

RESOLUTION

A RESOLUTION ADOPTING CERTAIN FEDERAL LEGISLATIVE ISSUES AND POSITIONS AS THE CITY OF OKLAHOMA CITY'S "2020 FEDERAL LEGISLATIVE PROGRAM"; REAFFIRMING PROCEDURES TO DEAL WITH OTHER FEDERAL LEGISLATIVE ISSUES.

WHEREAS, the Council Legislative Committee met in a public meeting on October 29, 2019, to consider possible legislative issues for the upcoming 2020 Session of the United States Congress; and

WHEREAS, following consideration of said issues on October 29, 2019 the Legislative Committee voted to recommend the proposed "2020 Federal Legislative Program" for the 2020 Session of the United States Congress to the City Council for approval; and

WHEREAS, brief descriptions of said issues are attached hereto as Attachment "A"; and

WHEREAS, the Council Legislative Committee respectfully submits the said issues to Council with a recommendation they be adopted as The City's "2020 Federal Legislative Program" for the 2020 Session of the United States Congress.

NOW, THEREFORE, BE IT RESOLVED by the Council that the Federal legislative issues attached hereto as Attachment "A" are hereby adopted as The City's "2020 Federal Legislative Program" for the 2020 Session of the United States Congress.

AND BE IT FURTHER RESOLVED that other City-related Federal legislative issues arising during the 2020 Session of the United States Congress shall be dealt with under the procedures set forth in the professional services contract made by Potomac Strategic Development Co., LLC and The City of Oklahoma City, a municipal corporation, for professional legislative consultant services at the Federal level.

ADOPTED by the Council of The City of Oklahoma City and **SIGNED** by the Mayor this
day of _____, 2019.

ATTEST:

CITY CLERK

MAYOR

REVIEWED as to form and legality.



ASSISTANT MUNICIPAL COUNSELOR

The City of Oklahoma City 2020 Proposed Federal Legislative Issues

Priority Issues

1. Funding to enhance the City's investment in transportation and transit. Specifically, maintain funding levels for the Federal Transit Administration (FTA) Capital Investment Grant (CIG) program and Better Utilizing Investments to Leverage Development (BUILD) grant program.
2. Airport transportation infrastructure in Oklahoma City
3. Implementation of Opportunity Zones in Oklahoma City
4. Economic Development and Local Grant Programs, such as Community Development Block Grant (CDBG) and Home Investment Partnerships (HOME) programs

Support Issues

5. Support for FAA Operations in Oklahoma City
6. Support for Tinker Air Force Base
7. Support for Amtrak and Passenger Rail Service in Oklahoma
8. Support for National Weather Service operations in Oklahoma (added)
9. Support for long-term reauthorization of the National Flood Insurance Program (NFIP) (added)
10. Support for mental health treatment options under Medicaid (added)

Monitor Issues

11. Monitor implementation of internet sales tax collection
12. Ensure retention of tax-free status of municipal bonds
13. Monitor enforcement and definitions of compliance with the Clean Air Act and EPA standards
14. Monitor issues that affect water and wastewater

Priority Issues

1. Funding to enhance the City's investment in transportation and transit.

Maintain funding levels for the transit Capital Investment Grant (CIG) program and Better Utilizing Investments to Leverage Development (BUILD) grant program.

The City supports the long-established Federal Transit Administration's CIG program that provides competitive grants for New Starts (transit projects with \$100 million or more in federal funds), Small Starts (transit projects with less than \$100 million in federal funds and Core Capacity (funding for existing at-capacity fixed guideways). While recent THUD Appropriations bills approved by the House and Senate include funding for the CIG program, this program should continue to be funded at the levels and duration authorized in the FAST Act. Funding for the BUILD program, replacement to TIGER, should also be continued. The City of Oklahoma City has benefitted from this program in the past and has a pending application for a BUILD grant to assist in financing for a future Bus Rapid Transit (BRT) corridor.

