



# **City of Chattanooga Budget 2012**

# Budget Priorities

- Public Safety
- Continued Emphasis on Youth
  - Youth Development Program emphasizing positive alternatives to gang activities
  - New Hixson Middle School Recreation Center
  - Youth Prevention Center
- Implementation of Pavement Management Program for better Maintenance and Re-building of City Streets
- Competitive Pay and Benefits for City Employees
- Legal Liability Containment and Cost avoidance via strengthened compliance with Federal and State Regulations
- Technological innovations that improve productivity and provide greater access to public services while reducing cost of operations.
- Compliance with TDEC and EPA Requirements
- Preserve and enhance delivery of quality, prompt, cost effective and courteous service to the citizens of Chattanooga.
- Maintain Strong Fiscal Position

# BUDGET HIGHLIGHTS

- TOTAL FY12 PROPOSED GENERAL FUND BUDGET OF \$201 MILLION –NO TAX INCREASE
- Increase of \$16.1 Million or 8.7% over current year
  - \$9.7 million as result of termination of sales tax agreement (eleven months in first year)
  - \$6.4 million or 3.4% increase in other revenues
- Additional funding for 6.5 FTE includes Hixson Rec Center(3), Personnel(1), Fire(2), and Neighborhood Services(.5)
- Funding to continue to address employee pay anomaly and career ladder programs for all employees –SWORN & CIVILIAN
- Funding for increased cost of employee benefits
  - Employee medical
  - Retiree medical (OPEB)
  - Pension
- \$2 Million in Paving
- \$617K Additional cost for 911 contract (up 16.5% to \$3.7M)
- \$20 Million in Funding for Agencies including 100% funding of requests for
  - Public Library operations within the City of Chattanooga (Will contract with municipalities for services)
  - Regional Planning Agency for city services (Will contract with municipalities for services)
  - Scenic Cities (managed by Public Works)
- \$1.5 Million in Renewal & Replacement of small capital items under \$25,000

# BUDGET HIGHLIGHTS

- Contains a 5.8% increase in ISS rates to meet O&M and capital requirements based on current negotiations with EPA and TDEC-DWPC – may require amendment should consent decree requirements change.
- Water Quality Budget includes the second of four annual rate adjustments as part of the non-residential rate reduction adopted in April 2010 – No change in residential rate.
  - Main Focus
    - Compliance with NPDES Permit issued by the TN Dept of Environment and Conservation
    - Upgrade, repair and replacement of aging drainage system owned and operated by the city

