



# City of Chattanooga

Ron Littlefield, Mayor

March 1, 2011

Dear Council Members:

Once again, we begin one of the most important tasks we face each year – the establishment of the City's financial plan. In many ways, the fiscal budget analysis is a year round process as we continually evaluate our future needs while implementing the current city programs and functions.

Through a combination of operational efficiencies, budget cost reductions and increased revenues, Departmental Administrators were asked to present two budget scenarios for General Fund:

1. Zero increase over FY11 budget which could mean cuts for some departments due to unavoidable increases in cost; and
2. Maintain budget which allows for unavoidable increases in personnel costs such as fringe benefits; operations costs such as utilities, vehicle operations or increasing cost for materials and supplies.

Total General Fund requests excluding capital under the total maintain scenario is \$197.5 million, an increase of \$12.3 million or 6.7% over the current year budget of \$185.2 million excluding capital. This request does not include any increases for salary, pension contributions or medical costs but does include an additional \$2.7 million required for the general fund share of Other Post Employment Benefits (OPEB). This is an annual required contribution to fund retiree medical benefits as recommended by the Governmental Accounting Standards Board and encouraged by rating agencies. This budget does however restore funding for critical positions such as police officers, firefighters, and Parks & Recreation personnel that were frozen in previous years due to declining revenues and escalating operating costs.

A summary of the budget requests for all major operating funds is shown below:

City of Chattanooga  
Operational Budget - Department Summary By Account  
Fiscal Year 2012

Row Labels	Current Year Actual				Incr (Decr) Zero vs.			Maintain Request		
	Actual FY 10	Budget FY11	thru 12/31/10	Projected FY 11	Zero Request FY12	FY11 Bud	% Change Zero vs FY11 Bud	FY12	Incr (Decr) Maint vs FY11 Bud	% Change Maint vs FY11 Bud
<b>A - General Government &amp; Agencies</b>	44,731,088	42,389,924	26,329,657	39,433,251	42,389,924	-	0.00%	44,242,908	1,852,984	4.37%
B - Executive Branch	1,442,926	1,342,456	603,903	1,010,925	1,342,456	-	0.00%	1,349,609	7,153	0.53%
C - Finance & Administration	3,647,809	4,474,801	1,688,798	4,080,300	4,474,801	-	0.00%	4,511,177	36,376	0.81%
D - General Services	2,682,072	2,501,656	1,010,879	2,305,894	2,499,419	(2,237)	-0.09%	2,579,991	78,335	3.13%
E - Personnel	6,896,201	1,729,850	2,357,459	1,703,330	1,783,964	54,114	3.13%	2,087,283	357,433	20.66%
G - Neighborhood Services	1,877,782	1,987,284	903,193	2,067,218	1,987,284	-	0.00%	2,086,282	98,998	4.98%
H - Police	41,125,562	50,737,774	24,584,439	50,737,774	52,071,398	1,333,624	2.63%	52,871,996	2,134,222	4.21%
J - Fire	27,983,309	34,127,170	15,946,291	32,545,661	34,127,170	-	0.00%	34,973,364	846,194	2.48%
K - Public Works	27,476,923	29,908,663	13,563,732	29,138,940	29,908,663	-	0.00%	36,317,522	6,408,859	21.43%
L - Parks & Recreation	11,714,239	13,638,685	6,198,367	13,164,251	13,638,685	-	0.00%	14,052,559	413,874	3.03%
M - Education, Arts & Culture	2,198,944	2,349,737	1,060,414	2,362,048	2,349,737	-	0.00%	2,439,583	89,846	3.82%
<b>Grand Total</b>	<b>171,776,855</b>	<b>185,188,000</b>	<b>94,247,132</b>	<b>178,549,592</b>	<b>186,573,501</b>	<b>1,385,501</b>	<b>0.75%</b>	<b>197,512,274</b>	<b>12,324,274</b>	<b>6.66%</b>