The CIG program refers to the New Starts, Small Starts and Core Capacity projects funded through the FTA grant program. Projects that qualify for such funding under these programs are significant transit projects that are often not possible without the assistance of federal funds. As Oklahoma City looks to the future of transit in our community we anticipate Small Starts and the BUILD funds will be beneficial in the financing of future streetcar extensions, BRT and commuter rail.

2. Airport transportation infrastructure in Oklahoma City

Will Rogers World Airport (WRWA) is a vital resource to Oklahoma City and the region. It is one of the largest small-hub commercial hub airports in the nation.

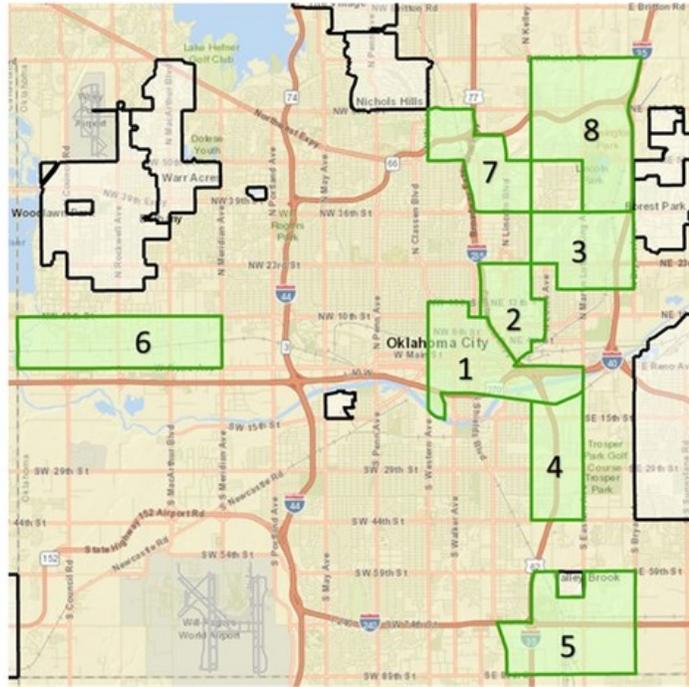
The airport serves over 4.2 million passengers annually and averages 74 daily departures to 28 non-stop destinations. The airport has nearly 70 businesses that employ more than 12,000 workers.

It is important for the City to emphasize the necessity of continued funding for federal grants that support the airports' infrastructure and funding to support air traffic control towers. Also critical to Oklahoma City are the FAA operations at the MMAC as well as Transportation Security Administration (TSA) operations.

3. Implementation of Opportunity Zones in Oklahoma City

The federal 2017 Tax Cuts and Jobs Act established the creation of Opportunity Zones to encourage long-term investments to help revitalize areas with lower median incomes. The program is designed to help spur investment in economically distressed areas of the country, and the areas identified in Oklahoma City are pictured below.

OKLAHOMA CITY OPPORTUNITY ZONES



Each of these opportunity zones has a distinct competitive position which will naturally drive investments in certain products.

1. Central Business District:
-Bricktown
-Arts District
-Film Row
-Deep Deuce
-Automobile Alley
-Boathouse District
-American Indian Cultural Center & Museum
2. Innovation District
3. NE 23rd St Corridor
4. I-35 Industrial
5. I-35 & I-240
6. I-40 Industrial
7. I-44 & I-235
8. Adventure District

The Oklahoma City Chamber of Commerce and the Alliance for Economic Development are helping the City promote and manage this program.

Timing of an investment in these zones is crucial. Investors can defer tax on any prior gains invested in a Qualified Opportunity Fund (QOF) until the earlier of the date on which the investment in a QOF is sold or exchanged, or December 31, 2026. If the QOF investment is held for longer than 5 years, there is a 10% exclusion of the deferred gain. If held for more than 7 years, the 10% becomes 15%. Second, if the investor holds the investment in the Opportunity Fund for at least ten years, the investor is eligible for an increase in basis of the QOF investment equal to its fair market value on the date that the QOF investment is sold or exchanged.

