces by upgrading adjacent pavement to be used as an overflow lot to accommodate the temporary loss of parking.

Aging Infrastructure – Facilities

Some of the Airport Department's building systems and infrastructure at OKC Will Rogers International Airport, Wiley Post Airport, and Clarence E. Page Airport are original and date back to the 1960s. The continued development at the City's airports is beginning to strain some infrastructure, such as storm drainage systems, building systems, and various pavements. Aging building systems and facilities are continually evaluated to determine required maintenance, replacement, or disposal along with the replacement of aging pavement projects.

The OKC Will Rogers International Airport currently has 21 passenger boarding bridges with 17 bridges that have currently reached the useful life. In FY24, six bridges were replaced, five were replaced in FY25 and the remaining six are being manufactured and scheduled for replacement at the end of FY26 into FY27. The FY26-FY30 Capital Improvement Plan includes \$489 million of funding for projects that prioritize safety, lease requirements, paving, and compliance. Additional projects will be incorporated through the evaluation of a lifecycle analysis versus a repair cost benefit.

The Infrastructure Investment and Jobs Act of 2021, referred to as the Bipartisan Infrastructure Law (BIL), made grant funding available through a competitive process by establishing the Airport Terminal Program (ATP) and yearly allocation for Airport Infrastructure Grants (AIG) has made additional grant funds available for Airport infrastructure projects for FY23-FY27. The OKC Will Rogers International Airport is seeking grant funding opportunities through these new grant programs to fund infrastructure improvements. In FY25, the OKC Will Rogers International Airport was awarded a \$2.5 million grant under the ATP for the replacement of two passenger boarding bridges and Wiley Post Airport was awarded \$750 thousand for design of new Air Traffic Control Tower.

At Wiley Post Airport, portions of the airfield, the terminal parking lot, and many tenant areas have experienced slow drainage, resultant ponding, and occasional flooding during particularly heavy rains. The parking lots and many T-hangar tenants have been impacted by deep ponding. The drainage study, conducted in March 2015, provided for the consultant to conduct an in-depth study to address the ponding and flooding in the concerned areas. At the completion of this study, the Airport was presented with 3 options of construction phasing. The

current estimated construction cost for the entirety of this project is \$7.7 million. The most downstream phase of this project has been completed, which includes the installation of a detention (dry) pond and 3,500 linear feet of improved drainage structures.

Wiley Post Airport is currently equipped with an undersized and aged (constructed in 1961) Control Tower, which causes many critical blind spots on the airfield. Additionally, the Tower lacks ADA accessibility and many modern features. The FAA has acknowledged the safety concerns with such towers, as many across the country were built similarly, and has made available additionally grant funds to replace and modernize ATC infrastructure. Seizing this opportunity, the Trust began design of a new structure in May 2024. Working with FAA, ATC Management, and consultants, the new tower will be sited adjacent to the current one, reducing utility relocation costs. Sitting and airspace studies call for a cab height of 80 feet and confirm increased visibility to critical aircraft movement surfaces.

The Trust will continue to rehabilitate Terminal Access Roadways. Phase 1 is complete, and re-paved Terminal Drive from the bridge over SW 54th St. to just north of the intersection with Amelia Earhart Lane, and continued south of Amelia Earhart Lane with repaving inbound lanes to the Terminal to a point just south of SW 67th St. Phase 2 is complete, and repaved outbound lanes from near the Ground Transportation Plaza, the endpoint of the arrival's lane and the endpoint of the departures bridge, north to a point near the existing parking exit plaza.

Phase III will continue pavement rehabilitation on outbound Terminal Drive from the north completion point of Phase II, continuing north to a point just south of Amelia Earhart Lane. The phase will involve full-depth pavement replacement, ensuring the existing poor and critically poor surfaces are replaced with new, high-quality materials that enhance load-bearing capacity and durability. Additionally, the project will prioritize improvements to the sub-grade conditions, which are essential for the longevity of the new pavement. An upgraded drainage system will be designed to accommodate larger storm events, moving beyond the current 25-year storm capacity to significantly reduce flooding risks during heavy rainfall. Furthermore, the improvements will facilitate better traffic flow at the intersection of Terminal Drive and Amelia Earhart Lane, potentially including the addition of turn lanes to alleviate congestion and enhance safety.

Phase IV includes full-depth pavement replacement of the intersection of Terminal Drive and Amelia Earhart Lane, ensuring a durable and stable surface capable of supporting traffic demands. This phase will also involve re-grading the intersection to enhance drainage and replace undersized drainage structures and collection system lines, addressing flooding concerns during heavy rainfall. Additionally, the traffic study recommends installing a roundabout to improve the level of service from all approaches and enhance safety through the intersection. The roundabout design will facilitate smoother traffic flow and reduce the likelihood of collisions.

Aging Infrastructure – Airfield

At OKC Will Rogers International Airport, Runway 17R/35L is a primary runway instrumental to support aircraft operations. In a 2018 assessment, the consultant gave the north 1000' a fair PCI Rating (56 – 70) and identified many distresses, some which cause the generation of debris. In 2025, OCAT competitively bid and completed a project to replace this 1000' area. OCAT also reengaged a consultant to update the 2018 study and found that many areas of the runway have moved from good (86-100) to satisfactory (71-85). OCAT is budgeting \$14.6M in 2027 in design and construction to rehabilitate the remainder of the runway.

At Wiley Post Airport, Taxiway B has areas of significant spalling and cracking which, in addition to panel failure, is causing debris. Additionally, there is some unsafe steep grading transversely causing aircraft to porpoise. Taxiway A is structurally sound but will need rehabilitation to extend its life. OCAT is budgeting \$2.8M in 2027 to address these issues.

CITY AUDITOR

Contracted Information Systems Audits

Information systems are critical to citywide operations such as purchasing, human resources, payroll, etc., as well as specific areas of operations such as public safety, utility billing, and courts. Increasing information

system complexity, combined with rapid technological advancement and security threats increasing in both number and sophistication, is expected to further increase the need for contracted information system audits.

Timely Audit Responses

Timely identification of internal control weaknesses, loss exposures, and operational improvements through audits is critical to maintaining public trust in City operations. Continued growth in the size, scope, and complexity of City operations is expected to create the need for additional audit positions to enable timely audit responses to programs and operations requiring such services.

Automated Audit Workpaper Software

Internal audit functions are increasingly using automated audit workpaper software to increase efficiency and productivity in completing audits. The increasing need for audit services resulting from continued growth in City operations, combined with limitations on funding available to increase staffing, is expected to create the need to pursue cost effective alternatives to increasing efficiency and productivity without increasing staffing levels.

CITY CLERK'S OFFICE

Enterprise Records Management System

The City Clerk's Office initiated a project with the Information Technology Department to implement an Enterprise Records Management System. This system will provide the City Clerk's Office and departments with a centralized method of storing and retrieving records. Records retention policies will be automated and applied through this system. An RFP was issued August 13, 2024, a contract was approved July 29, 2025 and the initial stages of the project are underway. It is critical to obtain a records management system prior to opening the new archives and records facility. The system is estimated to cost between \$250,000 and \$300,000.

Operation of New Archives and Records Facility

The City Archives and Records Facility Project was approved by voters as part of the 2017 General Obligation (GO) Bond package. A central facility for City records creates a need for funding to staff, purchase equipment, and operate the facility. The central facility must have the capacity to securely store records over the short and long term. The facility will require data storage and computers, shelving and archival boxes, office furniture, and staffing to provide records management services. The facility will be constructed at the Central Maintenance Facility Campus. Additional consideration should also be made for a dedicated vehicle for transporting records between the facility and the downtown City campus.

CITY MANAGER'S OFFICE

LA28 Olympics in Oklahoma City

Oklahoma City is the site of two Olympic sports in 2028 - Devon Park (USA Softball) for women's softball and Riversport (Whitewater Center) for whitewater slalom canoe/kayak. Both facilities will require infrastructure, repairs, updates, and amenities to prepare them to hold these competitions. The City Manager's Office will use funding needed capital projects for both facilities through the 2025 General Obligation Bond and various other sources. In addition to capital costs associated with physical improvements, the City will be required to plan for and coordinate, ensuring our city can accommodate an influx of hundreds of thousands of visitors staying for several weeks. Cost impacts include demand on law enforcement, traffic management, utilities, transit, parks and recreation, the Public Information office, and various facility and service contracts.

The Greater OKC Chamber has created an organizing committee, Team OKC, that will oversee private donations, participation, and planning in coordination with LA28. The City has a team of staff in the City Manager's Office coordinating City services and contracting for improvements for both venues. Planning for this activity will involve many staff across multiple departments, coordinating with partners like the Greater OKC Chamber, VisitOKC, Downtown OKC, and local businesses and community members. City departments that will be impacted and engaged leading up to, during and well after the competitions will be Police, EMBARK, Public Works, Parks and Recreation, Public Information and Marketing, and Utilities.

Expected tax revenue and visitor experiences in OKC will be the ultimate short term outcome of the Games being in OKC. The long term outcome will be that OKC and its two venues, Riversports and Devon Park, will have the title of “official Olympic City” and “official Olympic Venue” respectively. Something for which future generations to be proud.

New Oklahoma City Arena

Oklahoma City voters overwhelmingly approved a new chapter in Oklahoma City’s renaissance with the passage of an extension of the MAPS one-cent sales tax for a new arena. The current arena was built over 25 years ago and no longer meets the requirements for an NBA franchise or for modern concerts and events. Management and design contracts have been awarded for the new arena and are currently being worked on. The old Cox Convention Center site has been chosen as the new arena site and demolition is underway. Current completion is spring 2026.

During the demolition, disruptions will be seen in traffic, pedestrian access, and streetcar operations. The proximity of the building to the street and removal of the pedestrian bridge on Sheridan will require periods of closure on Sheridan between Gaylord Boulevard and Robinson Avenue. This closure will be limited to the shortest time possible. Noise may also be an issue.

A Project Management Consultant (CAA/ICON), specializing in arenas, has been hired to lead the project for the City. The architectural team of TVS/Manica has been hired to complete the design and construction plans and oversee construction.

Because of the complexity, size, and specialization of the project, an alternate project delivery method known as Construction Manager at Risk (CMaR) will be used. A construction management team will be hired based on qualifications and will be integral with the design of the project. This will help the design team to understand costs, constructability, and availability of materials to help keep the project within budget and complete it on schedule. However, all subcontractor trades (electrical, steel, plumbing, etc.) will continue to be bid through the normal bidding process.

The arena will be funded using the MAPS one-cent sales tax. Sales tax collections will begin on April 1, 2028 and will continue until March 31, 2034. It is expected the City, through the Oklahoma City Public Property Authority (OCPPA), will use Sales Tax Anticipation Bonds to advance funding for the construction. In order to keep interest payments as low as possible, various financing structures and phases will be evaluated.

DEVELOPMENT SERVICES

Development Process Improvement

The Development Services Department is committed to improving the development process within the next five years. Currently, Oklahoma City’s plan review and permitting processes are decentralized, with separate functions managed by different departments, leading to confusion and inefficiencies for developers and residents. To address these issues, a consultant is working closely with City departments to evaluate the existing procedures, analyze technology impacts, and recommend strategies for improvement. This review was completed in early 2025, and will offer solutions to streamline communication between applicants, staff, and stakeholders and minimize the time from application to permit issuance. The department expects recommendations to improve customer experience and efficiencies to include expanding staffing, upgrading software, and integrating AI tools to optimize plan reviews, perform code compliance checks, and reduce review times. Implementing these recommendations can help create a more transparent, efficient, and customer-friendly permitting process that supports the city’s growing development needs.

Safety, Security, and Staffing

Maintaining safety and security for staff, the public, and facilities is a top priority for the Development Services Department, especially as Oklahoma City’s population growth over the past five years has led to a rising demand for environmental code enforcement. To meet these challenges, the department is proposing to implement several key initiatives. First, a full-time security guard will be added at the animal shelter. Security personnel are needed to ensure the safety of staff, animals, and visitors in the shelter’s high-traffic environment. Additionally, the department will need to hire a full-time specialized Training and Safety Specialist responsible for providing tailored safety training to each division: Animal Welfare, Code Enforcement,

and the Development Center. This role will equip staff with the necessary safety protocols, compliance standards, and risk mitigation strategies to foster a safer working environment across all functions.

The Code Enforcement Division is particularly impacted by increased violations, rising abatement costs, and staffing shortages, with the number of field inspectors reduced from 27 in FY17 to 23 today. Despite this reduction, the department continues to manage an average of 79,000 inspections annually. The increased call volume and additional responsibilities stretch resources thin. New demands, such as non-nuisance inspections, short-term rental regulation, and dilapidated sign abatement, further strain the team. Technology enhancements are critical to help inspectors handle these mounting workloads, but staffing shortages could still result in backlogs and reduced service quality.

In addition, the Animal Welfare Division will need to expand its team to fully support its growing services and prepare for the opening of the new animal shelter anticipated mid-2026. Key positions to be added include a Field Unit Operations Supervisor, Veterinarian Assistant, two full-time Pet Placement Coordinators, and a full-time Volunteer Coordinator are needed. Expanding the Community Spay/Neuter Program will also be essential to maintaining the shelter's success, as this program has significantly contributed to reducing animal intake and increasing the live release rate. Additional funding and staffing will be necessary to fully realize the benefits of the new shelter and continue improving animal welfare services citywide.

Building Maintenance

Building maintenance is a critical aspect of the five-year forecast for the Development Services Department, particularly with the current construction of a new animal shelter. This modern facility will require an enhanced maintenance and security program to ensure that it remains fully operational and safe. The Development Services Department will need to allocate additional funding for ongoing repairs and maintenance services, with a focus on exploring the benefits and efficiencies of creating a dedicated full-time maintenance team to handle the unique needs of the new shelter. Regular upkeep and preventive maintenance will be prioritized to avoid disruptions to shelter operations and to maintain high standards of cleanliness and functionality. The Development Services Department will also explore implementing a third-party cleaning service to help manage the shelter's sanitary needs, ensuring a clean and healthy environment for both animals and staff. Moreover, a comprehensive security plan will be developed for the new facility, anticipating the integration of upgraded security and safety measures, such as surveillance systems, personal emergency protection, and access controls. These enhancements in building maintenance, safety, and security are essential to sustaining the long-term success of the new animal shelter, protecting the City's investment, and ensuring a safe and clean environment for animals, staff, and visitors alike.

FINANCE

Capital Planning and Infrastructure Funding

Oklahoma City maintains a vast and aging network of infrastructure and capital assets, historically supported through a combination of pay-as-you-go financing, such as sales and taxes, and long-term debt instruments like General Obligation (GO) Bonds. While these funding sources have enabled the acquisition and construction of new facilities, they often fall short in addressing ongoing maintenance and repair needs. Despite past success in securing voter approval for major capital initiatives, future funding is not guaranteed, and deferred maintenance continues to pose a growing challenge.

In recent years, the City's capital planning efforts have been further strained by inflation, supply chain disruptions, and labor shortages, all of which have reduced the purchasing power of available funds and complicated project delivery timelines. Notably, Oklahoma City voters approved two major initiatives: a one-cent dedicated sales tax to fund a new basketball arena and a \$2.7 billion GO Bond authorization in October 2025. These approvals represent a strong public commitment to continued capital investment. However, state law prohibits the use of property taxes for municipal operations, meaning that maintenance of these new assets will rely heavily on the City's General Fund and other limited resources.

To ensure long-term sustainability, the City must adopt a more integrated and strategic capital planning process, one that aligns with departmental priorities, accurately forecasts operational impacts, and identifies

dedicated funding sources for both new construction and ongoing maintenance. The Five-Year Capital Improvement Plan (CIP) serves as a comprehensive roadmap for upcoming capital projects, but further integration with departmental planning and more detailed cost estimates are needed to improve accuracy and alignment. Additionally, the City's capital asset inventory, maintained by the Finance Department for financial reporting, should be enhanced and leveraged to inform strategic decisions about maintenance priorities and resource allocation.

Several funding mechanisms have been identified to support these efforts. In 2022, City Council adopted updated financial policies establishing a Capital Maintenance Reserve Fund, allowing General Fund reserves exceeding 22% to be transferred for facility upkeep. The 2026 GO Bond authorization will fund basic infrastructure over the next decade, though maintenance of bond-funded assets must be supported by other sources. Furthermore, the August 2024 increase to the Hotel Occupancy Tax included a dedicated portion for capital maintenance at the Oklahoma City Convention Center and Fairgrounds, an important step toward preserving the value of these public investments.

Together, these strategies represent a proactive approach to managing the City's infrastructure portfolio. Continued refinement of planning tools, alignment of funding sources, and integration of operational impacts will be essential to ensure Oklahoma City's infrastructure remains reliable, resilient, and responsive to future growth.



Replacing the Cashiering System

The City Treasurer's Office cashiering system is in the last year of contract for the current cashiering system. The system tracks all revenues received by the City and is integrated with the Oracle financial system. An RFP will be done for the system in the coming year. In some other cities, the current vendor, System Innovators, has not proposed for renewal of contracts they currently have. If System Innovators is not the winning proposer when the replacement of the cashiering system is awarded, the City will be faced with an expensive and lengthy implementation of a new cashiering solution.

FIRE

Fire Facility Management

The Oklahoma City Fire Department (OKCFD) has 46 facilities, which include 12 fire stations that are 40 years or more old, seven that are 50 years or more old, and two that are more than 70 years old. These older facilities need renovation and frequent repairs.

As part of an accreditation process, in June of 2023 the Department commissioned a Fire Station Location and Deployment Study and Standard of Cover. The Fire Department's physical resources (including facilities) were sufficiently reviewed to provide insight and recommendations about future needs and changes. Comprehensive analyses were completed regarding fire station locations for various travel time alternatives. These strategies provided the Department and the City with the greatest flexibility to establish the desired service levels and plan for the investment to accomplish operational initiatives. The solution with the greatest likelihood of near-term implementation that best balances performance, risks, and cost outlined in the Executive Summary of this study is that the Fire Department adopt a 41-station configuration, which would require the additional construction of three new fire stations. The three new fire stations have been added as priority in the 2025 GO Bond assessment.

The OKCFD needs an updated comprehensive facilities assessment, which will be included in the FY27 budget. In 2015, MA+ Architecture provided a comprehensive facilities assessment, with the goal to "identify conditions and recommendations, that when implemented, will improve the health, safety and welfare of the firefighters living and working at the stations." This assessment identified a total cost estimate of over \$23 million to repair all identified issues and bring each station up to modern standards. The Study identified three fire stations in need of being rebuilt, which were included in the 2017 General Obligation (GO) Bond package. Conducting a

new assessment would provide the information needed to identify current priorities to make informed decisions.

