

# Fiscal Year 2022 Budget Presentation

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Mayor Tim Kelly

August 10, 2021

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# Strategic Framework

- In August 2021, Mayor Kelly will release the first iteration of his One Chattanooga strategy. This will be a strategic framework that guides the work of all departments throughout City government.
- The following outline of the key values, goals, and strategic initiatives that Chattanooga will undertake under Mayor Kelly's leadership to realize One Chattanooga.

# Strategic Framework

- Build a path to universal early learning
- Catalyze the resurgence of a Black middle class
- Ensure accessible housing choices for all Chattanoogaans
- Improve local infrastructure
- Build a competitive regional economy
- Close the gaps
- Ensure responsive and effective local government

# Significant Challenges

- Resurgence of COVID-19 with the spread of the Delta variant
- Deterioration of roads and infrastructure
- Significant issues with bridges
- Low wages
- Staffing shortages

# Budget Highlights - Budget Cuts

- Agency appropriations have been reduced by \$1.2 million where duplication of services could be eliminated, and/or funding could be reallocated to other areas that would most benefit taxpayers.
- Departmental operating budgets have been reduced by \$1.5 million in order to right-size budgeted line items to spending levels that would be more efficient and effective.
- The number of budgeted positions was reduced by 53 to 1,919 positions from 1,972 positions, including the elimination of 25 routinely and historically vacant positions in the police department. This reduction in positions produced total savings of more than \$1.5 million.
- Underutilized YFD programs have also been eliminated, saving over \$500,000, which was reallocated to help create a Department of Early Learning.

# Budget Highlights - Key Investments

- Reorganization of Government
- Compensation Plan
- Roads and Infrastructure
- Community Forward Schools Partnership
- Building and Construction Workforce Center
- Expansion of Homeless Services
- Office of Community Health
- Crisis Response Program
- Community Centers
- Therapeutic Recreation
- Mental Health Services for First Responders

# Compensation Plan

- This budget invests **more than \$30 million to implement new compensation plans** to address staffing shortages and hiring challenges.
- The Fire Pay Plan requires an overall 23% increase in order to move to the current market rate. Starting pay for a Fire Cadet will increase 24% from \$32,524 to \$40,330. All other ranks will also receive a 24% increase, except Senior Firefighter will be 20% in order to combine the ranks of Engineer and Senior Firefighter and preserve equity in the rank.
- The Police Pay Plan requires a 24% increase in order to move to the current market rate. Starting pay for a Police Cadet will increase 24% from \$35,141 to \$43,575. All other ranks will also receive a 24% increase.

# Compensation Plan

- The new General Pay Plan will bring the City up to the full-market 50th percentile, with a **\$15 minimum wage**, to better compete with the private sector and surrounding municipalities.
  - Pay adjustments will range from 5% to 48%
  - More than half of employees will receive a 12% increase or more
  - Average 18% pay increase across all job classifications
  - Employees already at the 50th percentile or above will receive a 3% cost of living increase.
  - Specific job categories, such as truck drivers, will be further adjusted to market
- Head Start
  - \$13 minimum wage for non-temporary Head Start employees
  - \$15 minimum wage within 2 years, or sooner if possible
  - Evaluate pay plan to address compression, starting in Fall 2021
    - Teachers already above \$15 per hour