## Major Highlights

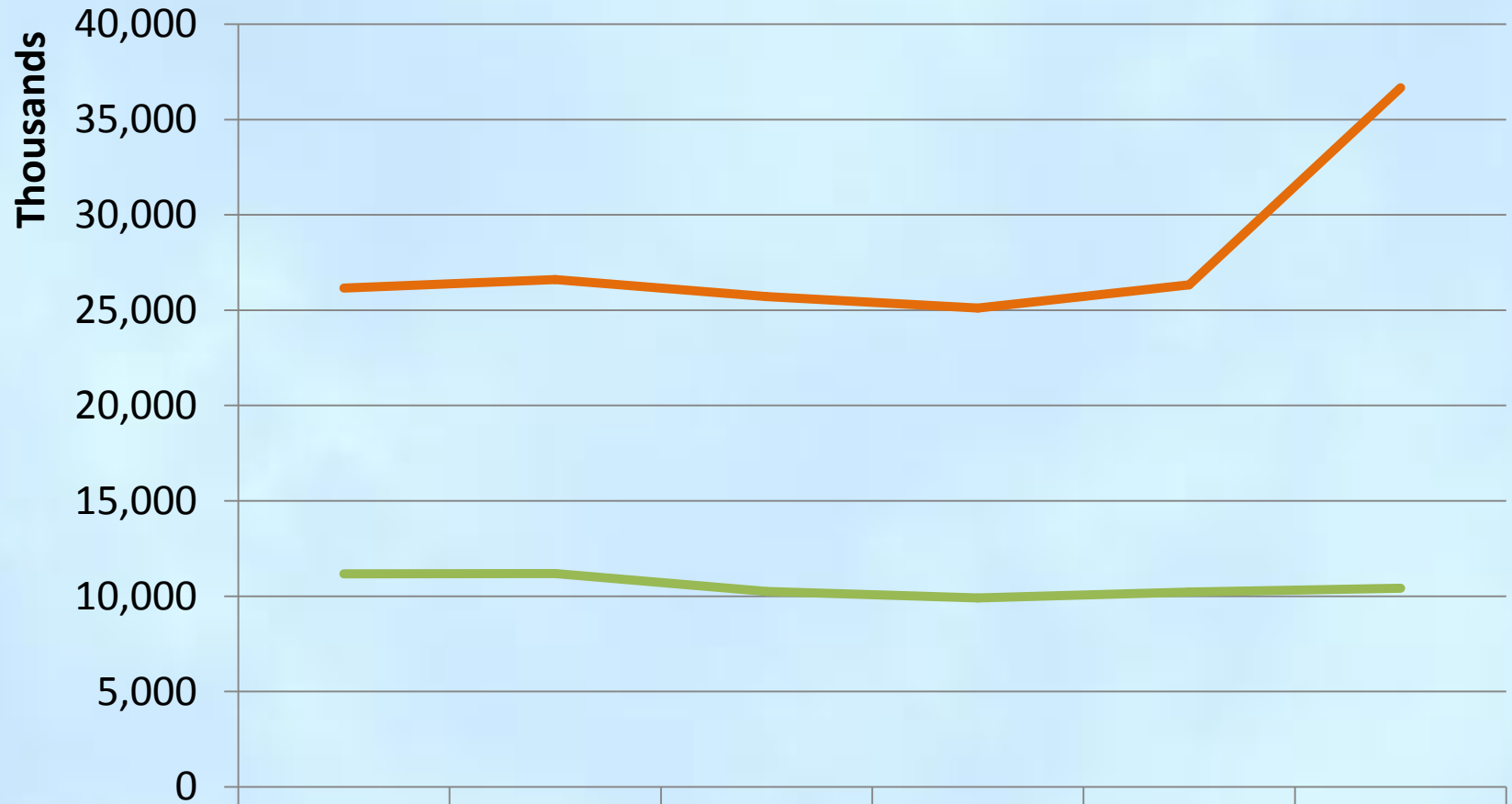
<b>BUDGET FY 2011</b>		<b>185,188,000</b>
Additional Personnel (6.5 FTE)		467,223
Hixson Recreation Center (3 FTE)	145,374	
Fire Battalion Chiefs (Net 2 FTE)	199,949	
Personnel - 1 FTE	85,400	
Neighborhood Ser (.5 Codes Mgr unfrozen)	36,500	
Total Personnel Reductions (11 FTE, OT)		(724,046)
Employee Pay Increases		2,814,272
Fire Anomaly	1,193,600	
Police Career Ladder	620,672	
Civilian Pay increase/anomaly	1,000,000	
Benefit Costs Increases		6,645,735
General Pension (9.08 to 12.95%)	1,120,229	
F & P rate change (24.91% to 27.74%)	855,064	
Employee Medical	1,106,460	
OPEB	3,563,982	
<b>Net Increase in Personnel Costs</b>		<b>9,203,184</b>
<b>2% Sales Tax Commission to County</b>		<b>735,000</b>
<b>Operations Changes</b>		<b>6,128,816</b>
<b>Proposed Budget FY2012</b>		<b>201,255,000</b>

