

Fiscal Year 2023 Budget Presentation

Operating and Capital Budgets

CITY OF CHATTANOOGA

Mayor Tim Kelly

Brent Goldberg, Chief Financial Officer

ONE Chattanooga

ONE Chattanooga Strategic Plan

- **Broad vision** that guides the work of all departments
- **Systems focused**, informed by prior work, and **built on the basics**
- Not meant to be a finished product, is **in constant review**
- **11 Principles** firmly woven into the plan
- **“Culture eats strategy for breakfast”**

ONE Chattanooga Strategic Plan

- **7 goals** and 40 priorities
 1. Build a path to universal early learning
 2. Catalyze economic vitality in the Black community
 3. Ensure accessible housing choices for all Chattanoogaans
 4. Improve local infrastructure
 5. Build a competitive regional economy
 6. Close the gaps in public health
 7. Provide responsive and effective local government

Significant Challenges

Significant Challenges

- Deterioration of roads and bridges
- Sewer and stormwater infrastructure needs
- Gun violence
- Persistent poverty and disparities
- Increasingly unaffordable housing

Housing Crisis

- As of 2019, **47%** of households in Chattanooga were renters
 - 34% in Tennessee and 36% in the United States
- Monthly median rent in Chattanooga **increased from \$495 per month in 2000 to \$859 in 2019, an increase of 79%.**
 - Median income increased 55% for the same period
- **Now, monthly median rent is well over \$1,000** and income growth is not keeping up.

Housing Crisis

- Median **housing prices have increased 80.7% since 2015**
- Leaving **43% of renters defined as “housing burdened”**, or spending more than 30% of their income on housing
- And **22% of renters are “housing insecure”**, defined as spending more than half of their income on housing - putting them at risk for eviction

Key Investments

Affordable Housing

- Unprecedented **\$33 million investment to seed a \$100 million affordable housing initiative.**
- Aggressively seek to preserve or create **thousands of units of affordable housing** over 5 years.
- Working with **partners** in the nonprofit, philanthropic, financial, and homebuilding sectors to assemble remaining funds.

Affordable Housing

- **Multi-pronged approach**, including but not limited to:
 - Direct subsidies
 - Gap financing
 - Land acquisition
 - Down-payment assistance
 - Partnership with Community Development Financial Institutions (CDFIs)
- **Chief Housing Officer** to lead this urgent work

Roads and Critical Infrastructure

- **\$131 million for roads and critical infrastructure**
- Includes **\$10 million for paving** as part of Mayor Kelly's commitment to invest at least **\$40 million over 4 years for repaving roads**
- Includes \$11 million for **road construction, sidewalks, and bridges**
- 2 new full-time employees to drive and operate **pothole repair** equipment
- Includes \$3 million for **traffic signal synchronization & optimization**
- **\$100 million for sewer projects, \$10 million for stormwater projects**

Economic Development

- Nearly \$5 million for early site preparation at **Enterprise South Industrial Park (ESIP)**.
 - 110-acre tract has the **potential to lure another major automotive manufacturer or electric battery manufacturer**.
 - City/County Partnership
- \$5 million for **historic renovation** of the 100-year-old Tivoli Theatre, which will leverage \$50 million from other sources.
 - In lieu of \$1 million per year for 5 years
- **Director of Entrepreneurship**

Community Health and Gun Violence Prevention

- COVID/Public Health responses as needed
- **Address racial and socioeconomic disparities** in public health outcomes.
- Gun violence is a **public health crisis**
- Partner with CPD to **prevent gun violence**
- Director of **Community Safety & Gun Violence Prevention**

Pay for First Responders and Essential Workers

- Invested more than \$30 million last year to increase pay for **first responders and essential workers**.
- **3% pay increase** for all regular, full-time and part-time employees
 - City minimum wage of **\$15.45** per hour
 - Includes **sworn employees**
- **No increase in health insurance** costs for employees
- Supplemental funds for **Head Start**

