



SAFER STREETS | GROWING ECONOMY | STRONGER NEIGHBORHOODS

FY 2020 Budget

City of Chattanooga

Maura Black Sullivan, Chief Operating Officer
Daisy Warren Madison, Chief Financial Officer

HIGH PERFORMING GOVERNMENT | SMARTER STUDENTS, STRONGER FAMILIES



Budgeting for Outcomes



Continued Investments in...

- Reducing homelessness.
- Creating ladders of economic mobility for all Chattanoogaans.
- Improving delivery of high quality early learning support.
- Continuing Baby University to strengthen families.
- Efficient, effective delivery of core services.
- Connecting more families to more affordable housing opportunities.
- Recruiting and retaining talented city employees.
- Partnering with regional leaders to ensure resiliency for our community for future generations.

Resulting.....

- A growing economy with 3.3% unemployment in February 2019. The lowest for February since 2000.
- Employment growth of 3.3% in last 12 months.
- Construction industry growth of 6% -- twice the U.S. rate.
- The 3rd highest wage growth in the country for a mid-sized city.
- Improved health outcomes for children and families.
- Significant reductions in violent crime and gun crimes.
- Highest rating possible for our Fire Department.

Budget Summary Challenges

- **IMPROVE ACT** called the “2017 Tax Cut Act”- described as largest cut in Tennessee history
 - **Enhances Highway** revenue by increasing fuel taxes and vehicle registration
 - **Cuts major revenue sources**
 - 1% cut to state sales tax on food
 - Phase out in 2021 of Hall income tax
 - \$900K reduction in FY2019
 - \$880K reduction in FY2020
 - Loss of \$3.5 million by 2021
- **This results in \$5.3 million reduction to General Fund over three years**

Fund	2018	2019	2020	Total
General	(1,014,591)	(1,762,557)	(2,510,523)	(5,287,671)
State Street Aid	975,148	1,305,592	1,636,036	3,916,776
Net Gain/(Loss)	(39,443)	(456,965)	(874,487)	(1,370,895)

Budget Summary

Available Funds FY 2020

Estimated General Fund revenue is \$263.8 million; 1.15% increase over FY 2019 projected revenues.