The Fire Fleet Maintenance & Logistics Center is 50 years old and in need of replacement. This is the top priority for the 2025 GO Bond assessment. The Department has centralized its maintenance and logistics function in this one location and has increased the size of its fleet. These factors, along with the current facility's need for constant repair, create the need for a larger and more modern facility. The Department's Special Operations Section manages multiple specialized pieces of equipment and apparatus, which are utilized to fulfill the mission of the Department's Technical & Urban Search & Rescue Functions. These assets are currently stored in multiple locations throughout the City. Many of these facilities are aging and in disrepair. There is a need for a centralized Special Operations Facility that can adequately and securely house these assets. The Fire and Police Departments are currently in the process of building a new joint PSTC (Public Safety Training Center). When the new PSTC is completed, the Fire Department intends to utilize the current Fire Training Facility to meet other departmental needs. These needs will include housing mental and physical "wellness" resources and functions (Licensed Professional Counselor, Peer Support Team Leadership, Wellness Lieutenant, Athletic Trainer, Chaplain, etc.) in one central location. This facility will also be used to support the Public Safety Communications Center (PSCC) and Regional Multi-Agency Communications Center (RMACC). This will require remodeling and renovating the facility.

In addition, the OKCFD provides additional services, such as the Supplemental Emergency Medical Services (EMS) Transport Service, and the Mobile Integrated Healthcare Program. These new services and programs require additional office and administrative space for the civilian employees and firefighters needed to perform these functions. Currently, the Fire Department is renting office space for the Wellness Center and the Mobile Integrated Healthcare (MIH) Program.

Maintaining Operations of all Apparatus

The Fire Department currently has 918 Operations-Suppression personnel that staff the Department's 38 fire stations. All fire stations have Advanced Life Support (ALS) capabilities provided through 38 engines, four ALS squads, and one EMS Officer (751). The remainder of the response apparatus can provide Basic Life Support (BLS); 13 ladder companies, one medium rescue, one hazardous materials company, 12 BLS brush pumpers, six heavy tankers, one air supply unit, six Battalion Chiefs, one Customer Service Liaison (CSL), and one Shift Commander. The Suppression Division consists of three different shifts that work a 24-hour modified Kelly shift schedule, a scheduling system common among fire departments. The work schedule requires that each shift work three 24-hour shifts with a 24-hour break in between the first and second shift, followed by 96 hours off after the third 24-hour shift. This equates to a 56-hour work week or 216 hours in a 27-day cycle. Each shift is staffed with 306 personnel with a daily minimum staffing based on the Collective Bargaining Agreement (CBA) of 242 personnel.

OKCFD has a minimum staffing model based on the CBA, which requires four personnel on all ALS engine companies, three on BLS engine companies, three on ladder companies, four on the medium rescue and hazardous materials companies, two on ALS squads, one on the brush pumpers, tankers, air unit, - CSL Unit, and EMS Officer Unit, and two on each Battalion Chief vehicle. This overstaffing of personnel is designed to cover days off for vacation, holiday leave, and attempt to offset long-term leave such as sick leave, on the job injuries, and administrative leave. It is also designed to minimize overtime due to a daily requirement of 66 guaranteed day off slots based on an arbitrator's ruling. Long-term leave due to injury, unexpected Family Medical Leave Act (FMLA) leave used, sick leave, or vacancies are not factored into the arbitrator's calculation of the guaranteed day off slots. A five-year review of the data indicates OKCFD averages 30 leave slots per day for this type of leave. With personnel costs representing nearly 90% of the Fire Department's annual budget, staffing expenses required to maintain the full operation of all apparatuses will continue to present a significant financial challenge.

The Office of Management and Budget currently budgets overtime based on the maximum FLSA hours possible, 12 hours for 13 cycles annually per employee, which totals approximately \$10.5 million for FY26. Historically,

the Fire Department uses about 70% of this amount for FLSA overtime, with the remaining balance intended for Callback overtime when staffing falls below minimum levels. However, Callback overtime costs have consistently exceeded the available budget for many years without corresponding adjustments to the budgeting approach. While several factors contribute to this trend, managing overtime more effectively and planning for higher costs remain key priorities. The Fire Department will continue working with the City to explore strategies that support sustainable staffing and fiscal responsibility moving forward.

Emergency Medical Services Programs

The City recently launched its supplemental EMS transport program to strengthen emergency medical response and address gaps exposed during the pandemic. While the program is operational, with licensed ambulances, trained personnel, and billing systems in place, it remains in its early stages and requires refinement. The Fire Department is working to balance operational demands, staffing, and financial sustainability while integrating new initiatives such as Mobile Integrated Healthcare (MIH) and behavioral health response teams. These efforts aim to modernize EMS beyond traditional transport and ensure the system evolves into a fully integrated component of community healthcare. Continued collaboration with EMSA and the City will be critical as we address challenges and optimize service delivery.



Public Safety Rehabilitation, Lost Work Hour Reduction, and Injury Prevention Program

A persistent and compounding factor contributing to overtime costs within the Fire Department is the high number of on-the-job injuries (OJI), with 57 current cases significantly impacting daily staffing levels. While Light Duty assignments have been discussed as a potential mitigation strategy, the current Collective Bargaining Agreement (CBA) stipulates that Light Duty must be employee-requested, granting no authority to Fire Administration to assign personnel based on medical restrictions.

Additionally, Light Duty does not offset the need for callback overtime, as these assignments cannot fill operational vacancies created by OJI absences. Under the current CBA, employees on Light Duty are compensated as if working a 24-hour shift, including FLSA overtime, further increasing personnel costs.

To address this challenge, the Department's strategic focus is to reduce lost work hours and accelerate recovery timelines through a "tactical athlete" rehabilitation model; an emerging best practice in public safety that treats firefighters as high-performance occupational athletes. Fire and Police are actively pursuing a third-party vendor partnership to implement this program, which will enhance recovery outcomes, improve return-to-duty rates, and reduce long-term injury costs.

The third-party rehabilitation program, along with its facility and associated resources, is not currently funded. However, once implemented, this initiative is expected to significantly reduce lost work hours, decrease injury-related absences, and ultimately lower overtime expenditures required to maintain minimum staffing levels.

GENERAL SERVICES

Facility Asset Management

The General Services Department is actively transitioning from preventive to predictive maintenance to reduce facility and mechanical downtime. This shift is supported by a work order system that schedules preventive maintenance tasks. To fully implement predictive maintenance and eliminate deferred maintenance across both existing and newly constructed City facilities, additional licensed skilled trades personnel are required. The most critical staffing needs are in the electrical, HVAC, plumbing, and Facility Engineer work sections.

Industry standard suggest that one full-time equivalent (FTE) should maintain approximately 50,000 square feet. Currently, the Building Management Division (BMD) has 31 budgeted full-time maintenance and skilled-trade personnel, each responsible for maintaining approximately 70,910 square feet, significantly above the recommended threshold.

Facility Capital Maintenance

In March 2021, the City Council awarded a contract to Benham Design, LLC to conduct a capital needs assessment of 88 City facilities. The scope of the study included comprehensive inspections of mechanical, plumbing, and electrical systems; roof and gutter systems; structural integrity; building envelope (exterior) systems; code compliance; and ADA compliance

The final report, submitted in January 2022, serves as a strategic planning tool to guide annual funding decisions for facility upgrades. The report estimated a total cost of \$31.6 million to address required upgrades to the 88 facilities. Notably, this figure excludes repair costs estimated at less than \$5,000.

Given the scale of these needs, a long-term funding strategy is essential. Several major capital projects were included in the approved 2025 General Obligation Bond

Key projects include:

- Replacement of HVAC systems at the Central Maintenance Facility
- Roof replacements at City Hall and the James D. Couch Building
- Upgrades to energy-efficient lighting systems

Fleet Services Division

The Fleet Services Division is critically understaffed. With 24 personnel supporting a general fleet of 2,369 units, the current ratio is 359 vehicle equivalents (VEs) per mechanic—far above the industry recommendation of 60–120 VEs per mechanic. VEs are calculated based on the relative maintenance effort required, with specialized vehicles like asphalt patching trucks rated at 12.0 VEs compared to a standard sedan at 1.0 VE.

Industry consultants have validated the severity of this staffing gap, emphasizing the need for strategic investment in personnel to maintain operational efficiency and service reliability.

Historical Funding Context

Oklahoma City has a strong tradition of public support for capital improvements through temporary sales taxes (e.g., MAPS, MAPS 3, MAPS 4) and General Obligation Bonds. However, as facilities age, the challenge of reliably financing ongoing maintenance and repairs intensifies.

- Original MAPS Projects: The MAPS Use Tax Fund, once used for operations and maintenance, is now depleted. Facilities such as the Paycom Center, Bricktown Ballpark, and Bricktown Canal face unmet maintenance needs.
- MAPS 3 Projects: Approved in 2009, MAPS 3 funded eight quality-of-life projects. However, no dedicated capital maintenance funding was established for these assets.
- Other City Facilities: Past GO Bond authorizations supported new buildings and improvements. The Fire Department, for example, operates 48 facilities requiring approximately \$23 million in repairs. A Fire Station Renovation Program was approved in FY23, with Fire Station 15 currently undergoing expansion and renovation.

HUMAN RESOURCES

Talent Acquisition, Retention, and Upskilling Costs

- The labor market is stabilizing post-Great Resignation, but employee expectations are shifting toward internal mobility, flexibility, and values-driven workplaces.
- Increased investment is needed in learning and development, particularly in AI and soft skills, to ensure employees are prepared before stepping into roles.
- Launching programs such as internships and apprenticeships will support early talent pipelines.

Competitive compensation and benefits are essential to retain top talent amid low unemployment and population growth.

HR Staffing and Technology Modernization

- HR is facing increased demands to support talent development, employee experience, and specialized staffing needs.
- Modern tools—AI, analytics, automation—are becoming essential for workforce planning, performance tracking, and engagement.
- Upgrades to HCM systems, self-service platforms, and AI-driven tools are necessary to meet organizational needs.

Escalating Medical Inflation and Unsustainable Health Insurance Costs

- Group market medical costs are rising sharply (8.5% this year), with no relief expected in the near term.
- Pharmacy costs are increasing even faster, driven by high-cost drugs like GLP-1s and specialty therapies.
- A small portion of the population (10%) accounts for 90% of healthcare spending.
- Without intervention, medical costs could double within 10 years, making current plan designs and premiums unsustainable.

HR Staffing Levels to Meet Organizational Demand

- The Employee & Labor Relations (ELR) Division has seen a significant increase in scope and workload without a corresponding increase in staffing.
- With over 5,000 employees, each Senior HR Business Partner supports an average of 1,667 employees across 6–8 departments—an unsustainable ratio.
- Current staffing levels limit the ability to provide proactive engagement, leadership coaching, and strategic HR support.

INFORMATION TECHNOLOGY**Workforce Sustainability and Knowledge Transfer**

The IT Department faces ongoing challenges in attracting new talent, as qualified individuals increasingly expect pay rates above the mid-step of the established position salary range. Competition from the private sector exacerbates recruitment difficulties. With 19% of staff and 36% of leadership having 20 or more years of service with the City, impending retirements threaten the loss of substantial institutional knowledge and expertise.

Financial Impact:

- Increased costs for recruitment and onboarding, as higher salaries may be required to attract qualified candidates.
- Potential need for salary range adjustments to remain competitive with other agencies, both private and public sector.
- Additional investment in knowledge transfer initiatives to mitigate the loss of expertise due to retirements.

IT Governance, Technology Expansion, and Growing Demand

Demand for technology services, support, and security compliance continues to grow. The shift to cloud solutions and Software as a Service (SaaS) is accelerating, often mandated by vendors discontinuing support for on-premises systems. These transitions come at a premium cost compared to traditional software licensing models, and operational funding requirements are rising. Effective IT governance is critical to ensure strategic alignment, risk management, and value delivery as technology becomes more integrated into City operations. Without robust governance, there is a risk of fragmented investments, duplication of systems, and inefficient use of resources. Persistent staffing shortages further challenge the IT Department's ability to meet expanding service needs and maintain oversight.

Financial Impact:

- Rising operational costs for cloud services, SaaS subscriptions, and technology upgrades.
- Potential for redundant or misaligned technology purchases, resulting in unnecessary expenditures.
- Need for additional resources to support increasing demand for technology services.

Cybersecurity

Cybersecurity remains the highest priority for the IT Department, as threats to municipal systems and data continue to increase in frequency and complexity. Federal mandates and regulatory requirements for departments such as Utilities, Airports, Public Transportation & Parking (EMBARK), and Public Safety are expanding, requiring enhanced security measures and compliance oversight. Decentralization of technology across the City further increases risks and complexity.

Financial Impact:

- Increased costs for cybersecurity tools, monitoring, and incident response.
- Additional resources required for staff training, security audits, and compliance initiatives.
- Potential need for increased staffing or contracted expertise to maintain and enhance cybersecurity posture.
- Potential financial exposure from security breaches or non-compliance penalties.

Growing Demand for Technology

The City of Oklahoma City continues to experience a steady increase in demand for technology services across all departments, driven by its commitment to delivering high-quality and efficient services to residents. Over the past several years, the need for IT support, cybersecurity, and compliance has grown significantly, particularly during periods of major system upgrades and digital service rollouts.

Currently, the Information Technology (IT) Department is operating at near-capacity, with staffing and resources stretched to meet the growing complexity of cloud-based systems and vendor-mandated Software as a Service (SaaS) platforms. Without strategic investment, the City risks falling behind in its ability to support mission-critical operations. Projections indicate that, within five years, the City could face a significant service gap if staffing levels, training, and infrastructure are not enhanced.

In response, the City has initiated efforts to modernize the IT workforce by developing specialized job classifications and evaluating compensation structures to attract and retain skilled professionals. Staff also recognize the importance of institutional knowledge retention and are prioritizing succession planning and training programs to mitigate the impact of retirements and turnover.

Future initiatives will focus on maximizing the value of existing technology investments, strengthening IT governance, and aligning technology decisions with Citywide strategic goals. These efforts will improve service delivery, enhance operational efficiency, and ensure that residents continue to benefit from secure, modern, and responsive digital services.

MAPS OFFICE

Financial Pressures Impacting Project Delivery

The MAPS 4 program is facing increasing financial pressures due to rising construction costs, labor shortages, and market volatility. Inflation and supply chain disruptions have significantly impacted the cost of materials and labor, threatening the ability to deliver projects at the scale and quality originally envisioned.

Currently, many MAPS 4 projects are experiencing delays caused by permitting issues, material availability, and design revisions in response to cost escalations. These delays not only increase overall project costs but also risk diminishing public confidence and stakeholder support.

In addition, broader shifts in the construction industry, such as contractor consolidation and the adoption of new technologies, are reducing competition and driving up bid prices. These market conditions are making it more difficult for the City to secure favorable contracts and maintain original project timelines.

To address these challenges, the City is evaluating options to phase or scale back certain MAPS 4 projects to remain within budget. Staff are also preparing for the possibility of extended timelines and are exploring

opportunities to leverage additional public and private funding sources to offset cost overruns. These efforts aim to preserve the integrity of the MAPS 4 program while adapting to evolving economic conditions.

MUNICIPAL COUNSELOR'S OFFICE

Increased Client Needs

The Office of the Municipal Counselor continues to receive requests for additional legal support services from multiple clients. As the City's growth trend continues, the demand for legal services will also increase. As a result, the department must develop a plan to provide legal services, not only to the expanding programs and needs of the City and its departments, but also to determine the number of additional employees required to meet those needs. Over the past two years, the department has reallocated personnel to best serve the City and its departments. However, it is now facing the reality that it may not have an adequate number of personnel to keep up with client needs and demands. Examples of increased client needs include:

- The City's continued emphasis on growth and development. The Municipal Counselor's Office currently provides legal advice regarding the expenditure of hundreds of millions of dollars for economic and community development programs and tax increment financing incentives. This involves complex legal issues related to title, land, and banking law to ensure the City meets legal requirements for obtaining adequate consideration and accountability from private entities in exchange for public funds.
- Increased client needs by the OKC Fire Department. With the addition of emergency medical services and mental health and substance abuse programs, there is now a health and regulatory law component that is not currently represented within the department. Client services will be negatively impacted if additional personnel are not hired to assist with general counsel representation for the Fire Department.
- Increase in litigation matters (comprised of state and federal lawsuits, claims, and collections). Notably, on May 27, 2025, the Governor signed SB 1168, which dramatically raised tort claim liability for political subdivisions. Property damage limits jumped from \$25,000 to \$75,000 and personal injury limits have more than doubled for Oklahoma City at \$375,000. Furthermore, this legislation created separate limits for alleged sewer overflow liabilities and nuisance claims, each at \$275,000 per occurrence. SB 1168 will become effective November 1, 2025, and an immediate increase in litigation is anticipated.
- New and expanded social programs implemented by the City. These include low-income housing, mental health facilities, cultural and historical centers, wellness centers, alternative justice initiatives, and economic development. Each program expands the scope of applicable laws and regulatory compliance, requiring the creation of ordinances and legal documents, advising new clients, contracting with operators, conducting liability analysis, and providing legal representation and support. This anticipated need will require an assessment of the number of new employees needed to provide these legal services.
- Attorney Succession Planning and Increased Training Opportunities. Succession planning is a pivotal process for legal departments to ensure continuity, maintain service quality, and prepare for the future. It involves identifying and developing potential successors for key positions within the organization, ensuring that they are well-equipped to step into roles of increasing responsibility. This is particularly critical in the context of specialized legal fields such as municipal law.

Municipal law encompasses a wide range of legal issues that encompass many local government operations. Attorneys practicing in this area require a deep understanding of both state and local regulations, as well as unique challenges facing municipalities. However, many attorneys with extensive expertise in municipal law are approaching retirement age and/or length of service, posing a significant challenge for the Municipal Counselor's Office. The impending retirement of seasoned attorneys presents a dual challenge: a potential loss of institutional knowledge and the need to bridge the experience gap. As these experts retire, their departure can leave a void that is difficult to fill, particularly in niche areas like municipal law. It is essential to plan well in advance to ensure a smooth transition and continued excellence in legal representation for City Leaders, Departments and Trusts.

To address these challenges, this Office must adopt a proactive approach to succession planning. This involves several key strategies:

- The first step in succession planning is to identify potential successors within the organization. These individuals should demonstrate not only technical proficiency but also leadership potential and a commitment to the City's values and goals. It is important to involve current experts in municipal law in the selection process to ensure that successors have a comprehensive understanding of the field.
- Once potential successors are identified, the next step is to invest in their training and development. This includes providing opportunities for continuing education, mentorship programs, and hands-on experience in municipal law cases. Increased training ensures that successors are well-prepared to handle the complexities of municipal law and can provide high-quality legal services to clients.
- To ensure a smooth transition, it is crucial to establish mechanisms for knowledge transfer. This can include documenting key processes, creating comprehensive handover notes, and facilitating regular meetings between retiring attorneys and their successors. By capturing and transferring institutional knowledge, this Office can mitigate the impact of retirements and maintain service continuity.
- Finally, fostering a culture of continuous learning within the organization is essential. Encouraging attorneys to pursue ongoing education, attend industry conferences, and stay abreast of legal developments ensures that this Office remains at the forefront of municipal law. This commitment to learning not only benefits individual attorneys but also enhances the overall capability of the Municipal Counselor's Office.