# Revenue

	2011 Budget	2011 Projected	2012 Proposed	FY12 prop vs. FY11 proj	prop vs. FY11 proj	FY12 prop vs. FY11 bud	prop vs. FY11
Property Taxes	116,317,700	114,750,713	117,118,700	2,367,987	2.06%	801,000	0.7%
Other Local Taxes	12,860,000	13,129,180	13,979,500	850,320	6.48%	1,119,500	8.7%
Licenses & Permits	3,558,600	3,094,775	3,098,700	3,926	0.13%	(459,900)	-12.9%
Intergovt.	5,838,100	6,269,060	6,256,900	(12,160)	-0.19%	418,800	7.2%
State Sales Tax	9,695,200	10,215,768	10,420,100	204,332	2.00%	724,900	7.5%
Local Option Sales	24,642,800	26,321,678	36,657,700	10,336,022	39.27%	12,014,900	48.8%
Charges for Services	2,896,400	2,807,274	2,864,300	57,026	2.03%	(32,100)	-1.1%
Fines, Forfeitures	1,467,800	1,195,647	1,215,600	19,953	1.67%	(252,200)	-17.2%
Use of Property	525,500	462,911	462,900	(11)	0.00%	(62,600)	-11.9%
Misc.	2,947,400	3,102,154	3,041,300	(60,854)	-1.96%	93,900	3.2%
Transfers	4,438,500	4,673,689	6,139,300	1,465,611	31.36%	1,700,800	38.3%
<b>TOTALS</b>	<b>185,188,000</b>	<b>186,022,849</b>	<b>201,255,000</b>	<b>15,232,151</b>	<b>8.19%</b>	<b>16,067,000</b>	<b>8.7%</b>

Local option sales tax includes \$9.7M (11 months) due to termination of sales tax agreement and difference in accrual periods for City and County

# Sales Tax 2007–2012



	FY07	FY08	FY09	FY10	FY11 Proj	FY12 Prop
Local Option	26,154,704	26,604,258	25,710,248	25,116,025	26,321,678	36,657,700
State	11,180,175	11,185,750	10,252,124	9,904,220	10,215,768	10,420,100
% yr to yr	5.34%	1.22%	-4.84%	-2.62%	4.33%	28.85%

# Other State Taxes 2007–2012



	FY07	FY08	FY09	FY10	FY11 Proj	FY12 Prop
Other State Taxes	2,924,112	3,397,076	3,074,483	3,327,067	3,251,396	3,244,200
State Income Tax	4,125,590	4,909,130	3,561,959	2,578,926	1,800,000	1,800,000
% yr to yr		24.18%	-20.10%	-11.01%	-14.47%	-0.14%

