

SAFER STREETS | GROWING ECONOMY | STRONGER NEIGHBORHOODS

# FY 2019 Budget

City of Chattanooga

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HIGH PERFORMING GOVERNMENT | SMARTER STUDENTS, STRONGER FAMILIES



# Budgeting for Outcomes

Establish  
Citizen  
Priorities



Determine  
Available  
Resources



Accept  
Offers

Allocate  
Resources



Rank  
Offers



Monitor  
Performance

# Continued Investments in...



- Neighborhood reinvestment.
- Reducing homelessness.
- Workforce Development.
- 1,000 additional high quality early learning spots.
- Expanding Baby University to strengthen families.
- Quality Head Start programs.
- Technology investments in YFD centers.
- Affordable Housing connecting to opportunities.
- Growing and inclusive Innovation District.
- Recruitment & retention of high-quality employees.
- Renewable energy.



Resulting in...



- A growing economy with 3.5% unemployment in March 2018. The lowest for March since 200.
- Employment growth of 3.3% in last 12 months.
- Construction industry growth of 6%, or twice the U.S. rate.
- The 3rd highest wage growth in the country for a mid-sized city.
- Improved health and life outcomes for children and families.
- Reductions in overall violent and property crime numbers.
- Highest rating possible for firefighters.

# 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
      - Loss of \$3.7 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 2019



**Estimated General Fund revenue is \$262,020,000;** a 3.39% increase over FY 2018 budgeted revenues.

Able to accommodate state revenue reductions and increase in salary and benefits (*pension & medical*) costs due to economic growth as indicated by increase in local option sales tax collections.

- Nearly 10% (9.8%) increase projected for FY18 over FY17
- Estimated 6% increase in FY19 over projected FY18