4. Economic Development and Local Grant Programs

Community Development Block Grant (CDBG) Funding

Since 2010, the federal Community Development Block Grant program funding has been cut significantly and continues to be at risk at the federal level. Congress supported the program and provided a slight increase in our 2018 allocation to \$4,901,496. This is a critical program for cities, and any funding reductions and/or elimination will negatively impact the supply and affordability of housing and living conditions for Oklahoma City's residents.

The CDBG program is the primary Federal funding mechanism used by the City to provide broad based housing rehabilitation services for low and moderate-income households as well as for providing needed public facilities and services in low-income areas within the community. In addition, CDBG and the Section 108 Loan Guarantee Program have provided flexible sources of business funding that has created low and moderate-income jobs in our community.

The formula-based funding approach for the CDBG program enables the City to take a long-term approach for addressing housing, community development and economic development needs. Without consistent and reliable access to funding under the CDBG program, the City would not have been able to accomplish notable economic development activities such as Dell, Inc. (creation of over 1,500 jobs), the Skirvin Hotel (creation of over 250 jobs) and the 21C Hotel (creation of 138 jobs). The job creation alone is reason for undertaking these needed economic development activities, without mention of the rescue of iconic historic buildings within the community.

In the last year CDBG was used to rehabilitate approximately 60 housing units under the City's Housing Exterior Maintenance Program and provide Emergency Home Repairs to 75 households under a program administered by Community Action Agency (CAA). In addition, the City secures about 85 buildings per year using CDBG funding and repaints over hundreds of graffiti sites annually. Each year neighborhood sidewalk, signage and lighting projects are typically accomplished in low-moderate income neighborhoods and over 33,000 discounted bus and transit fares are provided to seniors and disabled persons. Last year, improvements were also made to area parks in the City's Strong Neighborhoods Initiative (SNI) areas. CDBG also funded other programs in SNI such as legal assistance, hazardous tree removal, and Science Technology Arts and Math afterschool programs in these neighborhoods. Finally, small businesses owners are annually provided training by the CAA's small Business Development program- last year over 100 businesses were assisted with over 1,000 persons attending training.

The CDBG program also provides the City's Urban Renewal Authority with operating funds. The City's CDBG program, in partnership with HUD, has continued to address blighted areas within the community that include the Oklahoma Health Center, Central Business District, the John F. Kennedy district, and most recently the NE Renaissance Area. Recent efforts include buying dilapidated properties for demolition and redevelopment, developing mixed-income income housing within the areas, and providing infrastructure improvements.

In short, CDBG is critical funding that helps to address the community's immediate needs in housing, community development and economic development. Continued funding cuts jeopardize the City's ability to address these needs.

HOME Investment Partnerships Program administered by the U.S. Department of Housing and Urban Development

Since 2010, the HOME Investment Partnerships (HOME) program funding has been cut by over 43%. In 2010, the City's HOME funding was \$3,133,027. Congress has continued to support the program, but the City's allocation decreased by 10% from the 2018 allocation to \$2,214,939. Funding reductions will negatively impact the supply and affordability of housing and living conditions within the city.

The HOME program is the primary Federal funding mechanism used by the City to provide whole housing rehabilitation services for low and moderate-income households; to construct affordable rental and for sale housing; as well as to provide down payment and closing cost assistance to lower income homebuyers.

Annually, HOME is used to rehabilitate approximately 20 housing units under the City's Whole House Rehabilitation Program and provide down payment assistance to 50 households. In addition, the City's has spent HOME funds to support construction of new affordable apartments, and rehabilitation of existing units to house those with low/moderate incomes. Without HOME funds, our ability to construct new owner housing and invest in affordable rental housing and senior housing developments would be eliminated.

Support Issues

5. Support for FAA Operations in Oklahoma City

Efforts to privatize FAA Operations have been proposed recently. This is a critical issue both from a national safety and security standpoint, as well as being an integral part of Oklahoma City.

The FAA's Mike Monroney Aeronautical Center (MMAC) is Will Rogers World Airport's largest tenant. MMAC provides vital services and support missions for the FAA and the

U.S. Department of Transportation. MMAC provides a significant number of high-paying jobs and brings hundreds of visitors to our city for training.

