

# OIL REVENUE

The City is often asked why it does not raise its budgeted price of oil (currently \$70 per barrel) to allow the City to increase expenditures for select services. The main reason is that oil prices tend to be unstable and can go down sharply very quickly. This could create an instant budget deficit if the actual price of oil fell below the budgeted price. In addition, there are a number of factors other than the price of oil that can materially impact the City's oil revenue, such as a decrease in oil production.

Increasing the budgeted price of a barrel of oil beyond \$70 is not only risky, it is likely to be looked upon by the City's rating agency as a weakness in the financial management of the City. Accordingly, the City has adopted a policy of investing the oil revenue received beyond the \$70 per barrel benchmark in infrastructure, technology, and other important non-recurring needs. Lastly, it is important to note that increasing the budgeted price of oil by \$5 per barrel generates only \$1.2 million in revenue.



## STRATEGIC INVESTMENTS

The City has approximately \$11.7 million in non-recurring general-purpose funds available to invest in FY 15 from Oil Revenue above \$70 per barrel. The following is a summary of the City Manager's recommendations for the use of these funds:

Title	Est. Cost	Description
<b>EFFICIENCY IMPROVEMENTS</b>		
Irrigation System and Water Needs	\$2,450,000	Replaces the outdated irrigation system at Heartwell Park to reduce ongoing water consumption (which reduces water costs to the General Fund) and improve landscape maintenance and turf grass quality.
Artificial Turf Conversion	\$1,369,000	Continuation of the artificial turf conversion in FY 14 and would complete Admiral Kidd Park. Conversion reduces maintenance and water costs to the General Fund.
Smart Parking Meters	\$800,000	Replaces approximately 1,000 outdated parking meters in the Downtown area with a standardized single-space smart meter system capable of accepting credit card payments. This also includes parking sensors.
<b>CRITICAL INFRASTRUCTURE</b>		
Sidewalk Repair	\$1,000,000	Repairs sidewalks based on need (supplements the \$3 million Sidewalk Repair program).
Street Repair	\$1,000,000	Repairs streets based on need and the new pavement management system (supplements the \$4.9 million Residential Street Repair program).
North Library Construction and Technology Set Up	\$2,100,000	Helps bridge the funding gap between the construction estimates and project resources.
Upgrade Branch Library Phones	\$48,650	Upgrades 10 branches with outdated phones to VoIP to increase reliability of the phone system. Each location will receive five VoIP phones, a fax line and network equipment.
Back-up )Emergency Communications and Operations Center Set Up	\$48,000	Re-establishes computer and telephone infrastructure, including the purchase and wiring of 33 phones and 17 PCs. The previous back-up ECOC was dismantled during the renovation of the Fire Training Center.
Emergency Communications and Operations Center HVAC Upgrade	\$300,000	HVAC upgrade for the technology equipment room at the ECOC that houses the CAD/RMS system, video surveillance, phone system and email server.
<b>OTHER INVESTMENTS</b>		
Police Overtime	\$2,200,000	Overtime to respond to, investigate, and prosecute violent crimes including gangs, human trafficking, and homicide. This funding provides the equivalent of a Sergeant and 10 FTE, or approximately 30,000 hours.
Police Technology	\$210,000	Invests in technology to allow the Police Department to provide more transparent, responsible policing.
Language Access Program	\$150,000	Partial implementation of the City Council's Language Access Policy including translation of highly used City documents and voicemail systems.