Proposed budget maintains property tax rate \$2.277



# MAJOR REVENUE SOURCES



**Revenue by Source**

**Other Local Taxes**

7%

**State Sales**

6%

**Local Option Sales**

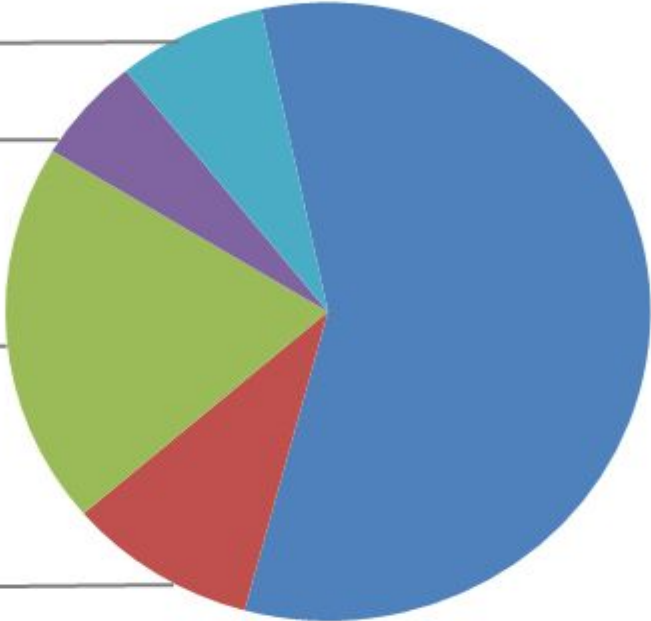
20%

**Other Revenues**

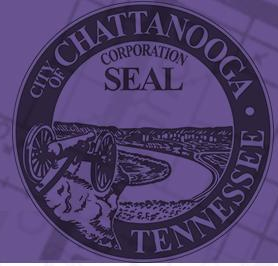
10%

**Property Taxes**

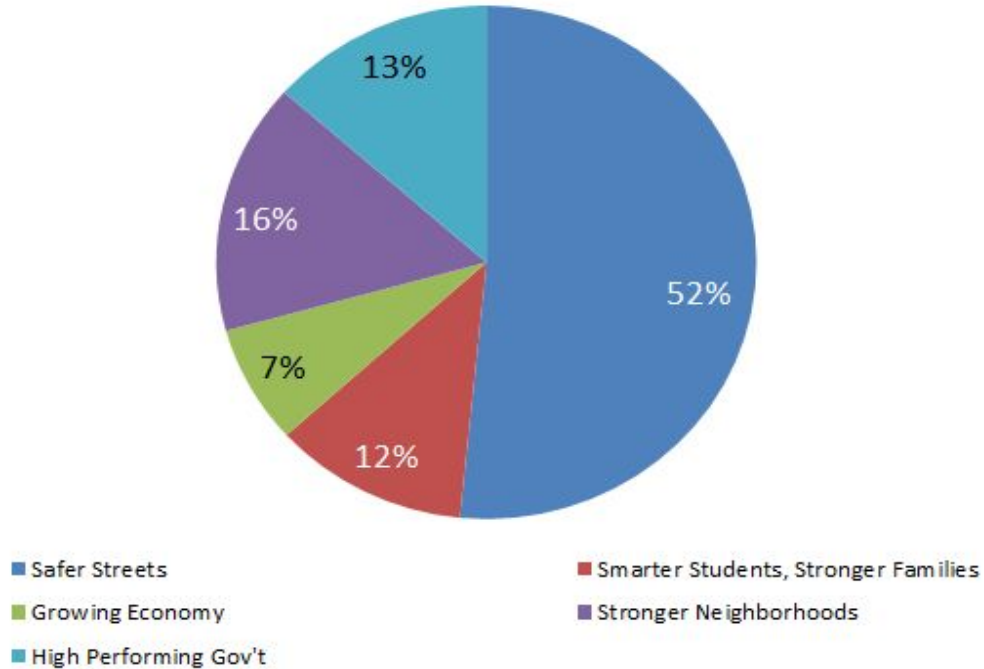
57%



# Allocate Revenue to Priorities



## Revenue Allocation to Results Area





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# Budget Highlights

FY 2019 Budget

CHATTANOOGEE CORPORATION SEAL

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# Safer Streets



## Highlights:

- This budget provides several key investments in first responder personnel including the second phase of a three phase replacement plan for a second set of turnout gear for the Chattanooga Fire Department.
- Maintains appropriate staffing levels at the Department by providing 14 new firefighters to authorized sworn positions allowing the city to preserve its ISO Class 1 rating - highest possible.
- Continues critical support for ex-offender re-entry supports, domestic violence survivor services at the Family Justice Center, the Police explorer program, as well as fire and police services.

Offers Funded: 33

Total Funded: \$135,105,250

# Stronger Neighborhoods



## Highlights:

- Continue record amount of nearly \$6 million into paving and street improvements for the second consecutive year, almost tripling the amount of 6 years ago.
- Interagency Council on Homelessness funding.
- Protect neighborhood affordability through establishment of Chattanooga's first housing trust fund.
- Enhancing the livability and and community pride through the Neighborhood Reinvestment Fund.

Offers Funded: 20

Total Funded: \$41,487,754



# High Performing Government

MUNICIPAL BUILDING

## Highlights:

- Maintaining excellent services like garbage service, recycling service, road repairs, 311, and many more.
- Recruit and retain competent workforce through a fair and equitable raise that provides for a 2.5% increase for civilian employees. Includes funding for comprehensive pay study to ensure all employees are paid at market rate.
- GARE Training - Government Alliance on Race and Equity is a national organization working to achieve racial equity and advance opportunities for all
- Honoring our obligations to employees through meeting our benefit contributions.
- Funding the health care plan needed to have a healthy workforce.

Offers Funded: 27

Total Funded: \$35,260,837

A photograph of a woman with long blonde hair and a young girl with dark hair, both looking down at a book or document. The woman is holding a pencil. The image has a purple tint.

# Smarter Students, Stronger Families

## Highlights:

- Increased investment in Baby University.
- Developing 1,000 high quality early learning seats for children in Chattanooga.
- Summer experience for high schoolers with job placement in Public Works.
- Renovating YFD centers through critical projects and new technology.
- Supporting a new program focusing on children up to age three.
- Additional compensation for Head Start employees.
- Improvements to the Washington Hills YFD center to help create opportunities for learning and engagement throughout the neighborhood.