The nearly 6,000 employees of the MMAC oversee the safety of private, corporate, and commercial aviation in the United States. Among its many functions, MMAC provides essential training in electronics, air traffic control, inspection and management, accounting and finance for the Department of Transportation, logistics, research, technical training and support for the National Airspace System (NAS), and regulates and certifies safety related positions and equipment. The numerous and varied NAS support functions performed at the MMAC serve to distinguish it as the largest single site of NAS equipment within the FAA, underscoring its critical role.

6. Support for Tinker Air Force Base

The Oklahoma City community has supported Tinker AFB since its inception in 1941, when it provided the initial 1,440 acres of land. The City has a good working relationship with Tinker, and with over 27,000 employees, it is an important part of the region.

The City partnered with the U.S. Air Force and Oklahoma County to purchase 158 acres of land on the southwest side of the base to house a depot maintenance facility for the Air Force's next-generation aerial refueling aircraft, the KC-46A Pegasus. The initial facility opened in October 2019. Tinker leaders believe support for this new project will create the bedrock for the base for the next 50 years.

The land was formerly owned by the Burlington Northern Santa Fe Railway Co., where it operated a rail yard that primarily served the former General Motors manufacturing facility. The acquisition of this property would not have been possible without the partnership between all levels of government.

7. Support for Amtrak and Passenger Rail Service in Oklahoma

Passenger rail service has been in place from Oklahoma City to Fort Worth via the Amtrak Heartland Flyer since 1999. Prior to that, passenger rail had been absent from Oklahoma for 20 years.

The Heartland Flyer is state sponsored by Oklahoma and Texas. Recently, funding for the service has come under fire as the state has been facing difficult budget cycles. This important passenger rail link between Oklahoma City and the Dallas/Fort Worth metroplex is currently the only passenger rail service in Oklahoma. It was a key component in the City's efforts to secure a \$13.6 million federal transportation TIGER grant to support the City's renovation of the multimodal transportation hub at the Santa Fe Depot.

The Heartland Flyer starts in Oklahoma City and then makes station stops in Norman, Purcell, Pauls Valley and Ardmore before stopping in Gainesville, Texas and then Fort

Worth. Ridership has continued to grow over the years, with roughly 81,000 passengers per year.

Proposals to expand service to Kansas and to Tulsa are both part of the overall passenger rail conversation. Passenger and commuter rail service in the metropolitan area is also part of ACOG's regional long-range transportation plan. It is important to both keep the service that is currently in place and contemplate options for additional passenger rail service in the future.

8. Support for National Weather Service operations in Oklahoma

The National Weather Service operations in the metropolitan area are significant to Oklahoma and to the nation. Because of the risks that go along with severe weather conditions, this is an important public safety function of government that must be taken seriously.

9. Support for long-term reauthorization of the National Flood Insurance Program (NFIP)

The City of Oklahoma City is one of approximately 22,355 communities that participates in the National Flood Insurance Program (NFIP) and has done so since 1972. Nationally, there are approximately 5.1 million policyholders with more than \$1.3 trillion in coverage through the NFIP. Property owners, both residential and commercial, are required by the NFIP to purchase flood insurance if in a Special Flood Hazard Area (SFHA), an area designated high-risk for flooding (a 100-year floodplain, or area with an estimated 1% or greater risk of flooding every year).

Approximately 112 square miles of Oklahoma City, or about 18% of the city's area, are some designation of floodplain or floodway. The overwhelming majority of those 112 square miles are designated SFHAs at 96 square miles or 86% of the city's floodplain or floodway area. From 1985 to early 2019, Oklahoma City properties have filed 463 NFIP claims which paid out an unadjusted for inflation total about \$8.6 million, or an average of \$18,570 per claim.