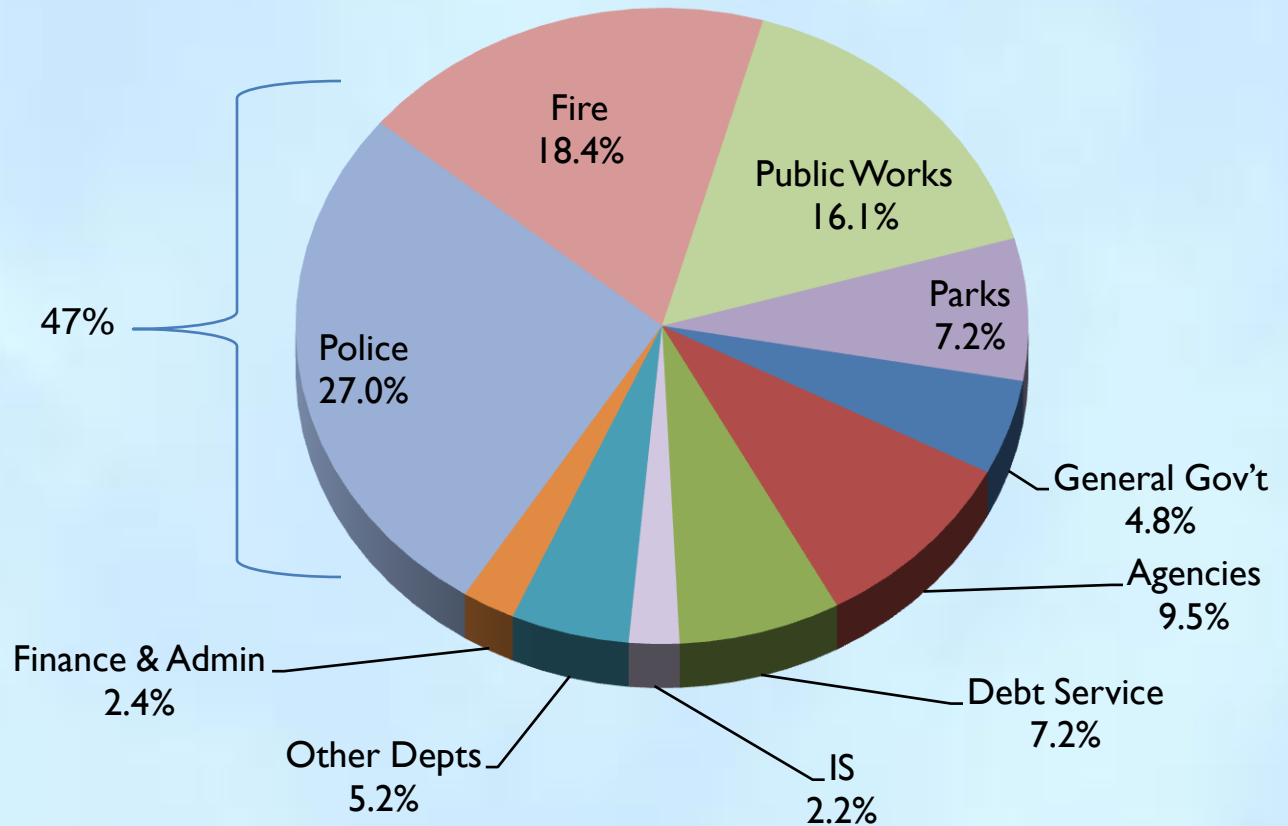


# Budget 2012-Where the Money Goes

**\$201,255,000**

**General Gov't Major components:**

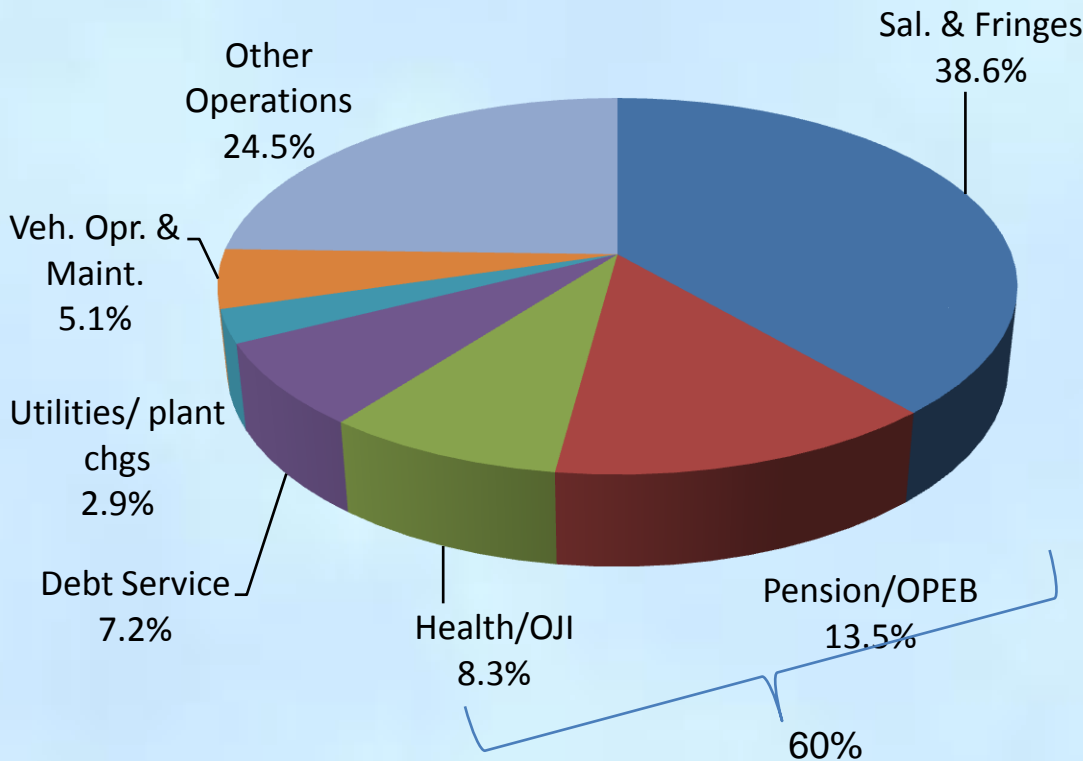
Agencies	19,058,006
Debt	14,400,000
City Attorney	1,387,359
Liab Insurance	1,000,000
Information Svc	4,468,792
Contingency	1,799,788
R&R	1,500,000
Other	4,035,645
<b>Total</b>	<b>47,649,590</b>