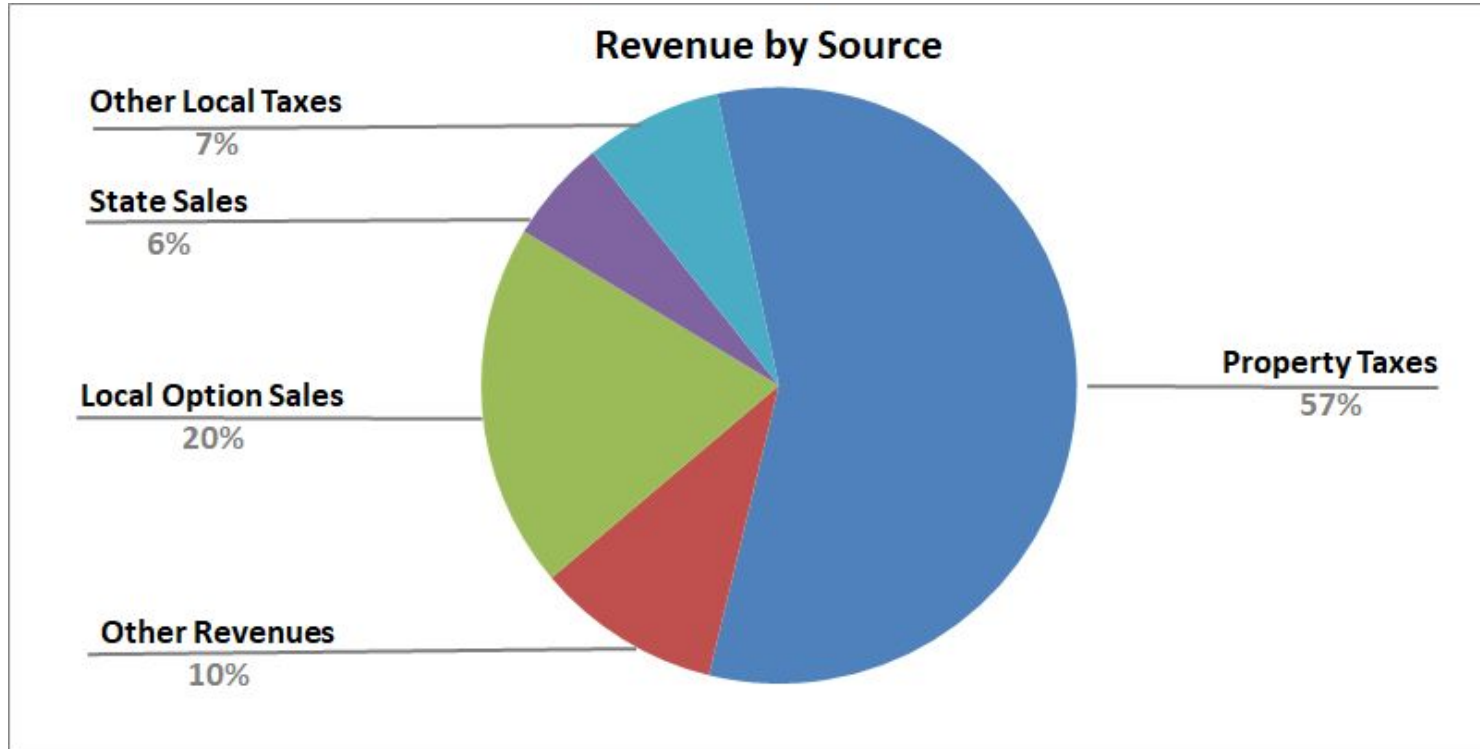
Moderate but stable growth in total revenues

Able to accommodate state revenue reductions and increase in salary and benefits (*pension & medical*) costs largely due to \$2 million reduction in debt service and moderate economic growth as indicated by increase

- 2.3% local option sales tax collections.
- 1.7% increase in state sales tax collection
- 1.5% increase in property taxes collections

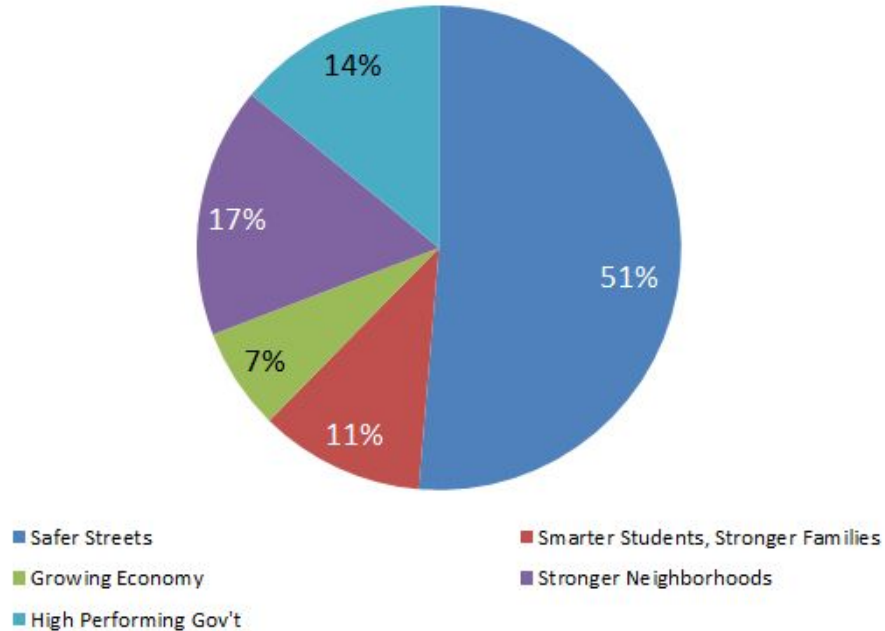
Proposed budget maintains current property tax rate of \$2.277