Offers Funded: 45  
Total Funded: \$31,001,747



# Growing Economy



## Highlights:

- Workforce development emphasis supporting various programs throughout the city with our partner organizations.
- Continue Chattanooga as a Kiva City. Through Chattanooga's partnership with Kiva, entrepreneurs can borrow up to \$10,000 at 0% interest to take their business to the next level.
- Maintains funding for economic development and infrastructure programs that support local businesses like the Growing Small Business (GSB) incentive and various components of the transportation and ECD departments.
- Advancing Chattanooga's Innovation District through the redevelopment of several city-owned properties in the district, including the City Hall Annex.

Offers Funded: 28

Total Funded: \$21,407,662



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# Enterprise Funds & Expenditure Overview

FY 2019 Budget

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# Major Enterprise Funds

Water Quality			
	FY17 Actual	FY18 Budget	FY19 Proposed
Revenue	21,298,060	19,180,100	22,082,400
Reserves	0	4,000,000	376,235
<b>Total Funding Sources</b>	<b>21,298,060</b>	<b>23,180,100</b>	<b>22,458,635</b>

Interceptor Sewer System			
	FY17 Actual	FY18 Budget	FY19 Proposed
Revenue	78,951,147	80,050,000	84,150,000
Reserves	5,163,788	16,100,000	12,700,000
<b>Total Funding Sources</b>	<b>84,114,935</b>	<b>96,150,000</b>	<b>96,850,000</b>

Personnel	7,950,712	9,278,661	9,423,048
Operating (incl. Debt Service)	6,438,195	7,558,439	8,410,587
Transfers to Capital Projects	5,528,252	6,343,000	4,625,000
<b>Total Expenses</b>	<b>19,917,159</b>	<b>23,180,100</b>	<b>22,458,635</b>

Personnel	9,373,240	12,010,941	13,279,205
Operating (incl. Debt Service)	38,577,125	53,239,059	50,270,795
Transfers to Capital Projects	36,164,750	30,900,000	33,300,000
<b>Total Expenses</b>	<b>84,114,935</b>	<b>96,150,000</b>	<b>96,850,000</b>

# Major Funds

<u>Major Funds</u>	<u>Proposed FY19</u>
General Fund	262,020,000
Debt Service Fund	27,710,150
Economic Development Fund	15,484,968
State Street Aid Fund	6,143,918
Hotel/Motel Tax Fund	7,943,531
Automated Traffic Enforcement Fund	655,700
Narcotics Fund	310,000
Community Development	2,485,000
Social Services	17,100,995
TN Valley Regional Communications	1,431,536
Water Quality Management Fund	22,082,400
Interceptor Sewer System Fund	84,150,000
Solid Waste Fund	5,878,200
<b>Total All Budgeted Funds</b>	<b>453,396,398</b>
Use of Reserves for Capital	36,628,000
<b>Total Operation &amp; Reserve Funds</b>	<b>490,024,398</b>
<b>Total Capital Budget</b>	<b>152,808,665</b>
<b>Grand Total Operations &amp; Capital</b>	<b>642,833,063</b>



# Next Steps...

## *Budget Education Sessions*

**May 22:** General Government, Finance, and Office of Early Learning

**May 29:** HR, YFD, IT, ECD

**June 5:** Public Works, CDOT and Capital Program

**June 12:** Fire, Police and Agencies

Public Hearing: 6:00pm

**June 19:** 1st Vote on Budget Ordinance

**June 26:** Final Vote on Budget Ordinance

# In Summary...

- Second lowest tax rate since 1959.
- Affordable Housing Trust.
- 1000 seats for high quality early childhood learning.
- Expansion of Baby University.
- All time high of paving dollars.
- \$1 million for neighborhood level economic development infrastructure incentives.
- Fully fund employee benefits.
- Major investments in YFD centers and technology.