General Gov't & Agencies	Finance & Admin	Police	Fire	Public Works	Parks	Other Depts 10,512,412				
						Executive	General Services	Personnel	Neighborhood Services	Ed, Arts & Culture
47,649,590	4,745,979	54,342,130	37,064,691	32,403,031	14,537,167	1,367,574	2,642,487	1,909,637	2,147,967	2,444,747

# How General Fund Allocated in 2012

## \$201,255,000



### Other Operations

CARTA	4,675,000	9.46%
Library	5,655,773	11.45%
CNE	1,150,000	2.33%
Riverpark	1,083,035	2.19%
RPA	2,631,648	5.33%
Other Agencies	3,862,550	7.82%
Other Operations	30,336,222	61.42%
	<u>49,394,228</u>	<u>100.00%</u>

Sal. & Fringes	Pension/OPEB	Health/OJI	Debt Service	Utilities/ plant chgs	Veh. Opr. & Maint.	Other Operations
77,781,631	27,084,328	16,654,251	14,400,000	5,736,987	10,203,575	49,394,228

# 2011 Allocations by Dept

	FY2011 Budget Amount	FY12Maint Request Amount	FY12 Proposed Amount	FY11 vs. FY2012P Amount	%
General Government	<b>41,389,924</b>	<b>44,242,908</b>	<b>47,649,590</b>	<b>6,259,666</b>	<b>15.1%</b>
Executive Branch	1,342,456	1,349,609	1,367,574	25,118	1.9%
Finance & Administration	4,474,801	4,511,177	4,745,979	271,178	6.1%
General Services	2,671,906	2,579,991	2,642,487	(29,419)	-1.1%
Personnel	1,729,850	2,087,283	1,909,637	179,787	10.4%
Neighborhood Services	1,987,284	2,086,282	2,147,967	160,683	8.1%
Police	50,629,606	52,871,996	54,342,130	3,712,524	7.3%
Fire	34,096,072	34,973,364	37,064,691	2,968,619	8.7%
Public Works	30,878,797	36,317,522	32,403,031	1,524,234	4.9%
Parks & Recreation	13,638,685	14,052,559	14,537,167	898,482	6.6%
Education, Arts, & Culture	2,348,619	2,439,583	2,444,747	96,128	4.1%
<b>Total</b>	<b>185,188,000</b>	<b>197,512,274</b>	<b>201,255,000</b>	<b>16,067,000</b>	<b>8.7%</b>