MAJOR REVENUE SOURCES



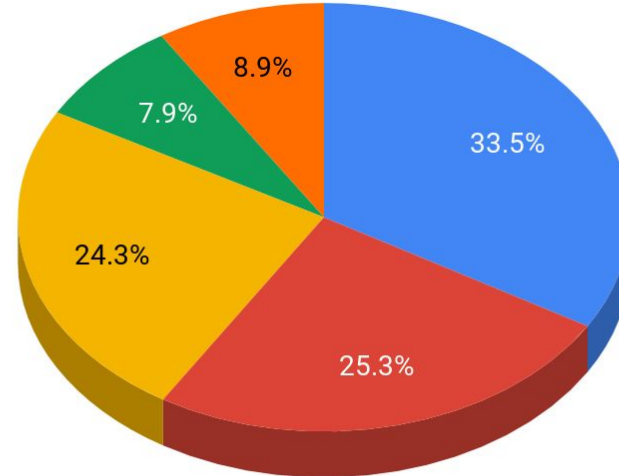
Allocate Revenue to Priorities

Revenue Allocation to Results Area



Major Expenditure Highlights

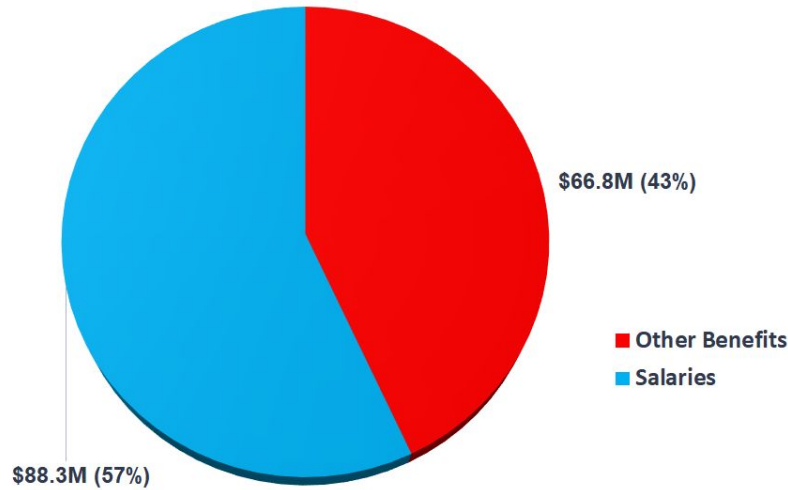
Description	Amount
Salaries	88,326,680
Benefits	66,814,519
Operations	64,189,279
Debt	20,940,110
Agency Appropriation	23,536,412
Total	263,807,000



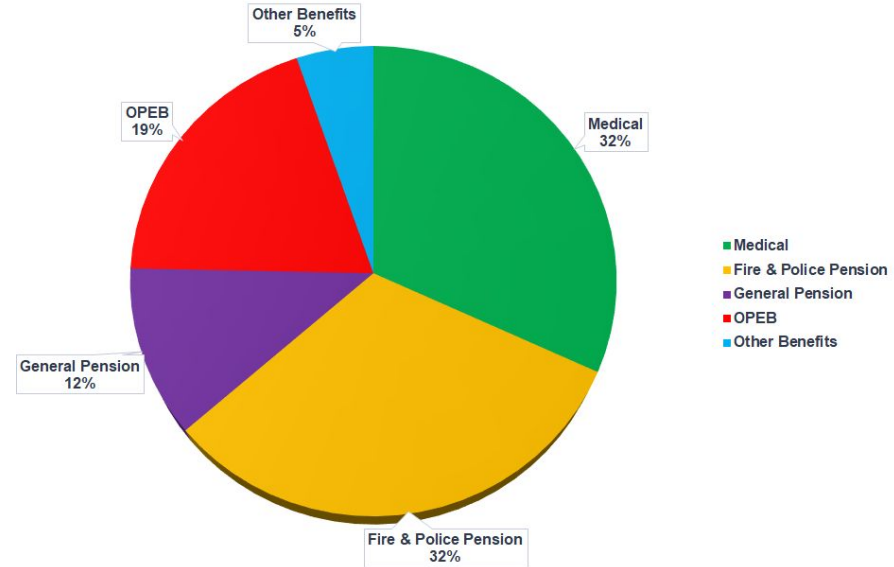
● Salaries ● Benefits ● Operations ● Debt ● Agency Appropriation