Effective and Responsive Government

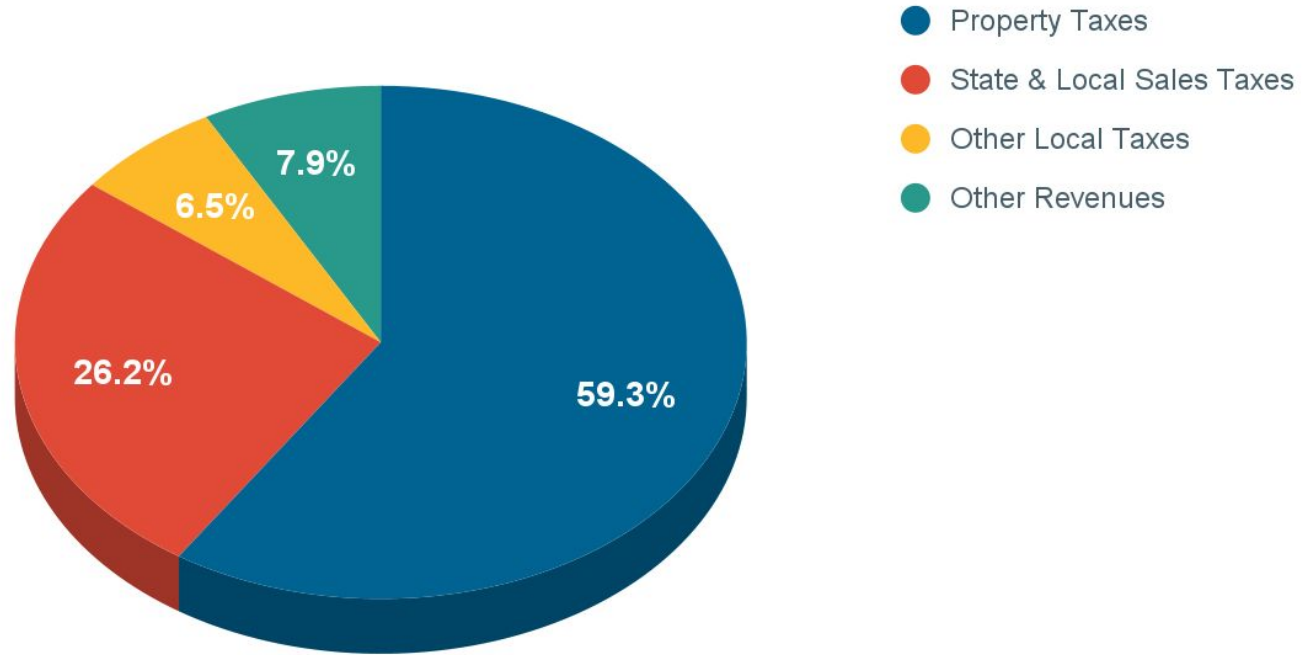
- Multiple investments to help **streamline City processes and prioritize innovative approaches**, including:
 - 2 additional **codes inspectors**
 - **Demolition** Abatement Specialist
 - Increase of \$350,000 for **debris removal, cleanup, and demolition**
 - 2 additional garbage truck drivers, **2 new garbage collection routes**
 - **Land Development** - Transportation Review Specialist, Plans Review Specialist, Construction Inspector
- Continuous improvement - \$500,000 **innovation fund**
- **Chattanooga IMPROVES**

General Fund Revenues

No Tax Increase

General Fund Revenue Source	Dollars	Percent
Property Taxes	\$187,983,240	59%
Local Sales Taxes	\$63,438,500	20%
Other Local Taxes	\$20,747,390	7%
State Sales Taxes	\$19,703,500	6%
Other Revenues	\$25,127,370	8%
Total Revenues	\$317,000,000	100%