# Tier I Supported Agencies FY2012

Agency	Budget	Request	Proposed	Prop FY12 vs FY11 Bud	
	Fiscal 11	Fiscal 12	FY2012	Amount	%
Air Pollution Control Bureau	270,820	270,820	270,820	-	
CARTA Subsidy	4,231,000	4,851,000	4,675,000	444,000	10.49%
Carter Street Corporation	161,257	185,970	200,000	38,743	24.03%
Public Library	2,777,468	5,915,982	5,655,773	2,878,305	103.63%
Regional Planning Agency	1,378,500	2,357,483	2,631,648	1,253,148	90.91%
Enterprise Center	160,500	160,500	160,500	-	0.00%
Railroad Authority	12,281	12,650	17,415	5,134	41.80%
Tennessee Riverpark (Hamilton County)	1,191,180	1,226,915	1,083,035	(108,145)	-9.08%
Finley Stadium	60,000	60,000	-	(60,000)	-100.00%
Chattanooga Neighborhood Ent. (CNE)	1,000,000	1,150,000	1,150,000	150,000	15.00%
Human Services	733,477	733,477	733,477	-	0.00%
Enterprise South Nature Park	564,697	581,640	1,239,750	675,053	119.54%
CARCOG	36,038	36,038	36,038	-	0.00%
Bessie Smith Hall (Heritage Hall)	62,653	62,653	62,653	-	0.00%
Enterprise South Security	53,827	55,440	53,827	-	0.00%
<b>Subtotal</b>	<b>12,693,698</b>	<b>17,660,568</b>	<b>17,969,936</b>	<b>5,276,238</b>	<b>41.57%</b>
Tennessee Multi Cultural Chamber of Commerce	75,000	150,000	75,000	-	0.00%
Chattanooga Chamber of Commerce	450,000	450,000	450,000	-	0.00%
Chatt Chamber - Enterprise South Marketing	75,000	75,000	75,000	-	0.00%
<b>Subtotal</b>	<b>600,000</b>	<b>675,000</b>	<b>600,000</b>	<b>-</b>	<b>0.00%</b>
<b>Total Tier I</b>	<b>13,293,698</b>	<b>18,335,568</b>	<b>18,569,936</b>	<b>5,276,238</b>	<b>39.69%</b>

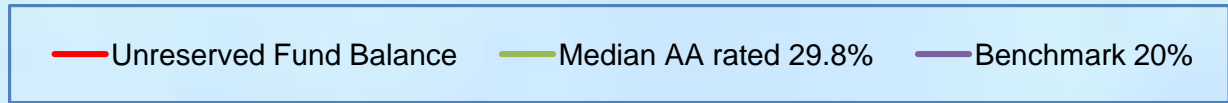
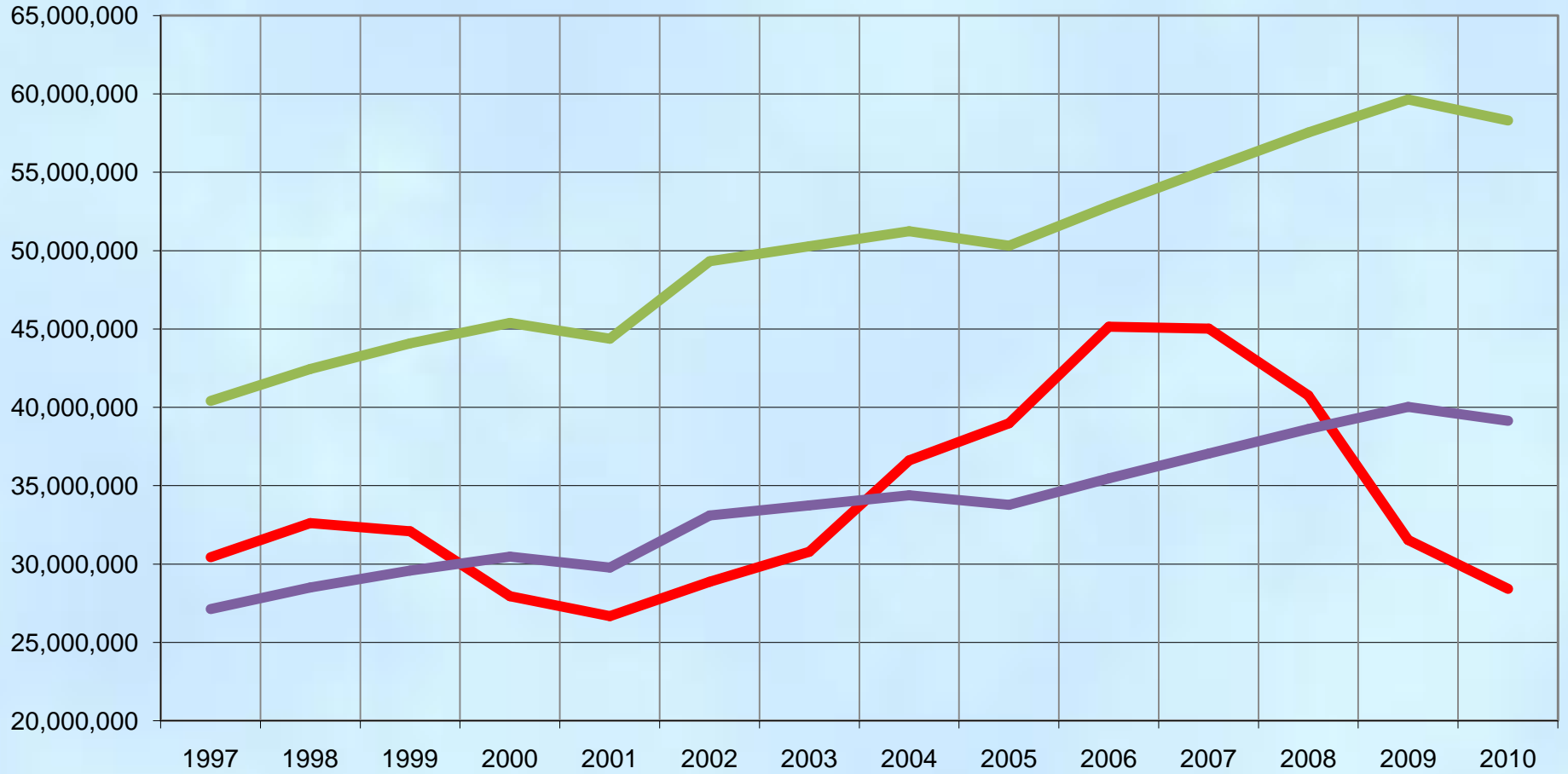
# Tier II Supported Agencies FY2012