Focus on Benefits for our Employees

FY20 Total Compensation (\$155.1M)

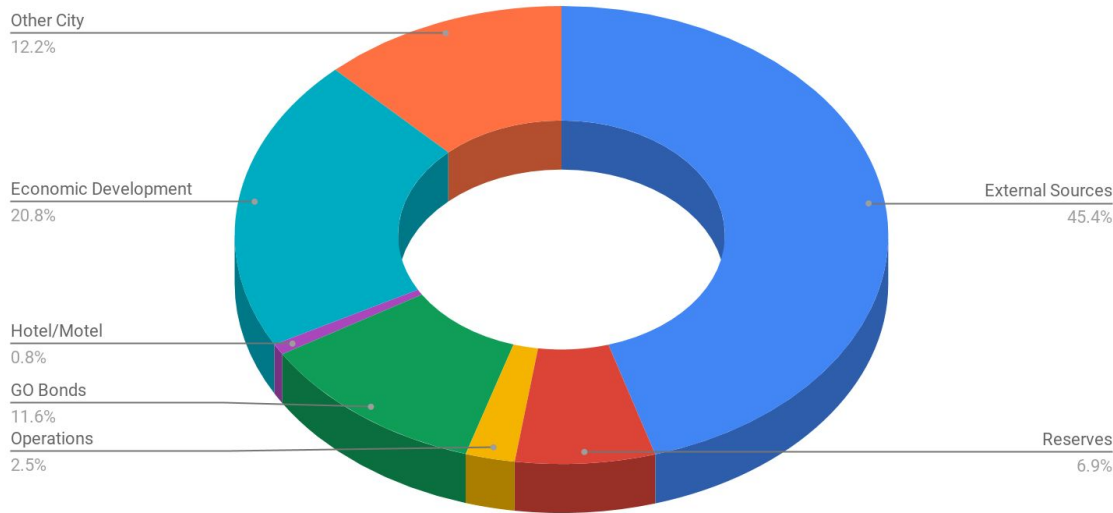


FY20 Benefits Breakdown



FY20 Capital Budget by Fund Source

General Government Projects

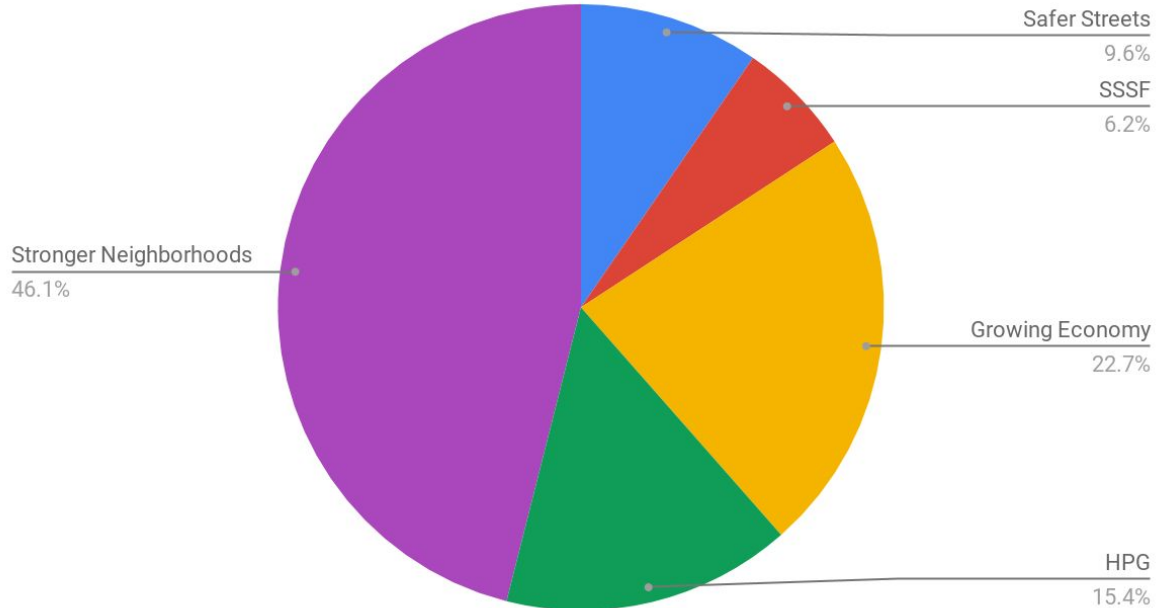


External Sources	\$39,327,396.00
Reserves	\$6,000,000.00
Operations	\$2,124,850.00
GO Bonds	\$10,019,352.00
Hotel/Motel	\$669,889.00
Economic Development	\$18,000,000.00
Other City	\$10,551,089.00

Allocate Capital Dollars to Priorities

General Government Projects

Capital Expenditures by Results Area





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Budget Highlights

FY 2020 Budget

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Safer Streets

Highlights:

- Successful crime prevention strategies, including support for our Gun Crime teams and the state-of-the-art Real Time Intelligence Center.
- Maintaining high levels of staffing and providing additional fire apparatus replacements for the Chattanooga Fire Department so that we can preserve our ISO Class 1 rating - the highest rating possible.
- Ongoing re-entry support for ex-offenders, domestic violence survivor services at the Family Justice Center, the Chattanooga Police Department's Explorer program, as well as fire and police services.
- The implementation of "Handle With Care" and our new school liaison program to improve the safety and care of Chattanooga's youth.
- The design of Chattanooga Fire Department's Station 15.

Offers Funded: 26

Total Funded: \$135,423,596

Capital Offers Funded: 24

Capital Offers City Funding: \$6,075,625

Capital Offers External Funding: \$2,321,999

Stronger Neighborhoods