General Fund Revenue Sources



General Fund Expenditures

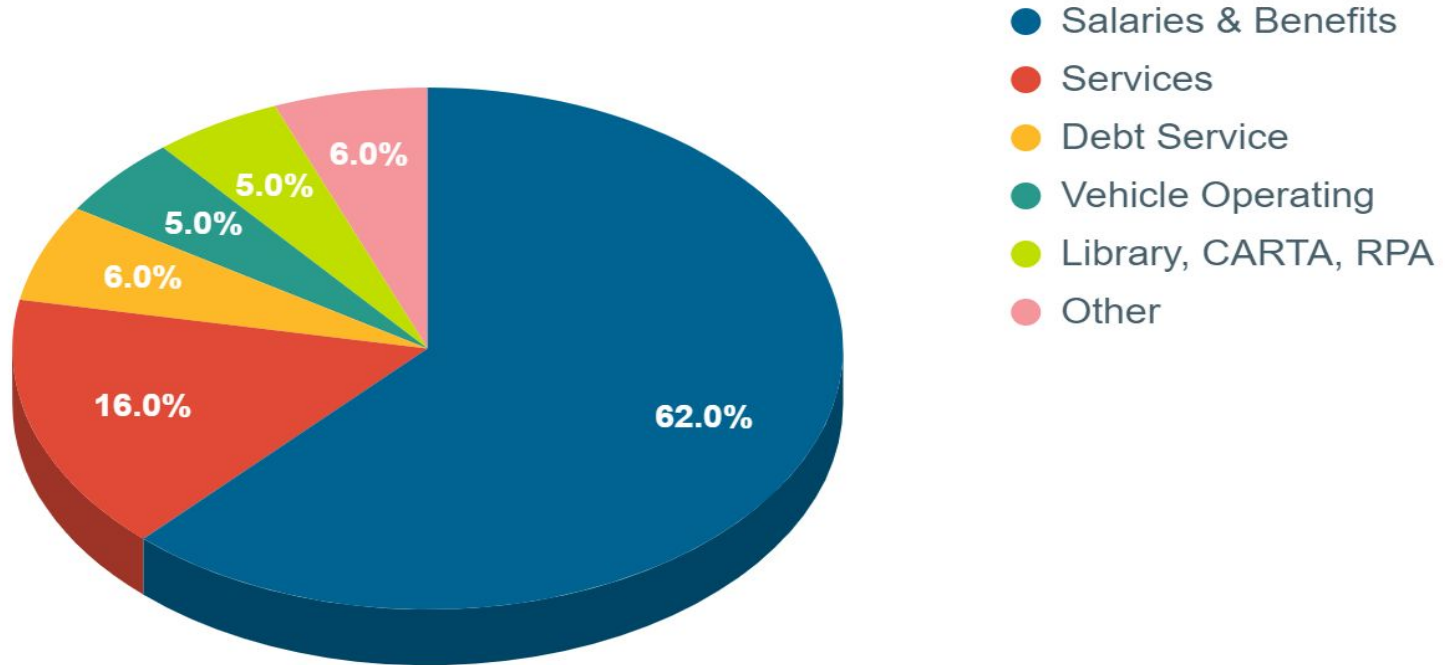
General
Fund
Expenditures
By
Department

Department	Dollars	Percent
Police	\$85,435,603	27%
Fire	\$59,850,555	19%
Public Works	\$37,558,254	12%
Debt Service	\$19,878,455	6%
General Government	\$18,204,005	6%
Information Technology	\$16,447,433	5%
Parks & Outdoors	\$14,175,758	5%
Quasi-Agencies	\$12,868,870	4%
Community Development	\$12,834,842	4%
Finance & Administration	\$7,511,131	2%
Executive Branch	\$6,186,945	2%
CARTA	\$5,800,000	2%
Other Departments	\$20,248,149	6%
Total Expenditures	\$317,000,000	100%

58%

Police
Fire
Public Works

General Fund Expenditures by Type



Other Funds

Fund	Revenues	Expenditures
General Fund	\$317,000,000	\$317,000,000
Municipal Golf Course Fund	\$2,307,970	\$2,307,970
Economic Development Fund	\$18,635,000	\$18,635,000
State Street Aid Fund	\$6,310,000	\$7,360,000
Hotel/Motel Tax Fund	\$10,344,308	\$8,264,347
TVRC Fund	\$1,752,928	\$1,752,928
Debt Service Fund	\$24,196,362	\$24,196,362
Interceptor Sewer System Fund	\$107,000,000	\$131,500,000
Solid Waste Fund	\$4,971,000	\$4,971,000
Water Quality Fund	\$31,892,920	\$35,027,920
Narcotics Fund	\$100,000	\$350,000
Totals	\$524,510,488	\$551,365,527

Capital Budget Summary

Three Capital Funds

Capital Budget Fund	Dollars
General Government	\$96,102,591
Water Quality	\$9,835,000
Interceptor Sewer System	\$97,000,000
Total Capital Budget	\$202,937,591

General Government Capital Budget

Functional Areas	# of Projects	Dollars	Percent
Housing	1	\$33,000,000	34%
Roads and Bridges	7	\$22,825,000	24%
Public Safety	9	\$17,050,000	18%
Economic Development	3	\$10,204,080	10%
Fleet	1	\$4,500,000	5%
Neighborhoods	5	\$2,649,670	3%
Better Government	7	\$2,500,000	3%
Transit	1	\$1,000,000	1%
Other Capital Projects	9	\$2,373,841	2%
Total GG Capital Budget	43	\$96,102,591	100%

Budget Book

Contents of Budget Book (Available Online)

- Executive Summary
- Revenue and Expense Overview
- Operating Budget Ordinance (Draft)
- Revenues
- Fund Summary
- Departmental Summaries
- Other Funds
- Capital Budget / Capital Improvement Plan

In Closing...

- **Fiscally Sound**
- **No Tax Increase**
- **Bold Investments**
- **ONE Chattanooga**