Agency	Budget	Request	Prorated	Prop FY12 vs FY11 Bud	
	Fiscal 11	Fiscal 12	Total	Amount	%
<b>Tier II</b>					
Allied Arts Council Fund, Inc.	161,200	191,200	155,600	(5,600)	-3.47%
Alexian Brothers/Sr Neighbors	17,700	24,000	12,720	(4,980)	-28.14%
Bessie Smith Cultural Center	54,000	70,000	64,900	10,900	20.19%
Chattanooga Area Urban League	42,200	50,000	79,292	37,092	87.90%
Chattanooga Area Food Bank	12,700	0	-	(12,700)	-100.00%
RiverCity	67,500	125,000	67,500	-	0.00%
Chattanooga History Center	15,200	52,000	21,946	6,746	44.38%
Children's Advocacy Center	19,000	30,000	19,721	721	3.79%
Choose Chattanooga	16,900	50,000	23,825	6,925	40.98%
Community Foundation Scholarships	101,300	160,000	101,300	-	0.00%
Community Impact Fund	175,600	150,000	100,000	(75,600)	-43.05%
Friends of Moccasin Bend	25,300	30,000	30,000	4,700	18.58%
Front Porch Alliance	22,800	27,000	27,000	4,200	18.42%
Greater Chatt. Sports & Events Comm.	75,000	75,000	-	(75,000)	-100.00%
Homeless Health Care Center	13,300	25,000	12,329	(971)	-7.30%
WTCI-TV Channel 45	50,650	60,000	275,000	224,350	442.94%
Scenic City Beautiful Commission	4,220	22,888	5,000	780	18.48%
<b>Total Tier II</b>	<b>883,010</b>	<b>1,142,088</b>	<b>996,133</b>	<b>113,123</b>	<b>12.81%</b>