Highlights:

- Street improvements and repairs totaling over \$28 million -- the largest amount for this work in Chattanooga's history.
- Implementing critical parts of our plan to eliminate homelessness in Chattanooga.
- Funding to make CARTA more efficient and useful for more neighborhoods.
- Curbside recycling for all Chattanoogaans.
- Additional funding for our YFD centers and facilities.
- Protecting neighborhood stability through our Affordable Housing Fund.
- Completing key segments of our citywide greenway system.
- Expanding our Open Spaces division.

Offers Funded: 27

Total Funded: \$44,125,642

Capital Offers Funded: 32

Capital Offers City Funding: \$12,920,128

Capital Offers External Funding: \$27,294,750

High Performing Government

Highlights:

- Continuing the high level of critical citywide services with no tax increase.
- Creating a framework for a cooperative and comprehensive regional resiliency plan.
- Recruiting and retaining a talented workforce through a fair and equitable pay raise that provides for a 2.5% increase for all civilian employees, as well as a comprehensive study to ensure all city workers are paid at market rate.
- Environmentally conscious purchasing and building management strategies that promote sustainability while saving taxpayer dollars.
- Assessing our zoning and permitting processes.
- Comprehensively reviewing our facilities infrastructure.
- Updating the pavement condition index (PCI) of our streets to prioritize repairs where they are needed the most.
- Supporting residents on fixed incomes through our senior tax freeze and water quality fee assistance.