Practice Management and Open Records Software

In 2024, in addition to existing matters, the Office of the Municipal Counselor had over 170 civil cases, 127,000 new criminal citations, 440 new expungements, 590 new tort claims, 197 new collections, and over 22,000 open records search requests. Case organization and information are currently managed individually by each attorney and stored on network drives, resulting in inconsistent case management across the 40+ attorneys.

Practice management software as well as software that allows the ability to convert, review and redact documents generated in response to open records requests efficiently are necessary for the Municipal Counselor's Office to provide continuity of service. These systems would ensure that matters are efficiently and consistently handled throughout the Office and also provide better document organization, thus streamlining legal services and providing more productivity.

Current Funded Capital Improvement Projects

The Municipal Counselor's Department currently has two approved and budgeted Capital Improvement Projects (CIPs):

- Installation of protective glass in the City Hall reception area, which is a safety priority; and
- Expansion of the City Hall 4th floor men's restroom.

These pending projects will be considered during the department's assessment. A third CIP, which added seven new offices to the Municipal Counselor's Office, was completed in March 2025.

MUNICIPAL COURT

Relocation of the County Detention Center

The location of a new Oklahoma County Detention Center continues to be a concern for the Municipal Court. Oklahoma City Municipal Court defendants detained in the Oklahoma County Detention Center and transported daily to and from Municipal Court by the Oklahoma City Police Department Court Detail Unit. The new location of the detention center will require daily transport. Currently, the unit only has sedans which allow two inmates to be transported at one time. There are approximately 10-20 inmates seen daily in Municipal Court. Also, a female inmate is not permitted to be transported with other male inmates. The City will need to consider the costs associated with the purchase of sufficiently sized vehicles that are appropriate for prisoner transport, the potential increase in staff needed to transport prisoners, and the increase in staff

time associated with travel and/or frequency of trips. Also, the location of the new jail will require additional resources and audio-video equipment for virtual hearings.

If the new detention facility supports off-site court sessions, additional court staff and technology will be needed, as well as a handicap accessible vehicle to transport court staff and equipment to the off-site location. Municipal Court will work on getting a cost estimate for the purchase of vehicles and technology needed.

Also, there is current agreement in place with Cleveland County Detention Center to house Oklahoma City Municipal Court inmates. Currently, the program is limited but if expanded additional resources will be needed.

Enhanced Technology

The Municipal Court would like to offer additional processes online for defendants to show proof of compliance for citations issued for No State Driver's License in Possession, Expired Tags, Failure to Show Proof of Insurance, etc. The department estimates the cost of development would be approximately \$100,000, plus annual maintenance costs.

The Municipal Court implemented the existing court case management system in 2016. However, the software purchase contract was executed in 2004, making the technology dated. The software design concept limits system customization for situations that are unique to Oklahoma City Municipal Court because the software is used by multiple court jurisdictions across the nation. Additionally, the vendor offers limited after-hours technical support. Municipal Court will work with the Information Technology Department to determine an estimated cost and develop a Request for Proposal.

Facility Needs

As part of the 2025 General Obligation Bond, the Oklahoma City Municipal Court will share a new annex with the Oklahoma City Police Department. This annex is a critical step toward addressing the Court's longstanding space constraints, which have limited the expansion of specialty programs and the addition of essential staff.

The new facility will:

- Provide adequate office space for new and existing Municipal Court staff.
- House the Public Defender's Office and community partner agencies, ensuring that vulnerable patrons can access legal and social services during their court visits.
- Include a drive-through customer service window to improve accessibility for officers, patrons with disabilities, and those seeking convenient service options.

This annex will enhance the Court's ability to serve the public efficiently and equitably, while fostering stronger collaboration with justice system partners.

The proposed annex will include a dedicated parking structure for Municipal Court employees. This addition directly addresses longstanding safety concerns related to the current distance between the employee parking lot and the main facility. These concerns are especially pronounced for staff working flexible 9- and 10-hour shifts during the fall and winter months, when reduced daylight hours result in employees arriving and departing in darkness. The new parking structure will enhance employee safety, improve accessibility, and provide a more secure and accommodating work environment.

The exterior payment windows and the front counter customer service windows need to be remodeled to abate significant ergonomic and operational challenges. It is important to provide a safe, comfortable, and efficient workspace for staff and the patrons they serve.

Additionally, criminal justice reform has changed how the department interacts with customers. Many court processes and transactions are more complex and require a significant amount of time to complete. A remodel to the Compliance and Enforcement Services area, which will include a customer counter design, would

eliminate the need to have the customer stand during the full review of their court obligations and completion of their paperwork and offer a private area to discuss the customer's financial ability to pay and payment plan options. Building Management is working on a project cost for the remodel.

Also, the current path for defendants in custody to enter the courtroom for jail arraignment is through the north end of the Community Outreach, Compliance, and Enforcement work section, passing through the work area near workstations. Reconfiguration is needed to separate the work area and create a secure hallway for defendants in custody to enter the courtroom.

As part of long-term planning, the department is exploring the possibility of establishing a 'Cite and Release' area within the Municipal Court and Police Annex. This space would allow for inmates to be released on their Own Recognizance (OR), capturing fingerprints without having the inmate processed in the detention center.

PARKS AND RECREATION

Sustainable Expansion of Park Assets

City parks, open spaces, and recreational facilities are essential infrastructure that enhance public health, strengthen community cohesion, and contribute to the overall livability and economic vitality of Oklahoma City. As the city continues to grow, the Parks and Recreation Department must strategically align capital investments with operational planning to meet increasing demand and evolving community expectations.

Currently, Oklahoma City falls well below national benchmarks for park accessibility, with an average of one park per 4,580 residents—nearly double the national average of one park per 2,411 residents (source Trust for Public Land and National Recreation and Park Association). To meet this standard, the city would need to add approximately 124 new parks, particularly in underserved areas spanning over 400 square miles outside the urban core.

In addition to expanding the park inventory, the department must modernize outdated, single-use recreational facilities by transitioning to multigenerational regional centers that include amenities such as indoor aquatic facilities. These centers will complement existing MAPS investments and enable the department to deliver inclusive, high-quality services that support active lifestyles across all age groups.

While the city's development and master planning documents reflect a bold vision for land acquisition, facility construction, amenity enhancements, and trail system expansion, they lack corresponding operational funding. Capital projects continue to add new assets to the Parks and Recreation inventory, yet no proportional increase in staffing, maintenance, or programming resources has been allocated to sustain them. Furthermore, although 1% of capital funding is dedicated to public art installations, no funding mechanism exists for their long-term care and preservation.

To ensure sustainable growth and service delivery, the department must prioritize the identification and acquisition of future park sites, plan for associated capital and operational costs, and integrate these efforts into upcoming bond initiatives, capital improvement programs, and new operational funds. Without strategic alignment between capital expansion and operational investment, the department risks falling short of service standards, compromising asset longevity, and failing to meet rising community expectations.

Capital Maintenance Priorities

As Oklahoma City's park system continues to expand through visionary capital initiatives, the need to reinvest in aging infrastructure has become increasingly urgent. Many of the city's legacy assets - ranging from community centers and trails to regional parks and golf courses - are approaching or have exceeded their functional lifespans. Without a coordinated capital maintenance strategy, deferred repairs and modernization needs will continue to accumulate, jeopardizing service quality, operational efficiencies, public safety, and long-term asset performance. The following priorities outline critical areas where targeted investment is essential

to preserve the integrity of the system, support evolving service models, and ensure that Oklahoma City's parks remain vibrant, accessible, and competitive for generations to come.

1. Aging Park Infrastructure

Oklahoma City's park assets are facing widespread deterioration. While MAPS4 provides partial funding for upgrades, its scope is limited to community and neighborhood parks and two soccer facilities. Regional, special-use, and nature parks remain unfunded, requiring a capital strategy to address deferred maintenance and modernization needs. MAPS facilities are also aging and will require ongoing maintenance repairs without a dedicated funding source.

2. Facility Lifecycle Management

The recently completed Facility Assessment Report highlights the need for decisive action on aging recreational facilities. The city must determine whether to renovate or decommission facilities that no longer serve a strategic purpose. Interim investments will be required to maintain operations until new multigenerational centers are constructed, aligning with the department's evolving service delivery model.

3. Bricktown Canal Revitalization

The Bricktown Canal and Regatta Park will be high-profile destinations for the 2028 Olympic games. Constructed under the original MAPS, the canal now requires extensive upgrades, including ADA improvements, lighting, site furnishings, drainage repairs, and enhanced visitor amenities. These enhancements are critical to support tourism, media visibility, and long-term urban placemaking.

4. Urban Tree Canopy Renewal

Extreme weather events have accelerated the decline of Oklahoma City's aging urban tree canopy. While new park development contributes to canopy expansion, there is no current plan for replacing older trees. A funded strategy is needed to assess canopy health, develop a replanting plan, and ensure ongoing maintenance to preserve environmental resilience and aesthetic value.

5. Trail System Rehabilitation

The city's 100-mile multipurpose trail network—primarily constructed with asphalt—is approaching a critical maintenance threshold. Asphalt trails degrade rapidly without vehicular compaction, making traditional rehabilitation methods costly. Transitioning to concrete construction, with a projected 50+ year lifespan, offers a more sustainable solution and should be incorporated into future capital planning.

6. Golf Course Refurbishment

The City of Oklahoma City owns and operates seven 18-hole and one 9-hole municipal golf courses, all of which were constructed over thirty years ago. These legacy facilities are in critical need of reinvestment to remain competitive and sustainable. Key priorities include the reconstruction of tee boxes and greens, mitigation of erosion-related damage, and the identification of alternative irrigation water sources to reduce long-term utility costs and environmental impact. Without a strategic capital and operational plan to address these aging assets, the golf system risks declining playability, reduced revenue, and diminished public value.

Operations & Maintenance Sustainability

As Oklahoma City's park system continues to grow in scale and complexity, the long-term sustainability of its operations and maintenance framework has emerged as a critical concern. Despite significant capital investments through MAPS and other initiatives, the department's ability to maintain assets, deliver consistent programming, and meet resident expectations is constrained by volatile funding, insufficient staffing, and unfunded operational liabilities. To ensure reliable service delivery and protect the city's growing inventory of recreational assets, a strategic shift is needed - one that stabilizes revenue, scales workforce capacity, and aligns operational planning with capital growth. The following priorities outline key areas where targeted investment and policy reform are essential to secure the future of Oklahoma City's parks and recreation system.

1. Revenue Volatility & Operating Budget Shortfall

Oklahoma City's Parks and Recreation Department relies heavily on Sales and Use Tax for operational funding—a revenue stream that fluctuates with economic conditions. This volatility limits the department's ability to plan long-term, maintain consistent staffing, and deliver reliable services. Unlike Property Tax, which offers greater fiscal stability, the current funding model exposes the department to cyclical budget constraints that undermine public confidence and satisfaction.

The department is dedicated to enhancing the quality of parks, programs, and facilities for our residents. The current operating budget must support both third-party managed destinations, such as Scissortail Park, Myriad Gardens, Civic Center Music Hall, and RIVERSPORT, and the maintenance and programming of parks citywide. With limited resources, it is challenging to keep facilities in top condition, expand community programs, and support new projects. Additional investment will allow us to improve maintenance, create more engaging programs, and ensure our parks continue to meet the needs and expectations of Oklahoma City residents.

Alternative Operational Fund Revenue Sources could include a combination of:

- Service fees & program revenue
- Public-Private Partnerships (P3s)
- Grants & federal funding
- Special assessment districts
- Endowments & trust funds

2. Staffing Deficit & Service Delivery Constraints

National benchmarks recommend 8.6 full-time equivalents (FTEs) per 10,000 residents, which translates to 620 FTEs for Oklahoma City. The department currently operates with only 332 budgeted FTEs, resulting in a 46% staffing gap.

This deficit limits the department's capacity to:

- Appropriately maintain parks, trails, and recreational facilities
- Deliver consistent programming across neighborhoods and communities
- Support expanded operations at new facilities and park locations
- Respond to growth in underserved areas
- Maintain the urban forest for environmental benefits.

3. Unfunded Operational Liabilities from Capital Growth

Major capital initiatives - such as MAPS, Better Streets Safer City, GO Bonds, and Development Impact Fees - have added new recreational assets citywide. However, funding for ongoing operations and maintenance has not scaled proportionately. This imbalance creates long-term liabilities and strains existing resources. Additionally, while 1% of capital funding is allocated to public art installations, no corresponding funding exists for their long-term care, risking deterioration of these cultural assets.

4. Resident Expectations & Strategic Response

Annual resident surveys consistently highlight key priorities:

- Improved park maintenance
- Better access to program information
- Expanded walking and biking trails
- Enhanced quality of neighborhood parks

Meeting these expectations requires a strategic shift toward sustainable funding, workforce expansion, and operational alignment with capital growth. Without this shift, the department will face mounting pressure to deliver top-tier services with insufficient resources.

PLANNING

Affordable Housing

The Planning Department completed the Housing Affordability Implementation Plan (HAIP) in early 2025. One of the HAIP recommendations included establishing a Housing Strategy Implementation Manager position that would coordinate housing efforts across City Departments and with existing partner agencies, and work to develop new partnerships. In July, Shannon Entz was hired to fill this role.

As recommended in the HAIP, a Housing Advisory Group, an ad hoc advisory body, made up of local housing stakeholders who bring a variety of viewpoints, and either involvement or expertise in various aspects of affordable housing, has been established and is meeting quarterly. This group will help advise and provide input throughout the strategy and implementation process.

There five focus areas established in the HAIP are:

1. Increase the inventory and diversity of affordable rental units.
2. Preserve long-term affordability and habitability.
3. Bolster the “system” through support for services (e.g., financial literacy and tenant rights).
4. Support opportunities to obtain and sustain affordable homeownership.
5. Refine policies, development incentives, and expand funding sources and partnerships.

Although a HAIP goal is to leverage existing resources and partners, more resources will be needed to achieve effective changes and implement new tools. \$50 million in funding to support increased affordable housing efforts is included in the upcoming 2025 Bond. Additional programmatic and administrative staff will be required to effectively manage new and expanded housing programs funded through the bond issue.

The 2019 Housing Affordability Study quantified the total need for affordable housing production and preservation to be 44,600 housing units with a cost of approximately \$1.3 billion. With over 77,000 housing cost-burdened households in Oklahoma City, a continued and increased commitment of financial resources to address housing needs must remain a priority.

Homelessness System Transformation

Between 2019-2021, the Mayor’s Homelessness Task Force worked to identify strategies to address homelessness. Subsequently, the City hired a consultant to help develop an implementation plan to transform the City’s homeless system making homelessness rare, brief, and non-recurring. The City of Oklahoma City serves as the Lead Agency that is selected by the Continuum of Care (CoC) Board, now rebranded as the “Key to Home Board”. As the Lead Agency, the City manages U.S. Department of Housing and Urban Development (HUD) funding Measures to achieve system transformation included restructuring this Board and positioning the City in a leadership and management role by shifting some of the contracted services and responsibilities from non-profits to City staff within the City’s Homelessness Services Program of the Planning Department. While the four goals of our two-year strategic plan have been completed, additional opportunities for continued transformation will require additional resources to build, lead, and sustain these efforts over time. While we have successfully completed the four goals outlined in our two-year strategic plan continued transformation will require additional investment. To build on this progress and ensure long-term success, we must secure the resources necessary to develop new initiatives, lead the work, and sustain these efforts over time.

- **Staffing and Funding Needs**

The Homeless Services team’s has 13.5 FTEs, four were filled as overage positions in FY24 funded through a mix of federal grants and General Fund dollars. One additional overage position is temporarily funded by private donations. Two positions are privately funded contract roles that will need to be absorbed into the City, and the remaining 1.5 positions are contracted through a professional services agreement paid with federal grant funds. To bring the three privately funded positions into the City and maintain current staffing capacity, Additional funds will be required at an estimated annual cost of \$325,000.

Ongoing Support for Homelessness Initiatives

Annually, the City provides approximately \$300,000 to local shelters providing emergency winter shelter. This will be needed annually at an expected cost of \$300,000. This funding allows multiple emergency shelters across our City to expand the number of beds offered and the hours of operation during winter weather events.

- **Street Outreach and Rapid Response Initiative**
In 2023, the City launched a Street Outreach and Rapid Response initiative with the Mental Health Association of Oklahoma. The annual cost of the program is \$650,000. This initiative is a critical component of the Encampment Rehousing process, targeting unsheltered homelessness and responding directly to Action Center calls. In FY25, this funding enabled Community Response Outreach teams to respond to 3,290 Action Center calls, demonstrating the clear need for continued support. Ongoing funding is needed to support the program and services provided.
- **Encampment Rehousing Initiative**
Reducing long-term homelessness significantly lowers overall costs and reduces pressure on the response system. When individuals are forced to sleep outdoors, it places a heavy burden on the entire community and must be addressed. COVID-era funding allowed the City to pilot the Key to Home Partnership's flagship Encampment Rehousing Initiative, which provides a direct pathway from the street to permanent housing. We reached the target of housing 500 individuals through the Encampment Rehousing Initiative. This flagship program provides a direct pathway from the street to permanent housing and has successfully ended unsheltered homelessness for 500 people. Current data shows that 92% of encampment residents accepted housing, while only 9% exited the program to locations not meant for habitation. In less than two years, this effort has achieved a 43% reduction in the population experiencing co-occurring chronic, unsheltered homelessness.

A Complex Case Team is essential to support chronically homeless individuals who face layered challenges such as mental illness, substance use, and long-term housing instability. This team would deliver integrated, cross-system case management to ensure sustained housing and ongoing service connections. We are currently assessing the cost of services required to establish and maintain this specialized team.

In short, the new program has proven effective but requires additional funding to achieve a greater impact. Current resources are sufficient to meet our initial goal and maintain support for program participants enrolling through June 2026. The Encampment Rehousing Initiative is funded through a combination of private, City, and Federal sources. However, the Federal Emergency Rental Assistance (ERA) funding was a one-time allocation and has now expired. To sustain the success of this initiative at its current scale, we will need \$3.5 million annually to cover rental subsidies, case management services, the system's Landlord Engagement team, and associated administrative costs. If the City seeks to expand the initiative and accelerate the reduction of individuals sleeping outdoors, additional dedicated funding will be necessary.

Comprehensive Plan Implementation

The citywide Comprehensive Plan (planokc) establishes goals for guiding sustainable and healthy growth of our community and economy while protecting and enhancing our residents' quality of life. The plan specifies multiple actions, strategies, and initiatives aimed at further developing and growing our economy and tax base; fully utilizing existing properties and infrastructure; advancing environmental sustainability; improving connectivity and compatibility of new development; and maintaining and renewing vitality of commercial districts.

planokc's goals are aligned with all seven City Council Priorities: 1) promoting safe, secure, and thriving neighborhoods; 2) developing a transportation system that works for all residents; 3) maintaining strong financial management; 4) enhancing recreational opportunities and community wellness; 5) encouraging a robust local economy; 6) upholding high standards for all City services; and 7) pursuing social and criminal

justice initiatives. The Planning Department is working with City Departments, partners, and the community to implement planokc over time, including a multi-year process to develop new zoning regulations.