Between September 2017 and August 2019, Congress passed 12 short-term extensions for the NFIP, some for as little as two weeks, to avoid funding lapses. The NFIP has seen lapses, however, including four between 2008 and 2012, during which borrowers have not been able to obtain flood insurance to close, renew, or increase loans secured by property within a floodplain. During one such lapse from June 1 to July 2, 2010, researchers estimate more than 1,400 home sale closings were cancelled or delayed. The current short-term extension expires November 21, 2019. It makes sense to provide a long-term funding authorization for this important program.

10. Support for mental health treatment options under Medicaid

There are many issues affecting residents and the quality of life in Oklahoma City that are tied to the lack of available mental health services. Oklahoma City is working to address this, but there are ways that both the state and the federal government can help with this effort.

One issue is that under federal Medicaid rules, there is a prohibition on the use of federal Medicaid funds to pay for substance use disorder treatment at inpatient mental health treatment facilities with more than 16 beds. However, there is also a suspension for this rule that extends until FY 2023 if the state has amended their state Medicaid plans and included the following:

- information on how the state will improve access to outpatient care
- the process to be used for transitioning individuals to appropriate outpatient care
- how individuals will be screened and assessed

The state must also certify maintenance of effort regarding the mental health services they are already providing. With collaborative effort on the state and federal levels, this issue can be addressed, with momentum towards making a permanent change in the rules.

Monitor Issues

11. Monitor implementation of internet sales tax collection.

Oklahoma City's top legislative priority for the past 28 years has been to address the inequity created by the 1992 U.S. Supreme Court ruling (*Quill Corp. v. North Dakota*). That ruling prohibited states from imposing sales and use tax collection obligations on vendors without a physical presence in a given state.

Fortunately, in the summer of 2018, the U.S. Supreme Court ruled on *Wayfair v. South Dakota* and reversed the *Quill* decision. The State of Oklahoma is expected to take steps to implement the new decision, and businesses have already begun to comply. This process should not be disrupted by harmful legislation.

12. Ensure retention of tax-free status of municipal bonds

As federal budget challenges continue, there are several concepts floated that will either raise additional revenue for the federal government or cut expenditures. A concept that has been discussed is the elimination of local tax-exempt status for bonds.

Oklahoma City and its trusts use bonds to fund capital projects. If local bonds lose their federal tax-exempt status, the cost to the City in lost opportunities to fund capital projects would be roughly \$9 million and for the state, the cost would be roughly \$13 million.

13. Monitor enforcement and definitions of compliance with the Clean Air Act and EPA standards

Under the Clean Air Act, compliance standards for ground-level ozone were reduced from .075 parts per billion (ppb) to .070 ppb. The City works with ACOG and state agencies to monitor the metropolitan area's compliance. The Central Oklahoma region

has remained in compliance, though we are working with ACOG to fund a study to determine the potential economic impact of falling out of compliance.

Several of the City's programs funded through the Energy and Environmental Community Block Grant (EECBG) program are geared toward keeping our region in compliance with the Clean Air Act. For example, the City's fleet currently includes CNG vehicles. To fuel these vehicles, the City's CNG fueling station was upgraded to provide rapid filling for city vehicles that run on CNG. The City's Solid Waste Utility continues to invest in CNG trucks and technology. The EMBARK system also recently received a \$1.9 million grant to purchase CNG buses and in 2017 received a \$797,550 grant to purchase electric buses and chargers.

The bike share program, called SPOKIES, is providing bikes in kiosks that are accessible to people who live, work and visit areas in Oklahoma City's core. The program continues to expand and improve with new, sturdier bikes.

The City continues to monitor the issue and collaborate with ACOG and our regional partners to promote clean air activities.

14. Monitor issues that affect water and wastewater

One of the primary functions of local government is to provide drinking water and wastewater services for residents. There are some problematic superfund sites in Oklahoma City that are causing contamination of drinking water for some of our residents. The City seeks to remedy those situations by working with state and federal officials to address the issue.

In addition, the Oklahoma City Water Utilities Trust is in the process of finalizing a contract with Tinker Air Force Base to provide water and wastewater infrastructure and operations for the base. The acquisition process has proceeded at a fairly slow pace but is expected to be on track for approval in the near future.