Offers Funded: 23

Total Funded: \$37,180,478

Capital Offers Funded: 13

Capital Offers City Funding:
\$13,165,000

Capital Offers External Funding:
\$315,000



Smarter Students, Stronger Families

Highlights:

- Continuing “Seats For Success,” our landmark initiative to make more high-quality early learning seats available to more kids who need them.
- Our successful Baby University program to help make vulnerable children and parents in our city healthier, safer, and more financially secure.
- Enhancing the curriculum used by all of early learning providers.
- Repairing and securing our existing Head Start centers and planning for new facilities where they are needed the most.
- New partnerships between our local schools and the Chattanooga Police Department.
- Expanding our popular Public Works Summer Jobs initiative.
- Additional compensation for Head Start employees.
- Strengthening our public library branches so that they can continue to be leading learning partners throughout our city.
- Additional funding for our YFD centers and facilities.

Offers Funded: 47
Total Funded: \$29,478,884

Capital Offers Funded: 9
Capital Offers City Funding:
\$5,389,547
Capital Offers External Funding:
\$0

Growing Economy

A person is holding a sign that says "Come In WE'RE OPEN". The sign is white with blue text. The person is wearing a blue shirt. The background is a blue gradient.

Highlights:

- Improving economic mobility in Chattanooga to increase the likelihood that our young people will be able to earn more than their parents.
- Supporting 1,000 new jobs at Volkswagen.
- Developing a stronger local workforce through numerous citywide partnerships.
- Supporting the growth of locally-owned small businesses through programs like our Growing Small Business grants, Small Business Corridor grants, Innovation District grants, and Kiva loans.
- Continued neighborhood development, including more sidewalks to enhance pedestrian safety and comfort.
- Preparing for more new jobs at the former Harriet Tubman homes site.
- Catalyzing a new Health & Wellness District through work on the 3rd and 4th Street infrastructure project.

Offers Funded: 27

Total Funded: \$19,985,940

Capital Offers Funded: 13

Capital Offers City Funding: \$10,260,000

Capital Offers External Funding: \$9,583,772



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Enterprise Funds & Expenditure Overview

FY 2020 Budget

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Major Enterprise Funds

Interceptor Sewer System

Revenue	FY18 Actual	FY19 Budget	FY20 Proposed	Inc/(Dec)	% change
Sewer Service Charges	66,818,581	69,708,636	76,576,876	6,868,240	9.85%
Industrial Surcharges	3,065,049	2,540,453	2,602,347	61,894	2.44%
Septic Tank Charges	357,480	371,153	407,526	36,373	9.80%
Wheelage and Treatment	12,388,668	10,587,840	11,739,116	1,151,276	10.87%
Other	1,582,886	941,918	674,135	-267,783	-28.43%
Total Revenues	84,212,664	84,150,000	92,000,000	7,850,000	9.33%
Expense	FY18 Actual	FY19 Budget	FY20 Proposed	Inc/(Dec)	% change
Administration	4,008,481	7,724,625	8,202,121	477,496	6.18%
Operations	18,696,174	19,265,248	17,126,951	-2,138,297	-11.10%
Plant Maintenance	3,585,317	4,136,590	8,460,095	4,323,505	104.52%
Sewer Maintenance	4,104,816	5,446,585	8,083,895	2,637,310	48.42%
Moccasin Bend - Liquid Handling	12,382,342	14,751,890	12,101,300	(2,650,590)	-17.97%
Appropriation to Capital	30,900,000	33,300,000	41,407,500	8,107,500	24.35%
Principal	10,285,942	9,190,674	8,851,451	(339,223)	-3.69%
Interest	2,591,081	2,921,106	2,602,639	(318,467)	-10.90%
Bank Fees	82,951	113,282	149,549	36,267	32.01%
Total Expenses	86,637,104	96,850,000	106,985,500	10,135,501	10.47%
Use of Fund Balance	(2,424,440)	(12,700,000)	(14,985,500)	(2,285,500)	18.00%