The development of the new zoning code has revealed deficiencies in the City's ability to enforce both current and future zoning regulations. For example, a project's required landscaping may be approved at initial inspection but if the landscaping dies over time, there is no inspection or enforcement to require replacement landscaping. Also, in the past there were dedicated special zoning inspectors to oversee the city's historic districts and special design districts, such as Downtown and Stockyards, but over time, these positions (and associated expertise) have been reassigned or otherwise lost through attrition. Without these inspections to close the loop, approvals that have been reviewed against established regulations and guidelines are not always enforced when projects are actually completed. The new zoning code is expected to include improved regulations for land use compatibility, landscaping, environmentally sensitive areas, tree preservation, and other topics throughout the city, not only in special districts. Therefore, additional staff will be needed to provide the inspections and enforcement necessary to realize the full benefits of the new code.

POLICE

new

Increase in the amount of Sworn Authorized Positions

Based on national comparisons, the optimal Police staffing should be at least 1,600 officers. Which is currently between 365 and 765 positions greater than what the Oklahoma City Police Department is currently authorized. With continued population growth and increased events and activities it continues to put pressure on staffing levels.

new

Police Overtime

Over the last several years, the Oklahoma City Police Department (OKCPD) has averaged over 150 annual sworn vacancies. These vacancies have created Salary Savings that historically helped offset overtime costs for programs such as Special Events, the Oklahoma County Jail staffing support, Bricktown Entertainment District, Emergency Mobilization, Specialized Traffic Enforcement, and Crime Reduction through Intelligence-managed Enforcement. Due to the increase in hiring in recent years, vacant sworn positions are currently at 60, reducing the salary savings available to fund overtime. Until authorized sworn positions increase, overtime will remain necessary to meet community needs. Moving forward, the Police Department and the City must work together to manage overtime costs and explore strategies that balance operational requirements with fiscal responsibility.

New Regional 911 Center

The current 911 Center is undersized in meeting the City's current needs. Mobile Integrated Healthcare and Crisis Call Diversion specifically have increased space needs within the last year. Due to its type of construction, the current facility does not easily allow for future expansion. Replacing the current 911 Center with a larger facility would allow an opportunity to regionalize 911 dispatching amongst the multiple agencies that neighbor Oklahoma City to ensure safe and efficient public safety communications and coordination. The new 911 Center would also fill several gaps the department is facing with coordination by housing 911 operations and public safety IT support together. In addition, the current underground Regional Multi-Agency Coordination Center (RMACC) has significant issues and there is a possibility the RMACC can be relocated to the current 911 Center once the new 911 facility is constructed. The current estimated cost of constructing a new facility is \$46.5 million.

PUBLIC INFORMATION AND MARKETING

Accessible Digital Services

The US Attorney General signed a final rule updating its regulations for Title II of the Americans with Disabilities Act (ADA). The new rule obligates state and local governments to ensure their online services are accessible. The rule change means that the U.S. Department of Justice (DOJ) can now bring action against state and local government agencies that fail to meet ADA requirements for online services. All digital tools and services must meet or exceed WCAG 2.1, Level AA. This includes all third-party public-facing digital applications (Accela,

payment platforms, mobile apps), social posts (alt-text, captioning), live-streaming (captioning), websites, forms and data.



Office Utilization and Space for Staff

The PIM office needs to be renovated to accommodate an additional employee, foster better productivity, reduce distractions, increase privacy and create more meaningful collaboration. The office space and most furniture have not been updated in over 25 years. The renovation should include 10-12 new desks and related office furniture, including permanent or modular walls

PUBLIC TRANSPORTATION AND PARKING

Long Range Transit Plan

To continue the growth of Public Transit in the central Oklahoma region COTPA and Association of Central Oklahoma Governments (ACOG) have developed Central Oklahoma's Long Range Transit Plan (LRTP). Central Oklahoma's LRTP sets a bold, forward-looking vision to guide the next 30 years of mobility across the region. Developed through extensive public engagement and data-driven analysis, the plan responds to the region's rapid growth by expanding access, improving reliability, and building a seamless, integrated transit network. LRTP's core goals are to provide meaningful access to transit, create a compelling rider experience, offer competitive travel options, and use resources effectively. To achieve this vision, the plan focuses on four key strategies: increasing sustainable funding through local, federal, and private sources; establishing strong partnerships with community and business leaders; diversifying services through high-frequency routes and on-demand zones; and enhancing the overall rider experience through system integration, fare modernization, and mobility hubs.

- **Enhanced Rider Experience:**
To attract and retain riders, the LRTP emphasizes building a transit system that feels seamless, reliable, and intuitive. This includes standardizing branding across all regional services, integrating fare payment systems, and creating consistent wayfinding to help riders navigate the network easily. The plan also calls for investment in transit-oriented development (TOD) and mobility hubs, which will serve as activity centers linking bus, BRT, rail, and on-demand modes. These improvements aim to strengthen the connection between transit and surrounding neighborhoods, elevate passenger comfort, and build public confidence in the reliability and accessibility of transit.
- **Established Strategic Partnerships**
Delivering a connected regional system requires collaboration beyond traditional transit agencies. The LRTP calls for building partnerships with public agencies, private sector firms, nonprofits, and educational institutions to advance shared goals. Public-to-public cooperation ensures coordination among city, county, and regional entities, while partnerships with private businesses can encourage employer-supported transit and transit-oriented development near job centers. Nonprofit and Educational organizations can extend outreach, promote equitable access, and connect vulnerable populations to services.
- **Expanded Services**
The LRTP proposes a multi-tiered service model that expands high-frequency routes, creates additional on-demand zones, and enhances off-peak, night, and weekend service. By blending fixed routes and flexible mobility options, the region can serve both dense urban centers and lower-density suburban or rural areas effectively. This service diversification increases inclusivity, allowing more residents—including those without access to a vehicle—to reach work, education, and health services conveniently. It also provides resilience in times of peak demand or emergencies by offering adaptable, scalable transit solutions.

- **Sustainable and Predictable Funding**
Sustainable and predictable funding is foundational to implementing the LRTP vision. The plan identifies multiple funding streams to support long-term investment, including local sales taxes, general funds, developer contributions, state and federal grants, and private capital partnerships. These diversified sources will ensure that operations and maintenance are stable even as the system expands. Federal programs like the FTA Capital Investment Grant (CIG), RAISE grants, and FTA formula programs are critical to leveraging local dollars for large-scale capital projects such as BRT corridors, commuter rail, and transit centers. A dedicated funding structure will allow Central Oklahoma to deliver projects efficiently, maintain assets in a state of good repair, and keep the system financially resilient.

MAPS 4 Projects Implementation

MAPS 4 will continue the transformation of our public transit system with improvements funded by the voter approved one cent sales tax. The budget includes funds to improve the system's 1,400 EMBARK bus stops. The project also includes more buses and signal prioritization to help frequency and reliability of services, Bus Rapid Transit in south and northeast Oklahoma City, and future planning and land acquisition investments.

- **MAPS 4 BRT / EMBARK RAPID**
Planning Studies have identified the corridors for the MAPS 4 Bus Rapid Transit line that run from Northeast OKC to South OKC. The MAPS 4 Implementation Plan anticipates the improvements required for the BRT lines to be operational by 2029, indicating some additional operational funding will be needed in 2028 to begin standing up the BRT operations. The BRT corridor is estimated to cost approximately between \$9 - 11 million annually to operate. Improvements would include adding and restructuring existing bus routes to serve additional locations with more crosstown service and integration with the MAPS 4 BRT corridor. Capital costs include fleet expansion, stations, traffic signal prioritization, and professional services. MAPS 4 includes \$61 million for the new BRT line – Northeast and South. Additional funding is being pursued through the Federal Transit Administration's Capital Investment Grant program. EMBARK will pursue funding through a competitive grant program called Small Starts.

The estimated annual operating cost for both BRT lines is \$9-11 million, and the estimated one-time capital cost is up to \$34.5 million to combine with a 64% local match of \$61 million, to design and build a 17 mile bus rapid transit (BRT) corridor in Oklahoma City.

Parking

- **Arena / EMBARK Downtown Parking Garage**
The City of OKC approved a development agreement for the City's new arena between the City and PBC Sports and Entertainment, LLC (PBC&E) owners of the Oklahoma City Thunder and the Oklahoma City Blue. The agreement identifies the City-owned former site of the Cox Convention Center as the site of the new arena. The agreement has also allocated approximately 1.4 acres of the site to be reserved for a new downtown parking garage. Architectural and Engineering services will be needed to facilitate the design and construction of the intercity transit hub that will be owned and operated by EMBARK.

The estimated one-time cost for A&E services is \$5,000,000

Public Transportation System Investments

As Oklahoma City continues to expand its public transit services as outlined in the 2005 Fixed Guideway plan, 2023 OKC Moves, and Long Range Transit Plan. The Public Transportation and Parking Department has identified several key operational and capital funding needs over the next five years. These include support for new Bus Rapid Transit (BRT) lines, expanded micro transit services, and ongoing maintenance of the OKC Streetcar system.

To support the launch of the Northeast and South BRT corridors, funding will be required for operations, maintenance, and administrative staffing. This includes hiring additional bus operators, supervisors, technicians, utility 1 and 2, service crews and support personnel to ensure reliable service delivery. Concurrently, the department is addressing critical operational needs such as overtime funding to maintain route coverage during staff shortages and special events, as well as filling funding gaps for services like Fixed Route 019, which previously received supplemental support from Oklahoma County.

Additional funding is also needed to maintain the OKC Streetcar fleet, implement and manage Transit Signal Prioritization (TSP) systems, and support the upkeep of new bus shelters introduced through MAPS 4. Security and fare inspection services will also need to be expanded to enhance safety and compliance across EMBARK facilities and vehicles.

On the capital side, investments are planned for major streetcar component replacements to extend the system's useful life, construction of pedestrian access improvements to bus stops, and local match funding for Federal Transit Administration (FTA) grants, particularly those aligned with transit needs and for the 2028 Summer Olympics in Los Angeles.

The Regional Transportation Authority (RTA) continues to advance its system vision plan, with corridor studies completed for north/south, east, west, and airport routes. Land acquisition for future commuter rail stations and the identification of dedicated transit funding remain key priorities to move regional transit forward.

To meet these growing demands, the department has identified the General Obligation (GO) Bond election as a potential funding source and will continue pursuing competitive FTA grants to leverage local dollars. Staff will also evaluate long-term financing strategies and explore alternative revenue sources to support future operating costs. RTA will continue working with member cities to assess the timing of a potential vote for dedicated regional transit funding.

PUBLIC WORKS

Bridge and Drainage and Bridge Infrastructure

The Oklahoma City drainage infrastructure system includes City-owned drainage channels, the Oklahoma River's dam and lock systems, and various Storm Water Quality Division assets. The Oklahoma City drainage system includes approximately 2,500 miles of underground storm sewer plus concrete-lined open channels. The maintenance and improvements required of these systems is considerable. An initial drainage basin study is currently underway to develop a long-term drainage capital improvement plan (CIP).

The Oklahoma River's dam and lock systems CIP plan for repairs and refurbishment is estimated at \$4.3 million over the next five years, not including annual operating costs. In addition, the State of Oklahoma has indicated that the Oklahoma City storm water discharge permit will be updated and require improvements conservatively estimated at \$13.0 million over the next 5 to 10 years.

The 2017 GO Bond authorization provided \$62.0 million for 20 listed drainage projects. The total request for the proposed 2025 GO Bond is \$140.4 million for 27 drainage control projects and 17 stormwater pollution control projects. Storm Water Drainage Utility funds may also be used on certain capital projects but primarily fund staffing and maintenance needs for storm water quality, channel cleaning, and mowing.

Bridge infrastructure includes 603 bridges, owned and maintained by the City, with 100% needing some type of maintenance or repair. Three bridges in the city are currently closed to traffic and the list of needs is increasing. A recent bridge assessment and regular inspection reported 106 bridges that require upgrades to maintain or improve the life of the bridge. There are 93 bridges requiring reconstruction or replacement to improve the vertical clearance, horizontal clearance, roadway width, or hydraulic capacity to meet current standards. Additionally, the City is responsible for the maintenance, repair, and replacement of bridge decks on City streets that cross Oklahoma Department of Transportation (ODOT) rights-of-way.

The 2017 GO Bond authorization included \$27.0 million for 13 listed bridges. The total request for the proposed 2025 GO Bond is \$90.6 million for 25 bridges.

The G.O. Bond program has been the primary funding source for improvements to the Drainage and Bridge Infrastructure system. However, funding from the proposed 2025 GO Bond only includes funding for a small percentage of the infrastructure for which the City is responsible. While the proposed funding to be allocated for Drainage and Bridge construction in the 2025 GO Bond has increased over the allocation in the 2017 GO Bond construction costs have increased by more than 65% and the systems are aging. To keep pace with the required replacement, repair, and maintenance of the City's Drainage and Bridge infrastructure systems, additional funding sources must be identified that can be used to provide for the necessary improvements to these systems.

Streets Infrastructure Dedicated Fund Source

General Obligation (GO) Bonds have been the primary source of funding for streets infrastructure. Additional temporary funding for street improvements was provided by the Better Streets, Safer City sales tax program. These two programs primarily address capital-related infrastructure and not the ongoing maintenance needs that are funded in the Public Works operating budget for the approximately 4,000 centerline miles of roadway. The funding provided from the Better Streets Safer Cities sales tax for streets projects has been fully allocated. In the past three fiscal years, the Public Works Department has been able to resurface an average of 100+ miles of streets, nearly doubling the efforts of past years because of the temporary sales tax program.

The overall rating for resident satisfaction as evidenced by the citizen survey remains very low compared to peer cities, even though there have been recent improvements in both satisfaction and street condition (PCI). Further resurfacing will be required to maintain or increase the PCI and improve resident satisfaction. In addition, the department has recently begun a small pavement preservation program (crack-sealing). Additional funding for pavement preservation efforts would allow the Department to extend the roadway life for segments with a satisfactory PCI before they move to an unsatisfactory PCI.

The total request for the 2025 GO Bond is \$1.1 billion for 407 projects. The Department has a significant list of needed repairs that are currently not funded or included in the 2025 GOB Authorization. A dedicated funding source, for streets repairs and maintenance will allow the Public Works Department to repair or replace already identified infrastructure needs that are currently unfunded. Some of the needs include street resurfacing projects, traffic striping, innovative asset management techniques, concrete base repairs and additional maintenance staffing.



Staffing

The increased demand for Public Works Department services coupled with the reduction of positions due to multiple years of budget cuts have led to delays in repairs and responses to citizen inquiries. The growth in City Infrastructure and population over the last decade coupled with a slight decrease in budgeted positions over the last 10 years (FY16 – 406 employees / FY26 – 398) poses a challenge to the Department and results in a corresponding decrease in citizen satisfaction with City assets and services.

Additionally, the Public Works Department has had difficulty recruiting qualified candidates for engineering and technical positions. While the City's overall benefit package is attractive to potential employees, compensation for entry level engineering positions is still below the private marketplace.

UTILITIES



Wastewater Treatment Capacity

The department has paused new connections outside of city limits to the portion of the Oklahoma City wastewater system that flows to the Deer Creek Wastewater Treatment Plant (DCWWTP). The Deer Creek Wastewater Treatment Plant is approaching treatment capacity of 15 million gallons per day (MGD). With the plant built in the early 1980's with some upgrades completed in 2002, components are reaching the end of

their service life. Utilities Engineering has commenced the design engineer selection process for treatment expansion of the plant to 20 MGD, upgrade the biosolids dewatering treatment and process, as well as electrical improvements.

Regulatory Issues

Utilities are one of most regulated industries in the country, with comprehensive federal, state, and local regulations. The continued regulatory and legislative focus around PFOA/PFOS, also known as forever chemicals, poses ongoing operational and capital challenges for biosolids management. The Utilities Department has been proactively evaluating improvements to dewatering processes and infrastructure to strengthen reliability and compliance. In addition, the department is addressing Lead and Copper Rule Improvements (LCRI) mandate related to lead pipe inventory and replacement, through a project that verifies lead water lines in the system. Once complete, the project will provide identification and inventory of 10,000 service lines on both the utility and customer side of the meter.

Staffing Challenges

With a persistent 12% vacancy rate with over 100 vacant positions in recent years doubled the industry median of 7% in recruiting, hiring and retaining a qualified workforce poses a challenge affecting the Utilities Department's ability to ensure service reliability.

- The Utilities Department's capital plan includes phased improvements at the Deer Creek Wastewater Treatment Plant to enhance dewatering efficiency and capacity expansion. These efforts support the City's long-term goal of reducing the volume of biosolids requiring land application and ultimately phasing out land application through improved treatment and alternative management strategies.
- The Utilities Department plans to award a Lead Service Line Replacement construction contract to commence replacement of utility lead service lines to meet requirement of have lead service lines replaced within ten years.
- The Utilities Department employs various strategies to attract and retain a skilled workforce such as career fairs, temporary labor agencies, internship programs, and expanding its comprehensive Utilities University that supports the department's succession plan to train our existing workforce to be equipped for upward mobility.

FIVE-YEAR FORECAST
FISCAL YEAR 2027-2031

SECTION 6
GENERAL FUND REVENUES
TRENDS AND FORECAST

FIVE-YEAR FORECAST
FISCAL YEAR 2027-2031

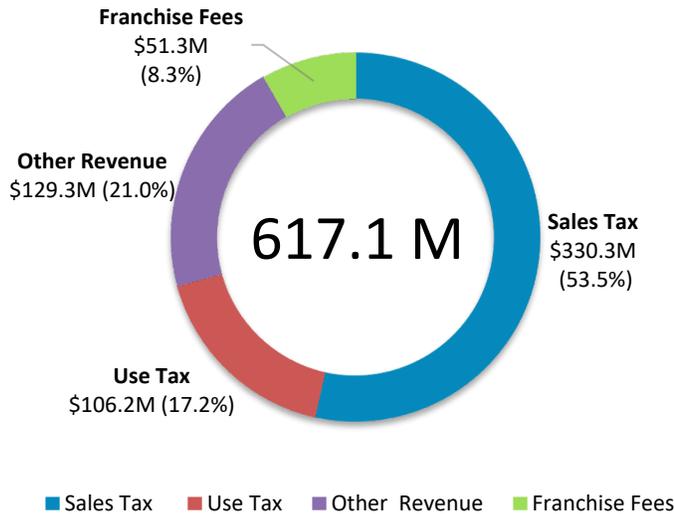
OPERATING REVENUE OVERVIEW

The General Fund is sustained by a diverse portfolio comprising hundreds of individual revenue streams. For analytical clarity, these sources are aggregated into the primary categories reflected in the FY26 General Fund operating revenue budget. Notably, while the temporary MAPS 4 sales tax is initially recorded within the General Fund, these receipts are immediately transferred to the MAPS 4 Program Fund for capital applications. Because these represent non-operating funds dedicated to capital projects, they are excluded from this operational financial outlook to ensure an accurate representation of the City's recurring fiscal capacity.