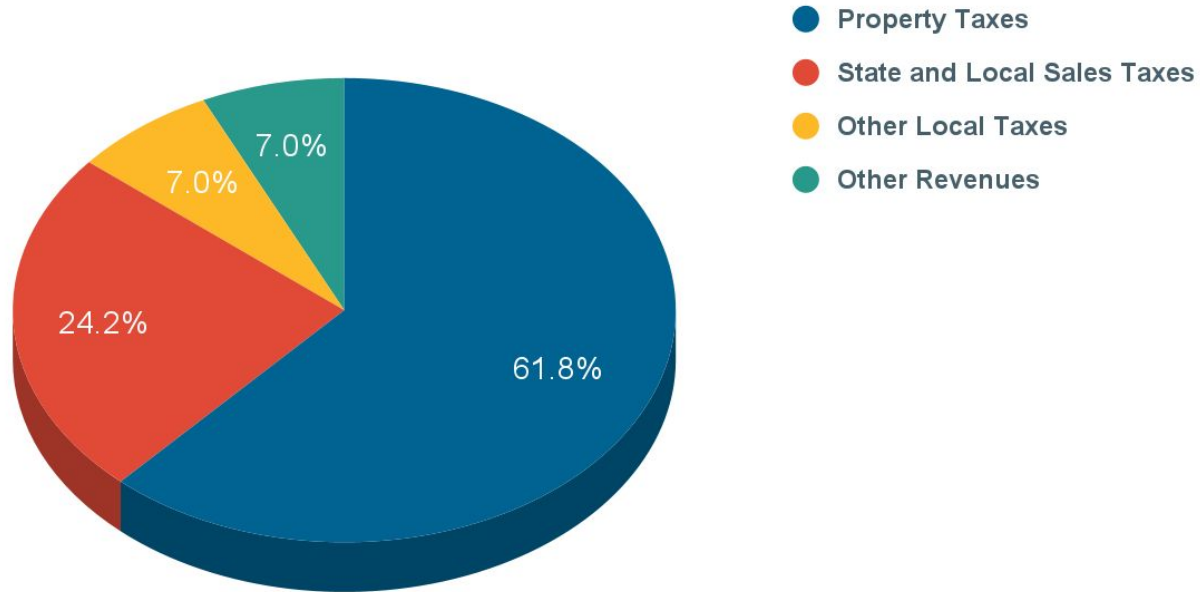


# Revenues Summary

- Property tax rate budgeted at \$2.25 per \$100 of assessed value
  - 2.7 cents lower than the current rate
  - Among the lowest tax rates in 50 years
- Increase in property tax revenue is 19.59% compared to actual collections for fiscal year 2021. 100% of this growth will be used to implement the pay plans for firefighters, police officers, and essential workers.
- Represents the lowest possible rate to implement the compensation plan and maintain current level of services

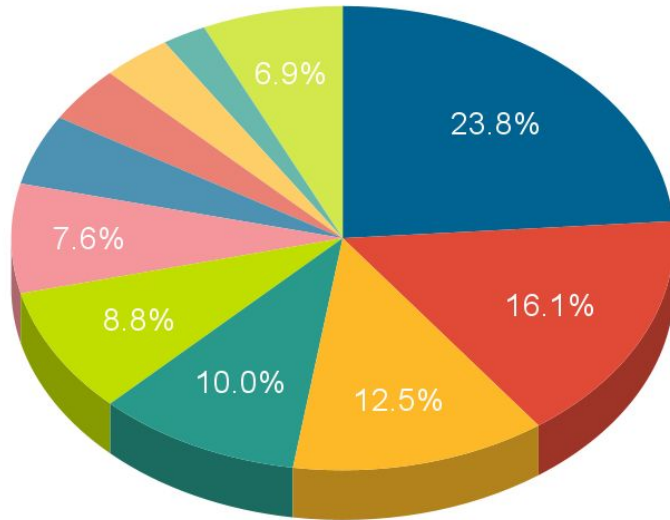
# Total General Fund Revenues - \$302,030,875

## General Fund Revenue Sources



# Total General Fund Expenditures - \$302,030,875

## General Fund Expenditures by Department



- Police
- Fire
- Public Works
- Compensation Plan
- General Government
- Agencies
- Information Technology
- Parks & Outdoors
- Community Development
- Finance
- Other Departments

# Capital Budget Highlights

- Roads will get paved. This capital budget dedicates more than **\$10 million for paving roads**, which is a 58% increase over the amount budgeted for fiscal year 2021.
- This budget also includes an **additional \$9 million for road and bridge infrastructure** repairs.
- To prepare constituents for high demand jobs, we are committing \$2 million and almost 2 acres of land to the **Building & Construction Workforce Center in East Chattanooga**.

# Capital Budget Highlights

- In recognition of the importance of our neighborhoods, this capital budget includes \$700,000 for the **Neighborhood Reinvestment Fund**; \$1 million for **parks and playgrounds**; and \$2 million for **community center renovations**.
- A sustainable Chattanooga: \$750,000 for the **Power to Protect resilience project** at the Police Service Center, and over \$1 million for **fuel diversification for fleet vehicles**.
- Neighborhood connectivity: **\$1.8 million for sidewalks**; \$1 million for the **Midtown Pathway**; and \$250,000 for the **Alton Park Connector**.

# Capital Budget

General Government	\$57,058,487
Water Quality	\$6,600,000
Interceptor Sewer System	\$115,000,000
<b>Total Capital</b>	<b>\$178,658,487</b>

# Capital Budget Summary - General Government

Roads	\$19,871,560
Community Investments	\$10,503,750
Fleet	\$6,334,493
Public Safety	\$4,960,000
Economic Development	\$3,550,000
Workforce Development	\$2,000,000
Transit	\$1,638,684
Better Government	\$1,700,000

Housing	\$1,250,000
Greenways	\$1,250,000
Education	\$1,050,000
Recreation	\$1,000,000
Outdoors	\$800,000
Other Capital Projects	\$1,150,000
<b>Total GG Capital Budget</b>	<b>\$57,058,487</b>

# Other Funds

Total Operating and Capital Budgets - **\$742,950,357**

## Other Significant Funds

- Debt Service Fund - \$24,216,049
- Economic Development Fund - \$18,900,000
- State Street Aid Fund - \$5,960,000
- Hotel/Motel Tax Fund - \$4,586,848
- Social Services Fund - \$18,951,462
- Water Quality Management Fund - \$28,567,300
- Interceptor Sewer System Fund - \$103,000,000



# Budget Book Review

- Executive Summary (General Fund)
- Budget Ordinance (Draft)
- Revenues
- Fund Summary
- Departmental Summaries
- Other Funds
- Capital Budget

# Closing

- This budget is fiscally responsible and stewards tax dollars well
- This budget supports our first responders and essential workers
- This budget invests in our roads and infrastructure
- This budget challenges our city to be bold and innovative
- This budget pursues lasting solutions rather than quick-fixes
- This budget is built on a strategic framework that moves us closer to realizing One Chattanooga