Major Enterprise Funds

Water Quality

Revenue	FY18 Actual	FY19 Budget	FY20 Proposed	Inc/(Dec)	% change
Water Quality Fee	19,380,715	21,719,000	22,566,197	847,197	3.90%
Water Quality Permits	97,851	362,400	350,000	(12,400)	-3.42%
Revenue Adjustments	-34,736	0	0	-	0.00%
Other	132,406	1,000	0	(1,000)	-100.00%
Total Revenues	19,576,236	22,082,400	22,916,197	833,797	3.78%
Expense	FY18 Actual	FY19 Budget	FY20 Proposed	Inc/(Dec)	% change
Water Quality Management Administration	3,699,923	4,298,605	4,597,899	299,294	6.96%
Water Quality Maintenance & Operations	6,410,097	8,917,274	9,454,726	537,452	6.03%
Water Quality Side Development	826,071	1,092,639	1,068,368	(24,271)	-2.22%
Water Quality Engineering & Project Management	1,107,994	1,313,092	1,408,039	94,947	7.23%
Water Quality Public Education	97,778	90,830	95,429	4,599	5.06%
Renewal & Replacement	50,540	72,808	75,200	2,392	3.29%
Brainerd Levee 1, 2, 3	0	60,000	54,700	(5,300)	-8.83%
Orchard Knob Storm Station	112,582	26,000	18,310	(7,690)	-29.58%
Minor Storm Stations	0	14,000	13,028	(972)	-6.94%
Principal	1,999,738	1,340,002	1,125,795	(214,207)	-15.99%
Interest	597,302	608,234	554,189	(54,045)	-8.89%
Bank Fees	229	150	165	15	10.00%
Appropriation to Capital Project Fund	6,628,816	4,625,000	4,784,875	159,875	3.46%
Total Expenses	21,531,070	22,458,634	23,250,723	792,089	3.53%
Use of Fund Balance	(1,954,834)	(376,234)	(334,526)	41,708	-11.09%

Major Funds

<u>Major Funds</u>	<u>Proposed FY 20</u>
General Fund	263,807,000
Golf Course	1,698,974
Debt Service Fund	24,361,896
Economic Development Fund	17,711,961
State Street Aid Fund	6,452,602
Hotel/Motel Tax Fund	3,878,878
Automated Traffic Enforcement Fund	624,000
Narcotics Fund	310,000
Community Development Fund	3,489,508
Family Empowerment Fund	17,343,276
TN Valley Regional Communications	1,608,386
Water Quality Management Fund	22,916,197
Interceptor Sewer System Fund	92,000,000
Solid Waste Fund	<u>4,378,841</u>
Total All Budgeted Funds	460,581,519
Use of Reserves for Capital	<u>31,810,385</u>
Total Operation & Reserve Funds	492,391,905
Total Capital Budget	<u>195,334,785</u>
Grand Total Operation & Capital	<u>687,726,690</u>

Next Steps...

Budget Education Sessions

May 21: Legislative, Internal Audit, City Attorney, Executive, GG Operations, Finance, Human Resources, Fire

May 28: Police, Public Works

June 4: CDOT, Planning (RPA & Zoning), ECD(part 1)

June 11: ECD (Part II), YFD, Agencies

June 18: Capital Review, Overall Review/Final Discussion

1st Vote on Budget Ordinance
Public Hearing: 6:00pm

June 26: Final Vote on Budget

In Summary...

- No Property Tax Rate Increase
- Second lowest tax rate since 1959.
- Building economic mobility in our city.
- Ensuring a resilient region.
- Another all time high of paving dollars.
- Investing in tools to end homelessness.
- Fully fund employee benefits.
- Support for childcare providers.