Given the complexity of municipal finance, this report focuses on projecting the most probable growth trajectories for major revenue categories over a five-year horizon. While economic cycles of expansion and contraction are inevitable, this outlook utilizes a "smoothed" growth projection rather than attempting to predict the specific fiscal year of a cyclical shift. This methodology provides a more stable baseline for long-term strategic planning and avoids the distortions of short-term market volatility.

Sales tax remains the cornerstone of the General Fund, accounting for more than 50% of total operating revenue. Consequently, the City's continued fiscal stability and its ability to maintain service levels are heavily contingent upon the performance of this single source. Due to its disproportionate impact on the City's financial health, a significant portion of this analysis is dedicated to evaluating the trends, risks, and growth assumptions associated with sales tax collections.

FY26 General Fund Operating Revenue Budget

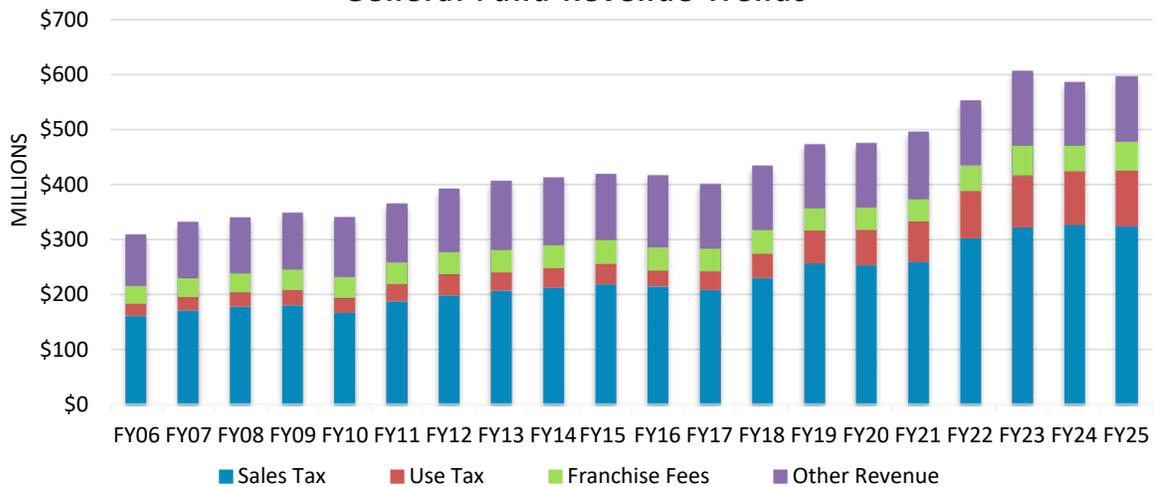




REVENUE TRENDS

The chart below illustrates the revenue growth trends within the General Fund over the past 20 years. Sales tax remains the most significant category, with performance dictated by population shifts, economic vitality, the localization of retail operations, and statutory rate changes. Use tax has realized a substantial 343.8% increase over this twenty-year period. Levied on goods purchased out-of-state for local use, this revenue stream saw exceptional growth over the last six years as a result of legislative changes regarding online sales remittance—a trend further accelerated by pandemic-era consumption patterns—though growth rates are now beginning to moderate. Both Sales and Use tax categories also reflect the impact of the permanent 1/4 cent tax rate increase effective in FY18. Franchise fees have demonstrated steady growth, primarily attributed to the expanding customer base and, in the case of utilities, fluctuations in consumption driven by weather. Finally, the "Other Revenue" category, comprising building permits, licenses, and various fees, continues to be influenced by population growth and increased demand for City services.

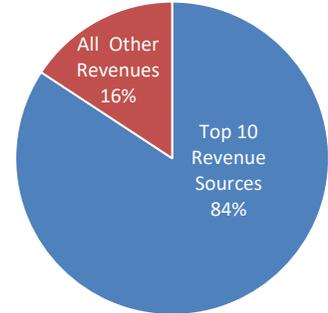
General Fund Revenue Trends



General Fund FY26 Operating Revenue Budget

TOP 10 GENERAL FUND REVENUE SOURCES

When combined, the top 10 budgeted line-item revenues account for 84% of the General Fund revenue budget. Two of the top 10 revenues are taxes, sales tax and use tax. These two taxes make up 71% of the General Fund budget. Revenue from franchise fees accounts for two of the top 10 revenue sources, which comprise 6% of the budget. The OG&E franchise fee is consistently the third largest revenue source for the General Fund. The Other Revenue category contains the remaining six top 10 revenues, which range from utility fees to building permits and wage adjustment from the Public Safety Sales Tax Funds. Wage adjustments are payments to the General Fund from the dedicated ¾ cent Sales Tax for Public Safety, that when approved by voters, provided compensation increases for uniformed Police and Fire positions that were funded in the General Fund.



Revenue Source	FY26 Budget	% of GF	Category
1 Sales Tax	\$330,319,581	54%	Sales Tax
2 Use Tax	\$106,253,080	17%	Use Tax
3 OG&E Franchise Fee	\$28,302,859	5%	Franchise Fees
4 Fire Wage Adjustment	\$13,159,915	2%	Other Revenue
5 Police Wage Adjustment	\$10,104,289	2%	Other Revenue
6 ONG	\$7,431,978	1%	Franchise Fees
7 Building Permits	\$7,321,485	1%	Other Revenue
8 Interest	\$6,124,232	1%	Other Revenue
9 Public Works TMS Charges	\$5,821,731	1%	Other Revenue
10 UTL Fees-Water	\$5,092,000	1%	Other Revenue
TOTAL	\$519,931,150	84%	

The sections that follow focus on the trends and projections of each revenue category and what may be influencing recent trends and future projections.

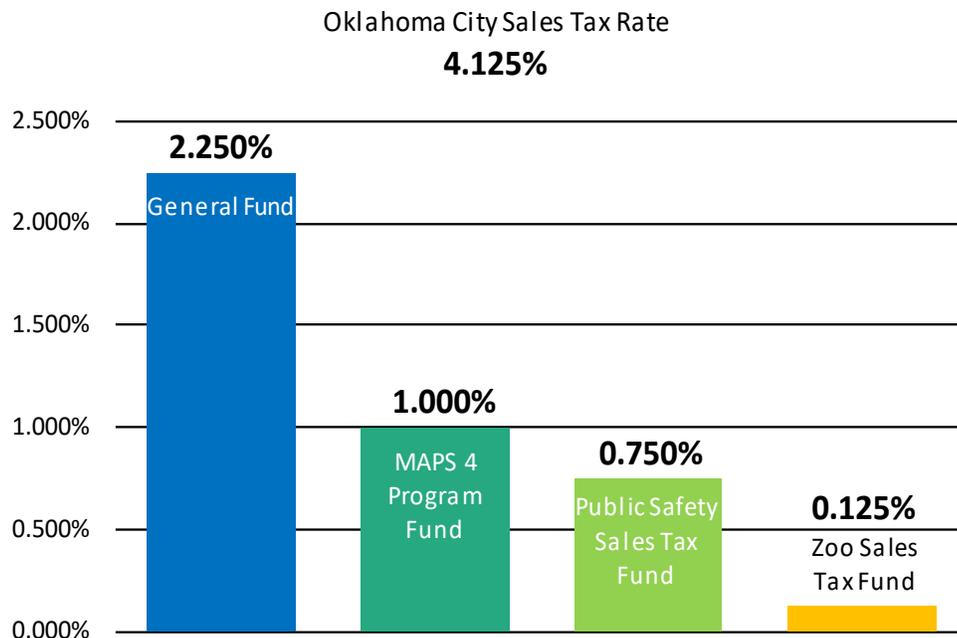


SALES TAX 

Sales tax is applied to most retail transactions, as provided by State law, and is collected by local vendors who then remit the revenue to the Oklahoma Tax Commission (OTC). The City maintains agreements with the OTC for administration and enforcement services associated with sales and use taxes. The City receives revenues one month after receipt by the OTC. The OTC receives revenues from vendors around the 15th of the month. For most vendors, this payment is for actual sales in the last half of the prior month, and for estimated sales in the first half of the current month. For smaller vendors, the payment is for actual sales made in the prior month.

With voters approving a permanent ¼ cent sales tax increase effective January 1, 2018, the sales tax levied by the City increased from 3.875% to 4.125%. Combined with the state levy of 4.5%, the total state and municipal sales tax rate charged within corporate Oklahoma City limits is 8.625%. Canadian County assesses an additional levy of 0.35% for purchases made within their jurisdiction. Pottawatomie County assesses an additional 1.50% sales tax levy.

The City’s 4.125% sales tax levy is divided between the various funds. The General Fund receives 2.250% and is the single largest revenue source for the General Fund, which funds day-to-day operations. In September 2017, voters passed the temporary 27-month, 1.0% Better Streets, Safer City tax to address concerns with the City’s streets and to fund public safety improvements. When that tax expired in 2020, voters approved the MAPS 4 tax to extend the 1.0% for an additional eight years, thereby temporarily maintaining the 4.125% Oklahoma City sales tax rate. The Public Safety Sales Tax Fund receives 0.750% and is split evenly between Police and Fire. It is a permanent dedicated sales tax. The Zoo Sales Tax Fund receives 0.125% and is also a permanent dedicated sales tax that can only be used for capital improvements and operations at the Zoo. As previously mentioned, the MAPS 4 sales tax revenues are excluded from this forecast.

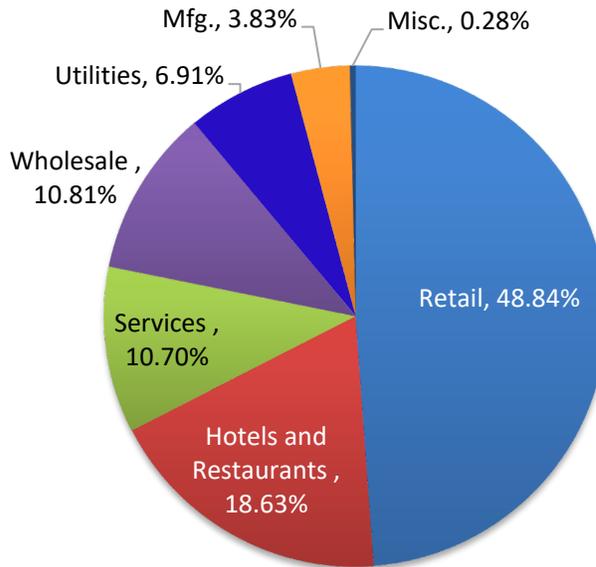


SALES TAX REVENUE BY NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM (NAICS)

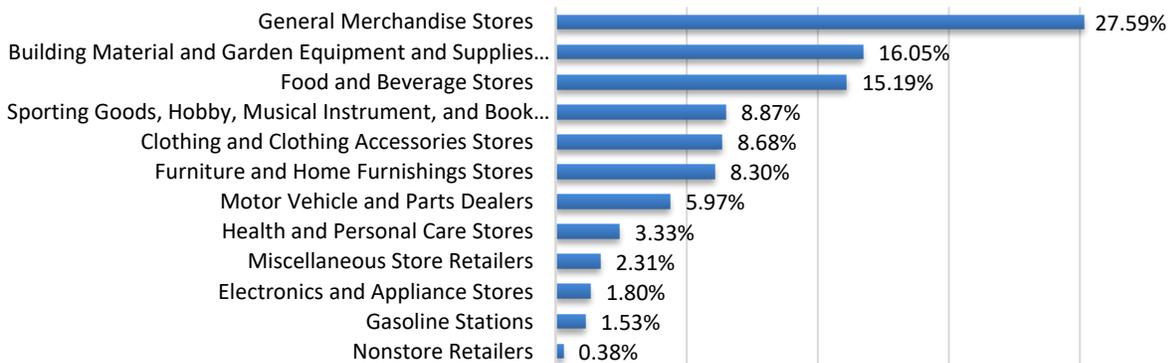
The OTC categorizes all vendors who remit sales tax using the North American Industry Classification System (NAICS). NAICS classifies businesses by type of activity to monitor and analyze related statistics. It is the system used by the federal government and allows for better levels of comparison by providing uniformity in data collection and reporting through the standardization of business establishments.

The charts below illustrate the most significant sectors of Oklahoma City’s sales tax base for FY25. As shown in the pie chart, the retail sector represents just under half of all taxable sales. The NAICS allows further division within the major groups for a more granular look at the data. Because retail is such a large piece of sales tax, special attention is paid to the components within retail, which are detailed in the bar chart below.

FY25 Sales Tax by NAICS Categories



**FY25 Breakdown of Retail Categories
(as a % of all sales tax)**

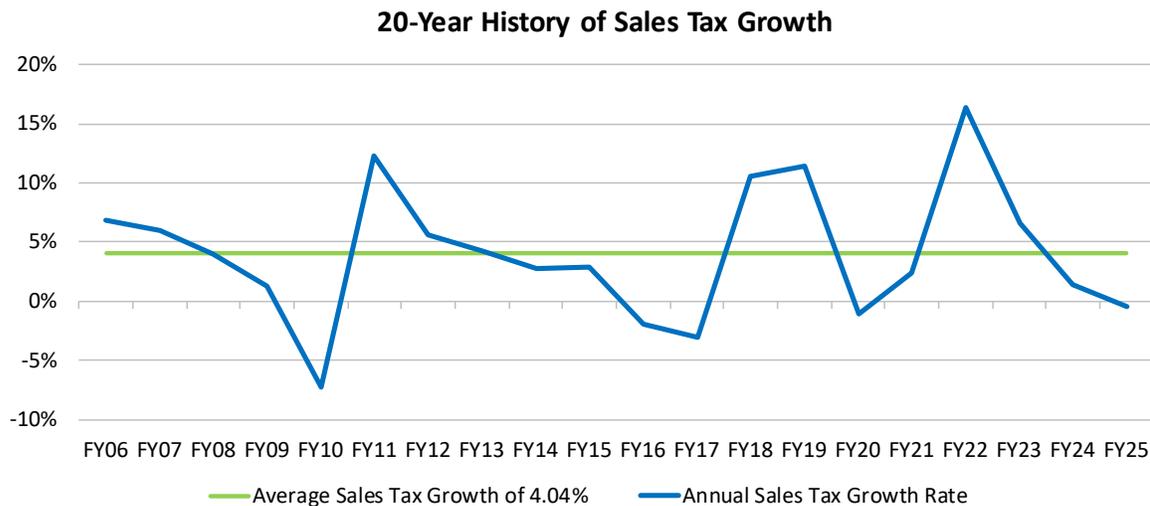


One limitation of the system is that a business can only be classified in one NAICS category, even if the business sells multiple types of goods. For example, the sales tax from a superstore (e.g., Walmart, Target, etc.) on groceries is shown as General Merchandise Stores rather than Food and Beverage Stores because most of these stores are classified as General Merchandise retailers. Likewise, the sales tax on a pair of jeans purchased from a sporting goods supplier would show under Sporting Goods and Hobby Stores rather than Clothing and Clothing Accessories Stores.

The amount and mix of retail activity can shift over time due to changes in consumer habits, economic conditions, and tax law changes. Other factors that can affect retail activity include the growth of the superstore, consumer tastes such as dining out more often, and tax law changes such as the change from taxing cigarettes through sales tax to excise taxes in 2004. Monitoring and understanding retail sales is critical to the financial health of Oklahoma City. The City Treasurer’s Office prepares a monthly sales and use tax collection report highlighting their analysis of tax collections and emerging trends.

SALES TAX OPERATING REVENUE FORECAST

Historically, sales tax has served as the primary revenue source for the General Fund, a reliance further solidified by the permanent ¼ cent sales tax increase effective January 1, 2018. However, the inherent volatility of this revenue stream presents significant forecasting challenges. Projections must account for several external variables, including the trajectory of the national economy, the local impact of energy sector fluctuations, and the accelerating shift in consumer behavior from brick-and-mortar retail to online platforms. As illustrated in the historical data, these factors can cause dramatic year-over-year variances in growth rates.



The Oklahoma economy remains highly sensitive to the pricing of crude oil and natural gas. Depressed energy prices typically lead to reduced exploration and production activity, which correlates with diminished employment levels. Despite the expansion of other industries such as healthcare, the energy sector maintains a significant multiplier effect; its relative strength heavily influences employment trends in construction, manufacturing, and financial services. While the recent news of two Oil and Gas Companies moving their headquarters out of the City is certainly pessimistic in the near term, an opportunity for longer term diversification may help stabilize this revenue source.

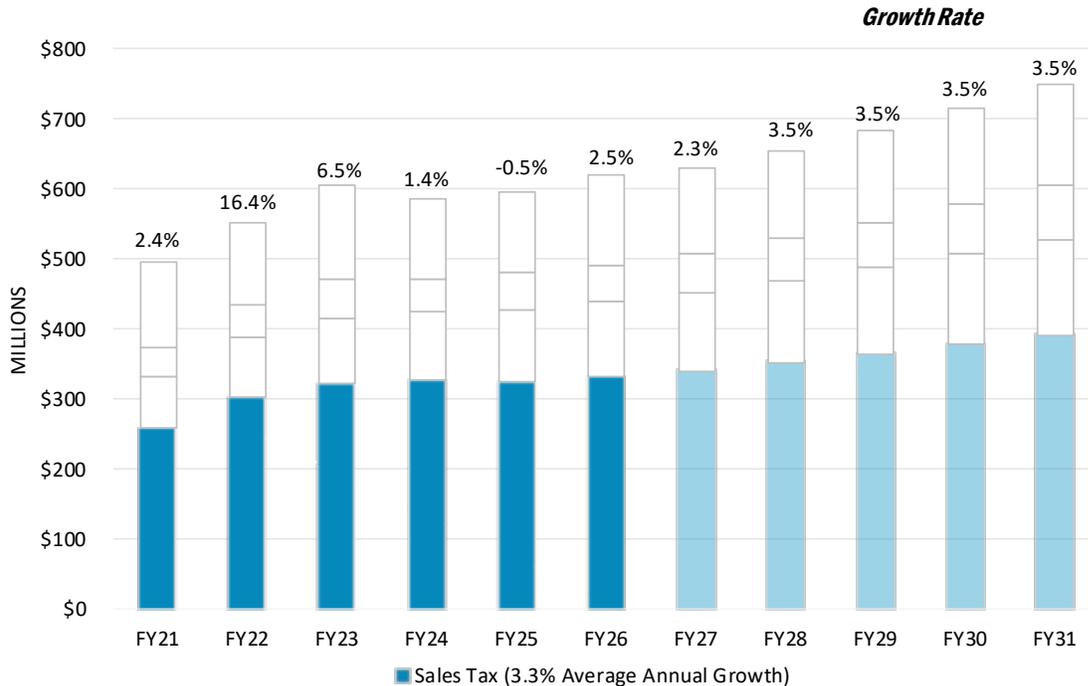
The City consults with Dr. Russell Evans, Partner and Chief Economist at the Thorberg Collectorate and Dean of the College of Business at the University of Central Oklahoma, when developing sales tax growth projections. Preliminary discussions about the forecast were used in the projection for sales tax growth for

the remainder of FY26 and for FY27. Based on those discussions, sales tax growth in FY27 is expected to be moderate at 2.3% over FY26.



In the last four years of the forecast, Sales Tax is projected to grow at a nominal rate of 3.5%, the 10-year average growth rate with the ¼ cent increase excluded. Excluding the FY18 rate increase from the growth rate more accurately represents the underlying change in collections. When the five years are combined, the average growth rate for sales tax is projected to be a nominal rate of 3.3% annually. This projection results in a FY27 sales tax budget of \$340.5 million, which increases to \$390.7 million in FY31. From the City’s current perspective of weak sales tax growth from FY24 through projected FY27, 3.5% growth would bring a much needed windfall to catch up on deferred maintenance and allow us to prepare for known future costs.

Sales Tax Revenue Growth - General Fund



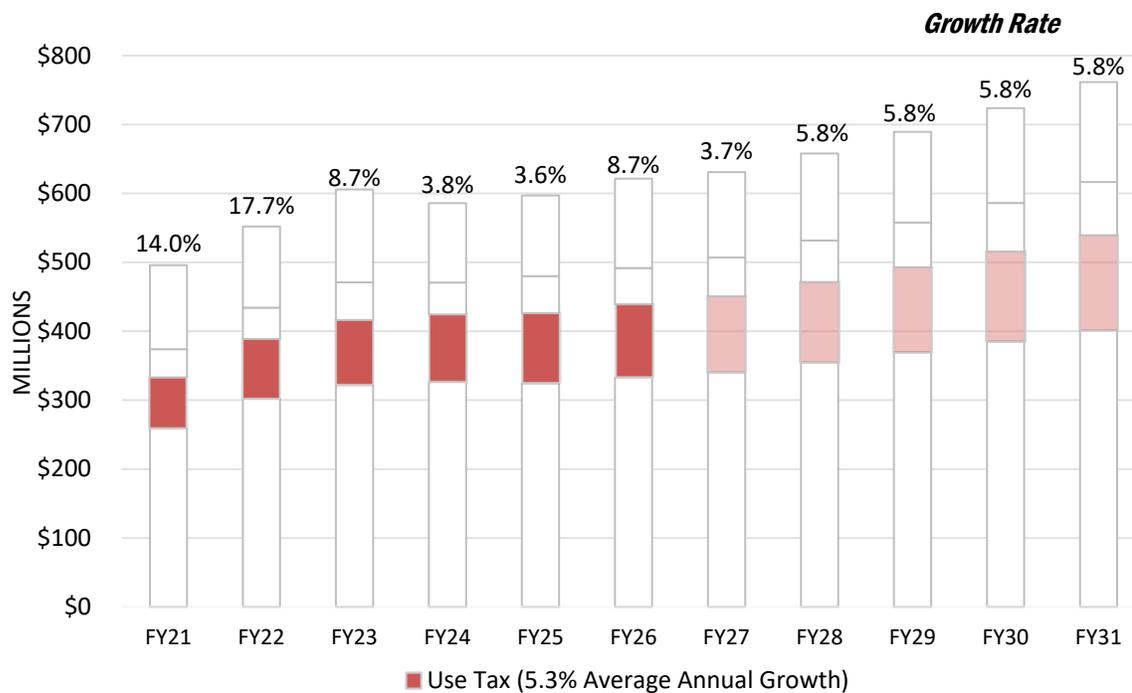
USE TAX 

Use tax, which is levied on goods and equipment imported from other states for use within Oklahoma and not for resale, is the second largest revenue source in the General Fund. Sales tax on online purchases shipped to Oklahoma is levied as a use tax. Since the City began collecting taxes from online sales in FY18, use tax collections have become increasingly dominated by online retail activity, and it is expected that use tax will grow to resemble sales tax more over time. Early figures in FY26 led some to hypothesize that peak use tax had been reached, with an expected convergence of Sales and Use tax. However, following a correction by the Oklahoma Tax Commission, Use tax returned to its strong growth rate, signaling that this point is still on the horizon.

USE TAX REVENUE FORECAST

Use tax has historically been very volatile, with significant swings from declines to double-digit growth. In FY26, use tax is expected to grow 4.9% due to increased online purchases and the lingering effects of the permanent ¼ cent increase in the use tax rate that became effective January 1, 2018. In FY27, use tax is projected to grow 3.7% as the transition from shopping at traditional brick and mortar stores to online vendors continues. For FY28-FY31, growth is projected below the 10-year average rate (excluding the ¼ increase) at 5.8%, as use tax activity increasingly begins to mirror sales tax. When the five years are combined, the average growth rate for use tax is projected to be 5.3% annually.

Use Tax Revenue Growth - General Fund



FRANCHISE REVENUES



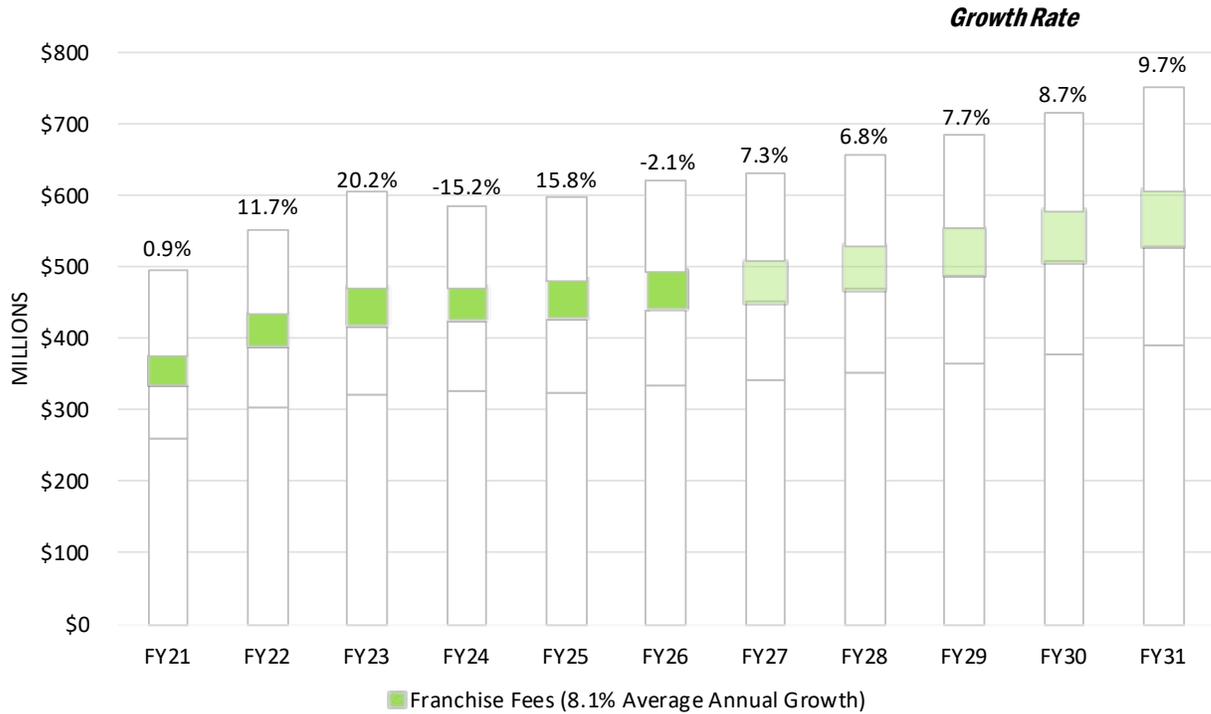
Franchise revenues are generally derived from a levy on the gross receipts from utilities for the privilege of accessing public streets and rights-of-way and to reimburse the City for the cost of administering and enforcing the franchise. Three of the top 10 revenue sources in the General Fund are from franchise fees. Those three, Oklahoma Gas & Electric (OG&E), Oklahoma Natural Gas (ONG), and Utility Water Fees, remit fees to the City that typically comprise about 69.7% of all franchise revenue and 6% of all General Fund operating revenue. In addition, Cox Cable and the City's Water, Wastewater, and Solid Waste Management enterprises operate as regulated monopolies using City rights-of-way. Accordingly, these entities also make payments to the General Fund and are counted in the franchise revenues for this category.

Revenue from the energy-based companies is influenced by customer base and can be significantly impacted by weather and fuel prices, as well as population growth. Video/cable franchises have been declining in recent years as subscribers follow a national trend of cancelling cable TV services and opting for online video services. As telephone landlines become less common, revenue from that sector continues to decrease. Franchise revenues from Water, Wastewater, and Solid Waste grow steadily as population and rates increase.

FRANCHISE REVENUE FORECAST

Franchise revenue is expected to finish FY26 2.1% lower than FY25. OG&E is the largest franchise remitter and is consistently the third largest revenue source in the General Fund. From FY27-FY31, OG&E is projected to grow 3.45%. Some franchises like cable franchises are expected to continue to decline over the next five years, while others are expected to grow. This brings the overall average growth rate for franchise revenue to 8.1% annually. The FY27 projected budget for franchise revenue is \$56.4 million and increases to \$77.4 million in FY31. Emerging trends in the energy sector may result in more robust growth for this category, such as the proliferation of data centers and other high energy demand industries.

Franchise Revenue Growth - General Fund



OTHER GENERAL FUND REVENUES

Many other sources contribute to the General Fund revenue base, including six of the top 10 revenue sources. Revenue sources in this category include:

- TOP 10

Licenses, Permits & Fees

Building permits are the seventh largest revenue source in the General Fund and are projected to increase 3.86% in FY26. We have seen a decrease in recent years due to a slowdown in home construction, presumably tied to higher mortgage rates, however, as rates fall, building is expected to increase. Building permit revenue is 1% of the total General Fund revenue budget. From FY27-FY31, building permit revenue is expected to increase 1.37% annually, the five-year average. Other revenue sources in this category include various business licenses and permits for activities ranging from garage sales to elevators. The charges in this category are designed to recover the cost of enforcement and administration of city codes, and account for 3.3% of the General Fund revenue budget. These fees, while proportionally a small piece of the overall revenue mix, are important diversification from sales and use tax reliance.

- TOP 10

Services & Administrative Charges

Three of the top 10 revenues in the General Fund are in this category: the Police and Fire wage adjustments and Public Works administrative charges. The wage adjustments are payments from the Public Safety Sales Tax Fund to the General Fund for reimbursement of paid Police and Fire wages. These two payments are 4% of the General Fund budget and are projected to grow at 1.75%, annually from FY27-FY31. Public Works administrative charges are to account for time that the department’s staff spend on projects expensed from other funds, primarily the GO Bonds Fund, and Impact Fees. Also included in this category are animal shelter, engineering, planning, recreation, police fees, parking meter fees, and inter-agency charges for services such as accounting and legal. Combined, these charges account for 6.7% of the General Fund revenue budget. Each revenue source was projected to grow based on their own historical

average; overall, the category is projected to grow an average of 3.68% annually. Public Works administrative charges in particular should see strong growth due to the upcoming Bond Sales.

- **Fines** TOP
10

This revenue category includes fines imposed for municipal traffic and parking violations, fines imposed for violations of other municipal ordinances, and revenue from court costs. These revenue account represents 1.4% of the General Fund revenue budget. However, fine revenue has been declining for the last five years due to fewer citations being issued and case filings. The category is expected to continue to decline at 5.94% annually from FY27-FY31 based on current judicial trends.
- **Other Revenues and Intra-fund Transfers** TOP
10

This category includes a variety of miscellaneous sources such as interest, revenues from the sale of City property, rental income, and several small transfers from various City funds. In total, these revenue sources account for 2.3% of the General Fund revenue budget. Transfers make up a small portion of the General Fund budget and are not expected to grow from FY27-FY31. The Other Revenue category is expected to increase 8.71%, annually, from FY27-FY31.
- **Other Taxes**

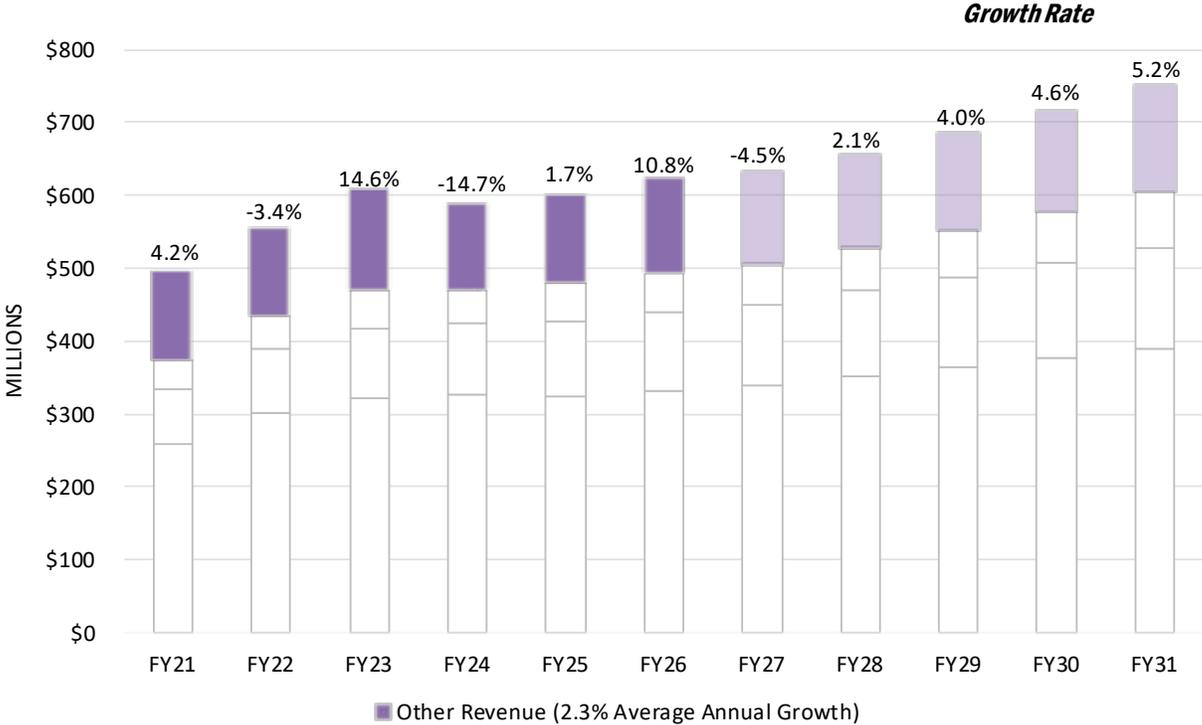
This category includes other taxes remitted to the City and includes tobacco excise tax, alcohol tax, commercial vehicle tax, and motor fuel tax. These taxes are collected by the state and remitted either directly to the City or passed through the county to the City. In total, Other Taxes account for 2.1% of the General Fund. This category is projected to grow 1.64% annually from FY27-FY31.



OTHER GENERAL FUND REVENUES FORECAST

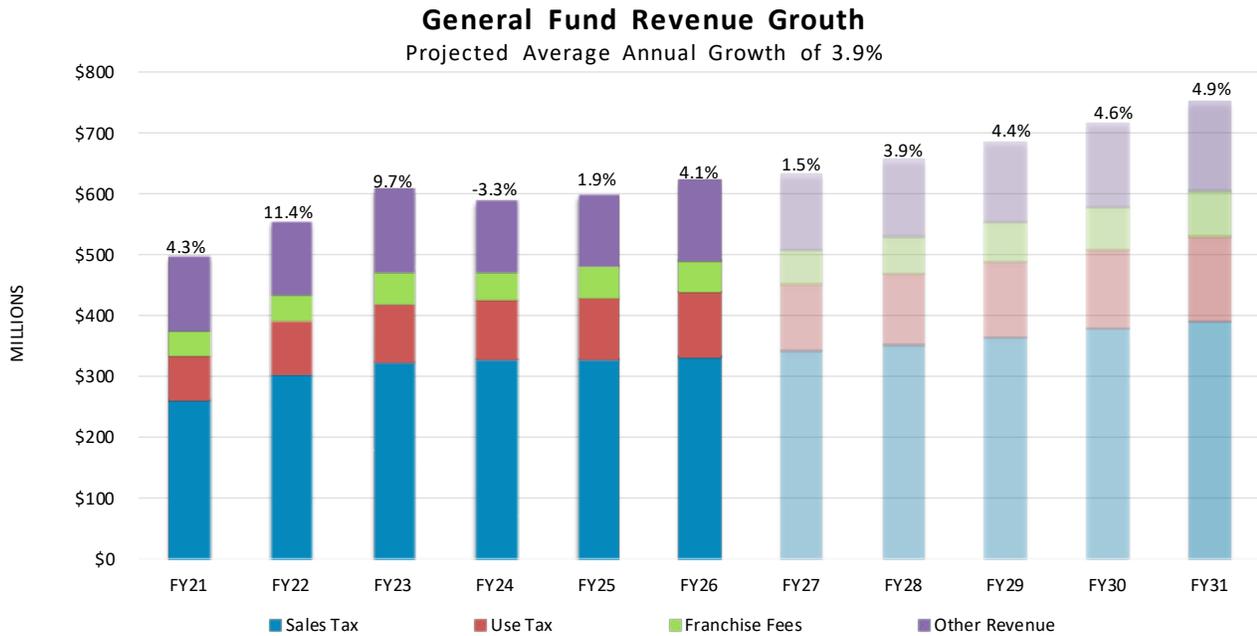
Overall, this group of other revenues makes up 20.9% of General Fund revenue. An increase of 2.3% was projected over the forecast period and is mainly driven by general population and CPI growth. The FY27 projected budget for other general fund revenues is \$123.8 million, which increases to \$144.7 million in FY31.

Other Revenues Growth - General Fund



OVERALL REVENUE FORECAST

When all categories are combined, General Fund revenues are forecasted at 3.9% growth per year over the next five years. To put that in dollar terms, the General Fund is expected to grow from anticipated revenue of \$630.8 million in FY27 to \$750.6 million in FY31.



FIVE-YEAR FORECAST
FISCAL YEAR 2027-2031

SECTION 7
GENERAL FUND EXPENSES
TRENDS AND FORECAST

FIVE-YEAR FORECAST
FISCAL YEAR 2027-2031

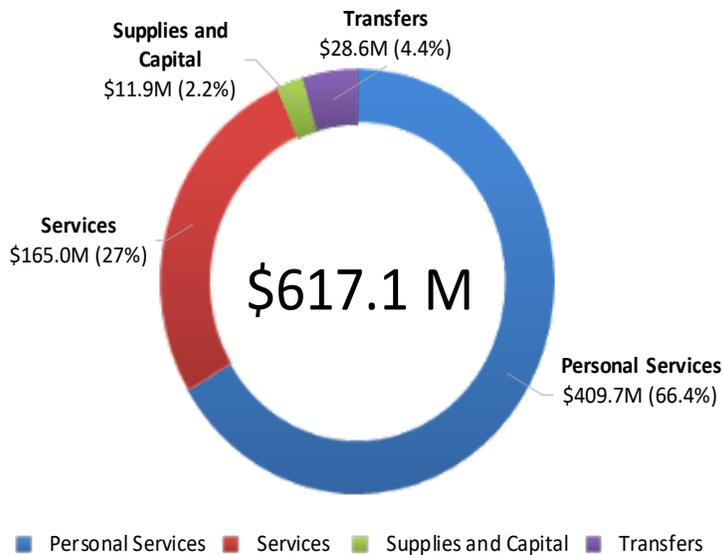
EXPENDITURE OVERVIEW

Municipal expenditures include a diverse range of operational requirements, from personnel salaries and specialized software to essential supplies for public safety functions. While forecasting every granular expenditure category is impractical, this outlook identifies the most probable growth trajectories for primary expense drivers over the next five fiscal years. Anticipated economic fluctuations are integrated into these projections; however, the model assumes a baseline expenditure level and intentionally excludes potential structural balancing measures—such as hiring freezes, reductions in force, or the deferral of capital expenditures. This methodology provides a transparent view of the City's underlying fiscal obligations and the true cost of maintaining current service levels.

FY26 BUDGET

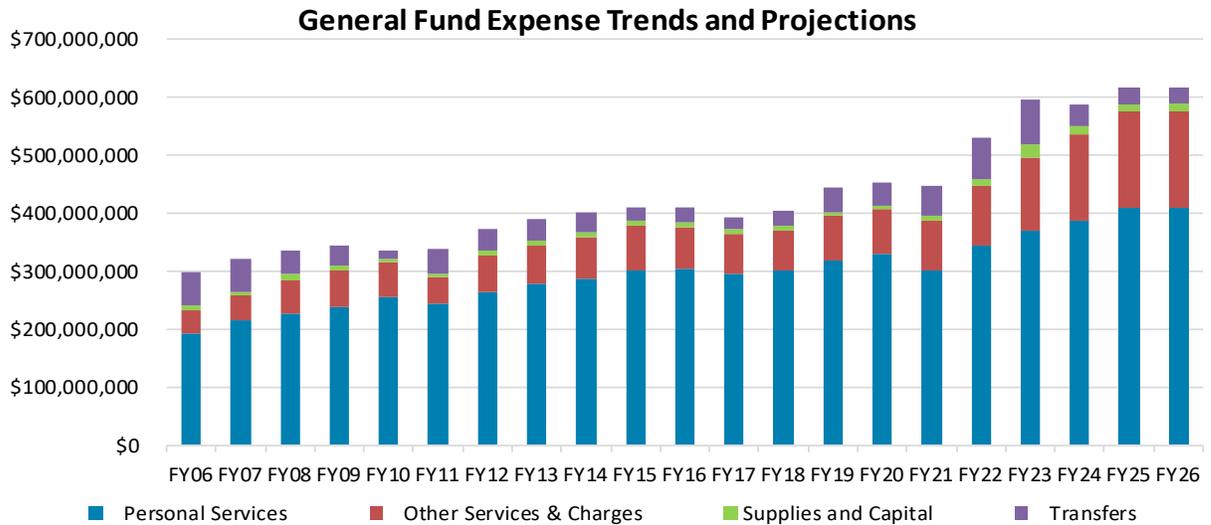
The City budgets according to four general categories specified by the Municipal Budget Act: Personal Services, Other Services, Supplies and Capital, and Transfers.

FY26 General Fund Operating Expense Budget



EXPENSE TRENDS

The following chart details expenditure trends within the General Fund, which has seen total expenses increase by 207.4% over the past 20 years. Personal Services remains the largest expenditure category, growing by 211.3% due to changes in employee headcount, compensation, and benefit costs. The Other Services category experienced a 415.3% increase, a trajectory influenced by a FY08 accounting reclassification and a strategic shift toward contracting services previously handled by City staff. Transfers to other funds and municipal trusts grew by 47.6%, while the Supplies and Capital category—covering materials, equipment, and capital improvements—increased by 209.3% during the same 20-year period.

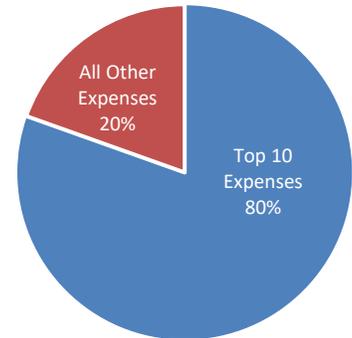


TOP 10 GENERAL FUND EXPENSES

The top ten budgeted line-item expenses collectively represent 80% of the General Fund Operating Budget, reflecting a high concentration of municipal fiscal obligations. Although not exhaustive of all personnel-related costs, five of these top ten items originate from the Personal Services category and account for 62% of the General Fund. These primary drivers include salaries and wages, health and welfare insurance, retirement and pension contributions, overtime, and Other Post-Employment Benefits (OPEB).

Four major line-items within the Other Services category constitute 15% of the General Fund, including contractual payments to the Central Oklahoma Transportation Parking Authority (COTPA) and the Oklahoma City Economic Development Trust (OCEDT), alongside internal service fund chargebacks for Information Technology and Risk Management. The transfers category is represented by a single top ten item, a 2% allocation to the Oklahoma City Public Property Authority (OCPPA) for the ASM management contract covering the convention center and Paycom Center. When combined, the top 10 budgeted line-item expenses account for 80% of the General Fund Operating Budget. Although not inclusive of all personal-related services, five of the top 10 line-items are from the Personal Services category and equal 62% of the General Fund budget. The Personal Services items in the top 10 are salaries and wages, health and welfare insurance, retirement and pension contributions, overtime wages, and retiree insurance (Other Post-Employment Benefits or OPEB). The four largest line items in the Other Services category represent 15% of the General Fund budget and include payments to the Central Oklahoma Transportation Parking Authority (COTPA) for public transportation, payments to the Oklahoma City Economic Development Trust (OCEDT) and payments to internal service funds for Information Technology and Risk Management services and equipment. The largest item from the Transfers category represents 2% of the General Fund budget and include annual transfers to the Oklahoma City Public Property Authority (OCPPA) for the management contract with ASM for the convention center and Paycom Center.

General Fund FY26
Expense Budget



	Expense	FY26 Budget	% of GF	Category
1	Salaries and Wages	\$277,171,206	45%	Personal Services
2	Health and Welfare Insurance	\$50,404,263	8%	Personal Services
3	Payments to COTPA	\$38,617,385	6%	Other Services
4	Retirement/Pension Contributions	\$33,122,165	5%	Personal Services
5	Chargeback - IT	\$27,883,035	4%	Other Services
6	Payment to OCEDT	\$18,173,555	3%	Other Services
7	Transfer to OCPPA	\$13,926,991	2%	Transfers
8	Chargeback - Risk Management	\$13,184,194	2%	Other Services
9	OPEB Expense	\$12,314,341	2%	Personal Services
10	Overtime Wages	\$11,676,680	2%	Personal Services
	TOTAL	\$496,473,815	80%	

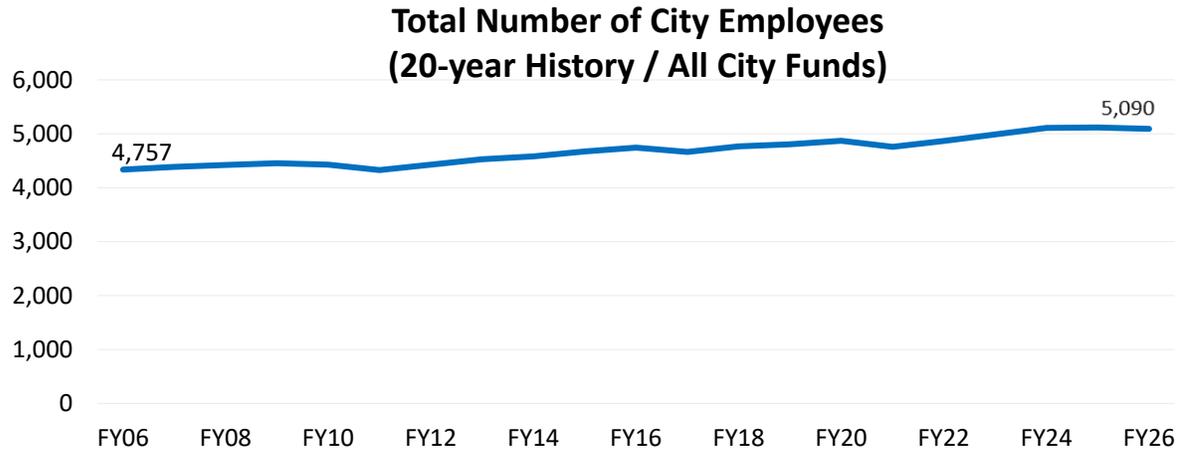
The subsequent sections provide an in-depth analysis of the trends and specific economic factors influencing each expenditure category within the five-year forecast.

PERSONAL SERVICES 

At 66.4% of the FY26 General Fund operating budget, Personal Services are the primary driver of expenditure growth in the General Fund. Personal Services include salaries, insurance, retirement contributions, parking, uniform and tool allowances. The two main factors influencing growth are the number of employees and

their pay and benefits. Five of the top 10 expenses are in this category: salaries and wages, health and welfare insurance, retirement and pension contributions, overtime wages, and Other Post-Employment Benefits (OPEB), which is healthcare insurance for retirees. Salary reserve, which is budget authority held in reserve to ensure that all employees are regularly compensated, is a significant budgeted item, but is excluded from the top 10 because money is not spent from these accounts.

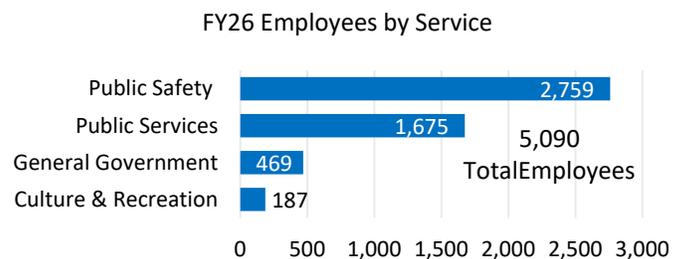
The FY26 budget decreased the number of positions by 27, or 0.53%, to 5,090, with most of the increases coming from the Fire Department.



The number of City employees has remained relatively stable, growing only 17.4%, or 754 budgeted positions, over the last 20 years. The City has managed to control growth by gaining efficiencies through use of technology, contracting out services to industry experts such as ASM for management of the convention center and Paycom Center, and reprioritizing services.

Change in Employee Count over last 20-years		
Public Safety	411.0	17.5%
Public Services	281.0	20.2%
General Government	64.0	15.8%
Culture and Recreation	-2.0	-1.1%
Total Change	754.0	17.4%

In terms of distribution of City employees among the various categories of services the City provides, the largest group is Public Safety, which makes up 54.2% of the City’s workforce and includes Fire, Police and Municipal Courts employees. Second largest, at 33% of all employees, is Public Services, which includes the Utilities, Public Works, Airports, Public Transportation and Parking, Development Services, and Planning Departments. General Government comprises 9.2% and is made up of the employees in the Mayor and City Council, City Manager’s Office, City Clerk, City Auditor, Municipal Counselor’s Office, Finance, Information Technology, General Services and Human Resources Departments. Culture & Recreation makes up 3.7% and consists of the Parks and Recreation Department.



The total number of City employees under-represents the full level of service in these areas due to three factors. First, these figures only count City employees and do not include employees of the City’s trusts. The Oklahoma City Zoological Trust has about 206 full-time employees. The Oklahoma City Public Property Authority has about 98 full-time employees working at the City’s golf courses who would fall in the Culture & Recreation category. There are also 369 full-time employees in the Central Oklahoma Transit and Parking Authority who would fall in the Public Services category.

The second factor is the reliance on overages to fill carry additional positions not accounted for in the budget. These positions add real headcount, but do not have an associated salary budget, thereby diverting resources from other areas.

The third factor is the many contractors providing City services, such as ASM staff who operate the convention center and Paycom Center; employees of Waste Management, Inc. who provide much of the City's trash service and INFRAMARK employees who operate the City's wastewater treatment plants. Contract employees are not counted in any of these totals. In addition to the number of employees, the other portion of the Personal Services cost equation is the cost per employee. The City of Oklahoma City is committed to attracting and retaining a highly skilled work force by offering competitive salaries and must balance that goal with available resources and demands for additional services.

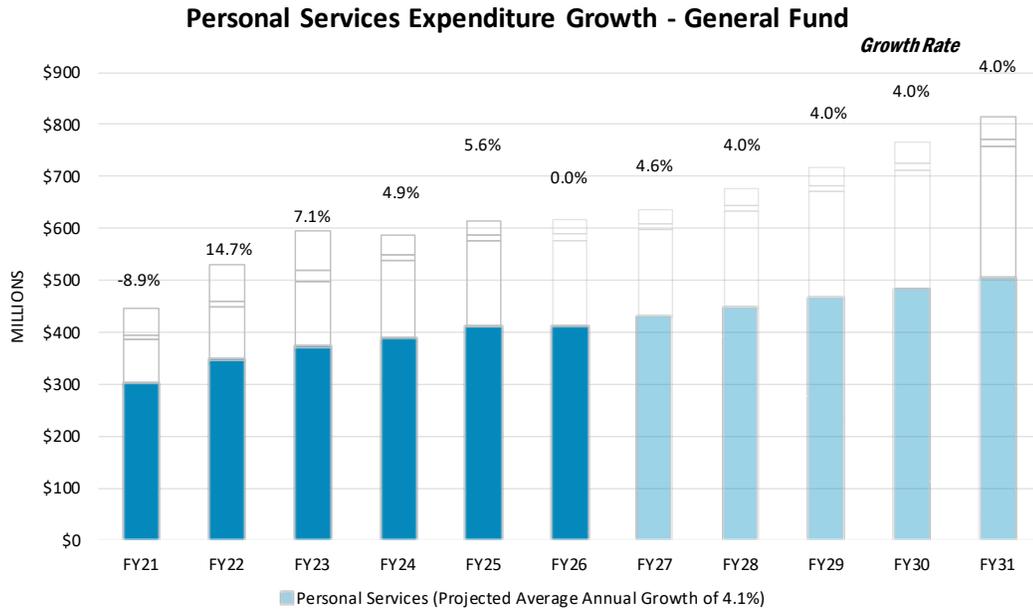
Most City employees are covered by a collective bargaining agreement. These agreements are negotiated every year and detail the changes to a group's pay plan, benefits, and rules for handling pay-related matters, such as overtime. In the FY26 Budget, the American Federation of State, County, and Municipal Employees (AFSCME) represents 1,396 general positions. The Fraternal Order of Police (FOP) represents the 1,235

uniformed Police positions. The International Association of Fire Fighters (IAFF) represents the 1,010 uniformed Fire positions. The remaining 1,442 positions are unrepresented management and executive positions that receive pay plan changes through City management recommendation and Council approval. When a group's pay plan is increased, all members of the group receive an increase. In addition to the pay plan increase, employees are also eligible for an increase in pay due to merit or longevity depending on the group to which they belong. Employees in AFSCME or management would not receive a merit pay increase if their performance was rated as unsatisfactory during their annual performance review or if they were at the top step of their pay range. FOP and IAFF employees would not receive a merit or longevity increase if they were at the top step in their pay range and have been working for the City for more than 20 years.



PERSONAL SERVICES FORECAST

Looking back at how employee costs have grown in recent years helps to inform projections for the future. The projected annual growth rate reflects an average of 4.0% from FY28 through FY31. Increases to position-related expenses were based primarily on average annual increases from the last five years and after adjusting for inflation, and ranges from 4.00% for personal services to 5.37% for other personal services. Over the five-year forecast period, the average growth is projected at 4.1% annually for Personal Services with a projected budget of \$428.8 million in FY27 that grows to \$501.6 million in FY31.



OTHER SERVICES

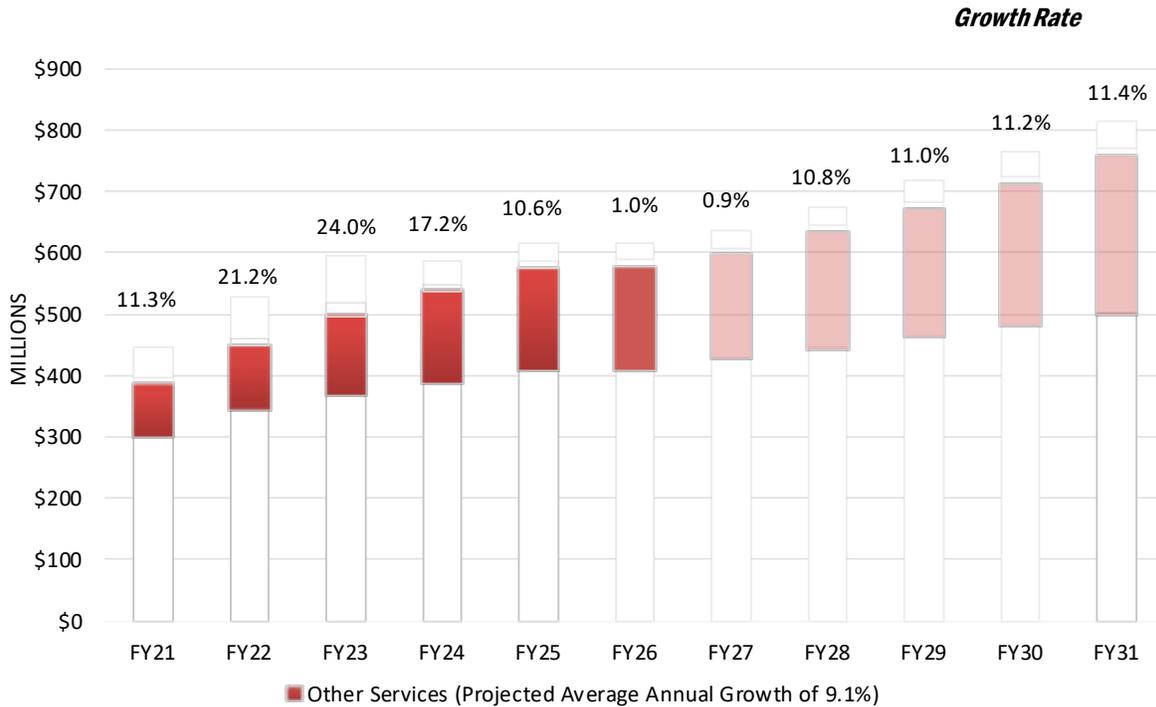


Other Services include expenditures for service contracts, utilities, printing, employee training, vehicle repairs, professional services, and chargebacks. Chargebacks are charges between internal City agencies for services such as vehicle maintenance, printing services, information technology support, workers compensation, and property and liability insurance. The FY26 budget for Other Services totals \$166.6 million or 27% of all General Fund operating expenditures. Four of the top 10 line-item expenses are in this category and include payments to the Central Oklahoma Transportation and Parking Authority (COTPA) for operation of the City’s Public Transportation System, payments to the Oklahoma City Economic Development Trust (OCEDT) for various economic development activities, and payments to the internal services funds for Information Technology and Risk Management. Those four line items constitute 58.7% of the category budget and 15% of the total General Fund budget.

OTHER SERVICES FORECAST

Most of the costs for Other Services during the forecast period are expected to grow at a base rate of 14.79% per year, which is lower than the average annual growth rate over the last five years, under the assumption that the high inflation over recent months will subside in the future. Adjustments to the growth rates for specific items are made as needed. The average growth for Other Services is projected to be 9.1% annually over the next five years with a budget of \$168.0 million projected in FY27 that increases to \$256.2 million in FY31.

Other Services Expenditure Growth - General Fund



SUPPLIES AND CAPITAL



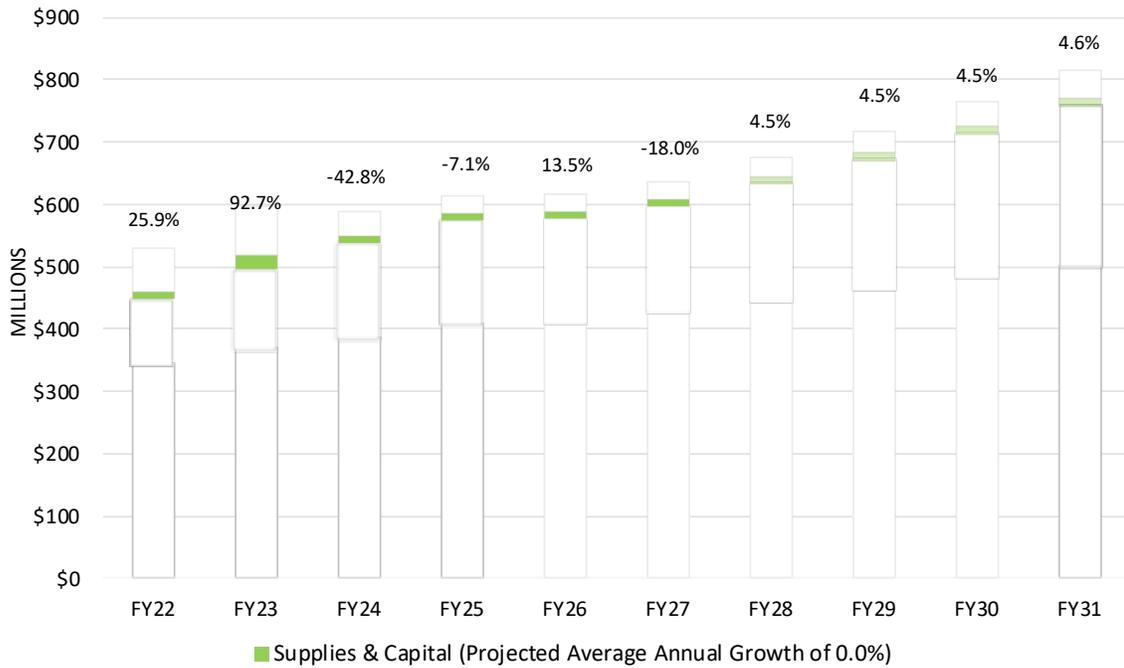
For the purposes of this report, expenditures for the Supplies and Capital categories have been combined as each consistently represents only a small fraction of City operating costs or about 2.2% of the General Fund budget. Expenditures falling in the Supplies category include purchases of materials needed for repairs and routine maintenance on City equipment and facilities. Examples include asphalt for street repairs, sand/salt for snow routes, petroleum products such as fuel, and various other nondurable goods such as office and cleaning supplies. Costs to the City for Supplies are affected by the demand for services and by various market variables but also reflect a strategy of reducing supplies rather than positions in cut years. Purchases for Supplies are contracted by the City and awarded to the vendor that provides the lowest and best bid. Many of these contracts are Citywide, providing savings through economies of scale.

Capital costs, such as the replacement of large equipment, have generally been minimal in the General Fund. Most capital projects not funded by dedicated sources, such as GO bonds or dedicated sales taxes, are funded in the Capital Improvement Fund. The Capital Improvement Fund is funded primarily through transfers from the General Fund, and those transfers are included in the Transfers expense category. This category can be impacted by a strategy of deferred maintenance and is often the last line item to be increased. Effectively pushing costs into future years.

SUPPLIES AND CAPITAL FORECAST

From FY27 to FY31, most expense items are projected to grow 5% annually. When averaged over the five-year forecast period, the growth is projected to be flat annually, due to the decrease in FY27, for Supplies and Capital with a projected budget of \$11.1 million in FY27 that increases to \$13.2 million in FY31.

Supplies and Capital Expenditure Growth - General Fund



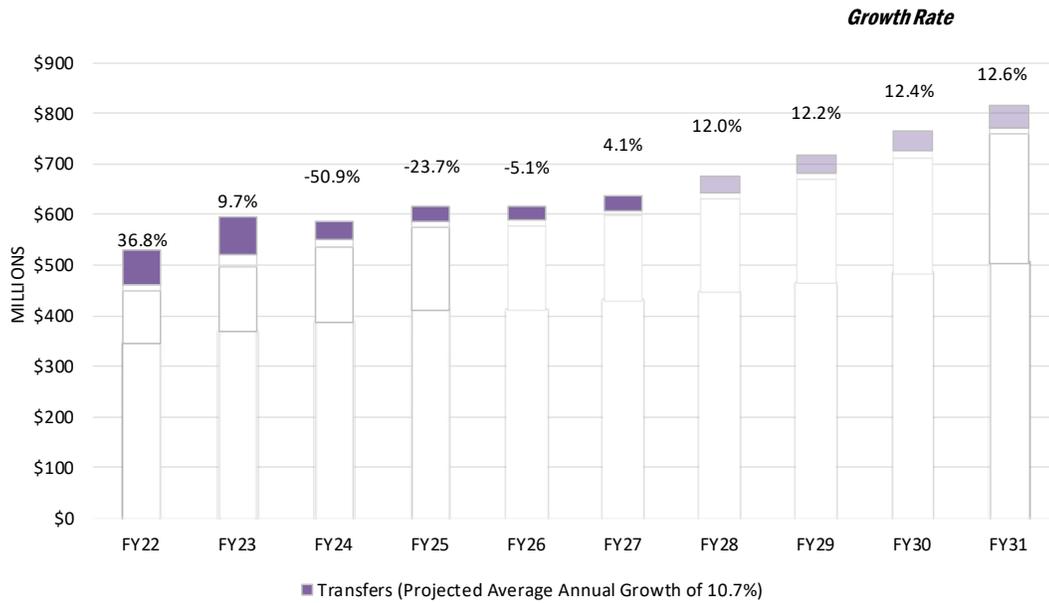
TRANSFERS

General Fund Transfer costs reflect the fund’s direct financial support of several services for which the dedicated funding sources are insufficient to meet City objectives. The FY26 General Fund budget includes \$27.1 million in Transfers, which is 4.4% of the total budget. One of the top 10 line-item expenses are in this category which is a \$13.9 million transfer to the OCPPA for the ASM management contract and represents 2% of the total General Fund budget.

TRANSFERS FORECAST

The growth rate for each transfer is budgeted individually using historical data and analysis of specific projects. When averaged over the five-year forecast period, the growth is projected to be 10.7% annually, with the Transfers budget increasing from a projected \$28.2 million in FY27 to \$44.9 million in FY31.

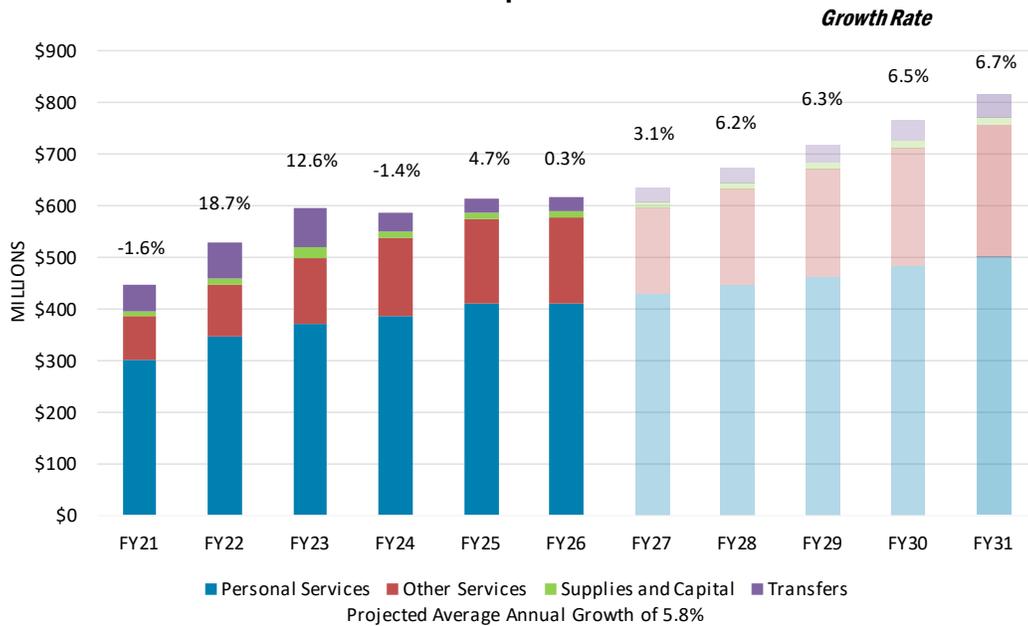
Transfers Expenditure Growth - General Fund



OVERALL EXPENDITURE FORECAST

When all the categories are combined, General Fund expenses are projected to grow 5.8% annually over the next five years. The FY27 budget is projected to be \$636.2 million which increases to \$816.0 million in FY31.

General Fund Expenditure Growth



SECTION 8
GENERAL FUND
REVENUE/EXPENDITURE GAP

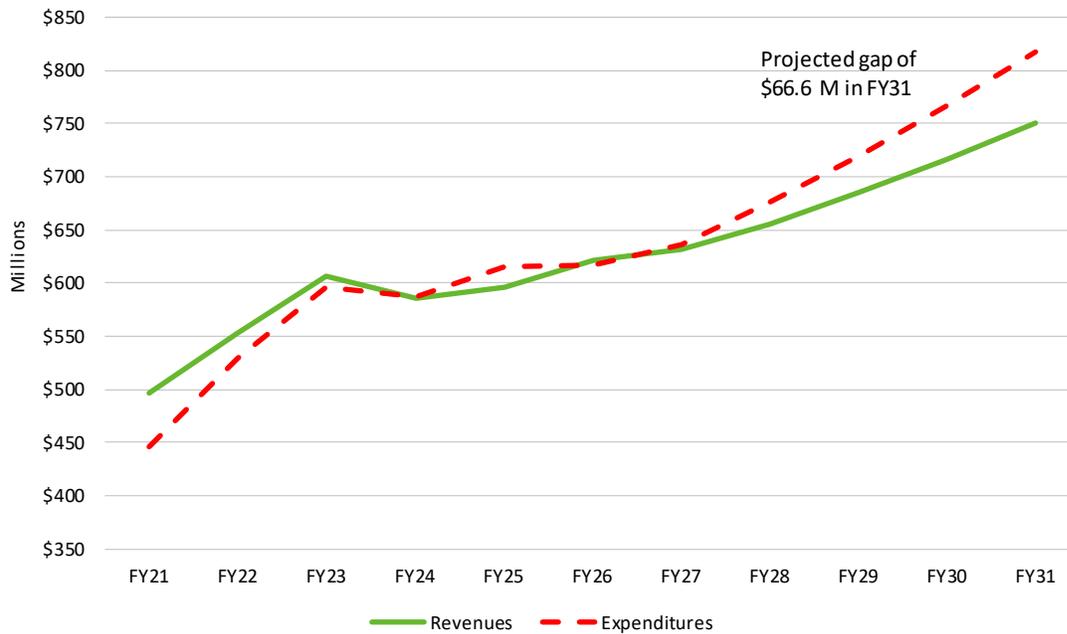
FIVE-YEAR FORECAST
FISCAL YEAR 2027-2031

PROJECTED REVENUE/EXPENDITURE GAP

Routinely, the City’s financial forecasts have identified a structural revenue/expenditure gap, occurring when projected General Fund outlays exceed anticipated revenue collections. While this gap represents a persistent challenge to long-term financial stability, it remains manageable through proactive strategic planning. The local economy experienced significant expansion in FY19 with 8.9% growth, bolstered by the mid-year FY18 sales tax rate increase that sustained revenue levels through FY21. Following a pandemic-related slowdown to 0.5% in FY20, federal stimulus and a resurgence in consumer spending drove growth of 4.3% in FY21, 11.4% in FY22, and 9.7% in FY23. This trajectory shifted in the second half of FY24, resulting in a 3.3% annual decline. Although FY25 began with similar headwinds, it rebounded to close the year with 1.9% growth. While the first half of FY26 is currently tracking below initial projections, current estimates suggest a year-end finish of 0.72% above budget, followed by a projected 2.38% increase in FY27.

The Five-Year Forecast serves as a critical diagnostic tool to navigate current operating and capital challenges by aligning long-term strategies with available resources. Through FY31, revenues are projected to grow at an annual average of 3.9%, while expenditures are expected to increase at a faster rate of 5.8% annually. This structural imbalance is significant; without fiscal adjustments to revenue or expenses, the projected gap expands to \$66.6 million by FY31. Per municipal requirements, any annual deficit is reconciled to ensure a balanced budget. As shown in the General Fund Revenues and Expenditures chart below—detailing actuals from FY21-FY25 and projections through FY31—the City utilizes fund balance reserves to bridge years where expenditures exceed revenue, while replenishing these reserves during periods of fiscal surplus.

General Fund Revenues and Expenditures

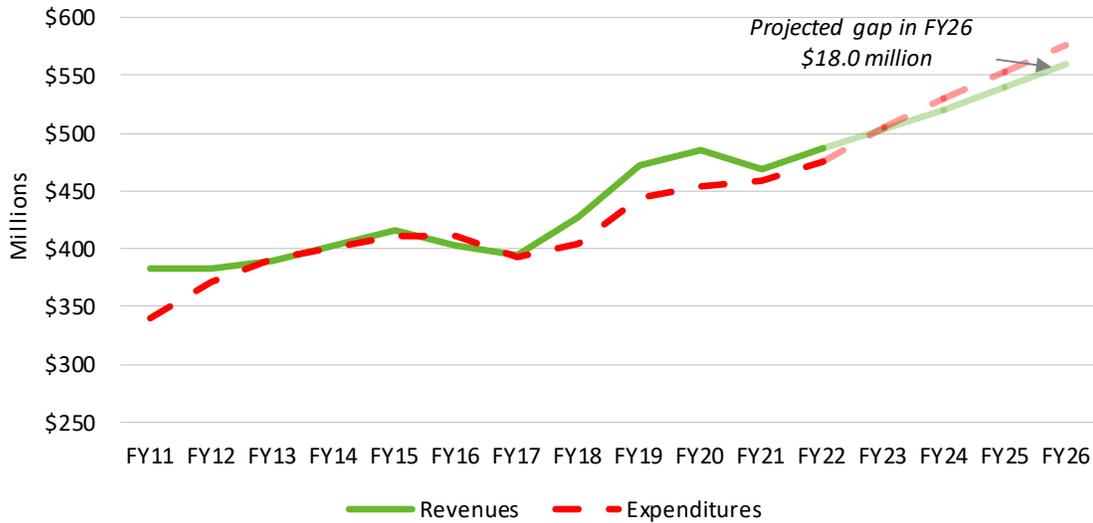


CLOSING THE GAP

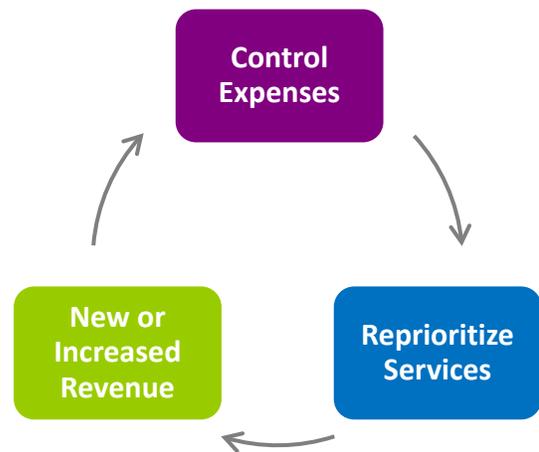
Oklahoma statutes mandate a balanced budget, requiring the City to structurally align revenues and expenditures annually. While financial projections are iterative models based on current data and contain inherent variances, they provide a critical framework for identifying and addressing fiscal pressures. To illustrate this methodology, the forecast from five years ago projected FY26 expenditures at \$576.8 million and revenues at \$558.8 million. However, the actual FY26 operating budget reached \$617.1 million, significantly exceeding those initial estimates. This variance was primarily driven by forecasted external events, most notably the COVID-19 pandemic and subsequent federal fiscal stimulus, which triggered historic growth in sales

and use tax collections. The accompanying chart demonstrates that the City successfully closed each annual budget gap by refining projections with the latest economic data to ensure continued fiscal health.

General Fund Revenues and Expenditures



Expenditure control represents the City’s primary lever for achieving structural balance. As Personal Services constitute the majority of General Fund expenditures, managing growth in this sector is fundamental to maintaining fiscal health. The most effective strategy involves calibrating salary and benefit adjustments to align with recurring revenue growth rates, ensuring the City remains competitive while preserving long-term sustainability. While operational efficiency gains have allowed departments to maximize limited resources, persistent budget constraints increasingly necessitate rigorous evaluations of service levels and potential reductions. Strategic reprioritization of municipal services offers an additional mechanism for addressing fiscal gaps. As community priorities evolve, the City must continuously assess its service portfolio to ensure programs align with current needs, evaluating the fiscal benefits and social consequences of discontinuing specific initiatives.



On the revenue side of the equation, options are structurally limited by the requirement for voter approval for tax increases. Therefore, it is essential to explore alternative funding streams to support expanded programming and reduce the City’s systemic dependency on volatile sales tax collections.

The City's service portfolio must remain agile as residents' needs and expectations of local government evolve



CONCLUSION

As Oklahoma City continues its mission of delivering essential municipal services and enhancing the quality of life for its residents, establishing a sustainable financial model is paramount for maintaining long-term service levels. While Oklahoma City is recognized for the ambitious capital investments that have redefined the regional landscape and expanded opportunities in this top 20 U.S. city, the primary fiscal challenge lies in the stewardship of existing infrastructure alongside the continued delivery of new capital projects. Furthermore, the City's service portfolio must remain agile as residents' needs and expectations of local government evolve. Adhering to rigorous, data-driven financial management principles will be the essential factor in ensuring the City maintains structural balance and operates within its available resource framework over the next five-year horizon.



FIVE-YEAR FORECAST
FISCAL YEAR 2027-2031

The City of Oklahoma City
Finance Department
100 N. Walker, 4th Floor
Oklahoma City, OK 73102
Tel: (405) 297-2257
www.okc.gov