# Tier II Supported Agencies FY2012

Agency	Budget	Request	Prorated	Prop FY12 vs FY11 Bud	
	Fiscal 11	Fiscal 12	Total	Amount	%
<b>Total Tier II</b>	883,010	1,142,088	996,133	113,123	12.81%
<b>New Request (City)</b>					
Partnership for Families Children & Adults		56,522	-	-	n/a
Chattanooga Furniture Bank		45,000	-	-	n/a
OnPoint		140,224	-	-	n/a
AIM Center		59,213	-	-	n/a
Children's Home - Chambliss Shelter		421,000	-	-	n/a
The Team Centers/ Team Evaluation		89,544	-	-	n/a
Fortwood Center		208,075	-	-	n/a
Joe Johnson Mental Health		60,156	-	-	n/a
Speech & Hearing Center		150,535	-	-	n/a
Orange Grove		48,381	31,931	31,931	n/a
Signal Center		60,000	30,006	30,006	n/a
Homeless Coalition		15,000	15,000	15,000	n/a
Bethlehem Center		15,000	15,000	15,000	n/a
<b>Total New</b>	0	1,368,650	91,937	91,937	n/a
<b>Total All Agencies</b>	14,176,708	20,846,306	19,658,006	5,481,298	38.66%

# Total Unreserved General Fund Balance



# Total General Fund Balance

Fiscal Year Ended	Rev. & Transfers In	Expenditures & Transfers out	Total Fund Balance	Unreserved Fund Balance	Inc/(Decr.) in unreserved Fund balance	Total FB/Rev	Total FB/Exp	Unreserved FB/Rev	Unreserved FB/Exp
1997	135,617,165	133,488,337	35,598,921	30,433,940		26.25%	26.67%	22.44%	22.80%
1998	142,454,680	133,169,232	44,884,369	32,614,374	2,180,434	31.51%	33.70%	22.89%	24.49%
1999	147,924,205	151,387,278	41,421,296	32,088,845	(525,529)	28.00%	27.36%	21.69%	21.20%
2000	152,306,195	158,176,781	35,550,710	27,948,149	(4,140,696)	23.34%	22.48%	18.35%	17.67%
2001	148,891,330	151,339,019	33,494,589	26,676,518	(1,271,631)	22.50%	22.13%	17.92%	17.63%
2002	165,501,565	163,028,459	35,967,695	28,860,723	2,184,205	21.73%	22.06%	17.44%	17.70%
2003	168,715,991	164,005,706	40,677,980	30,784,700	1,923,977	24.11%	24.80%	18.25%	18.77%
2004	171,948,445	163,267,064	49,359,361	36,602,895	5,818,195	28.71%	30.23%	21.29%	22.42%
2005	168,838,642	170,747,803	47,450,200	38,975,983	2,373,088	28.10%	27.79%	23.08%	22.83%
2006	177,315,652	168,723,142	56,042,710	45,138,561	6,162,578	31.61%	33.22%	25.46%	26.75%
2007	185,226,387	186,138,748	55,130,349	45,027,258	(111,303)	29.76%	29.62%	24.31%	24.19%
2008	193,049,930	196,085,010	52,094,869	40,746,518	(4,280,740)	26.99%	26.57%	21.11%	20.78%
2009	200,143,993	208,491,863	43,746,999	31,520,660	(9,225,858)	21.86%	20.98%	15.75%	15.12%
2010	195,642,310	197,764,894	39,829,493	28,415,466	(3,105,194)	20.36%	20.14%	14.52%	14.37%

According to an April 2009 Moody's publication, the median value of general fund balance as % of revenue is 29.8%.



# Major City Funds

Fund	Current Budget	Current Operations		Incr./ (Decr.) Over Current Year	% Change
		Budget	Proposed 2012		
<b>General Fund</b>	<b>185,188,000</b>	<b>185,188,000</b>	<b>201,255,000</b>	<b>16,067,000</b>	<b>8.7%</b>
Municipal Golf Course Fund	1,817,360	1,817,360	1,798,000	(19,360)	-1.1%
Economic Development Fund	11,511,275	10,011,275	10,983,200	971,925	9.7%
State Street Aid Fund	4,079,360	4,079,360	4,215,000	135,640	3.3%
Hotel/Motel Tax Fund	4,166,384	4,166,384	4,798,500	632,116	15.2%
TN Valley Regional Communications	856,954	856,954	988,600	131,646	15.4%
Debt Service Fund	20,397,173	20,397,173	19,618,400	(778,773)	-3.8%
Interceptor Sewer System Fund*	44,866,564	44,866,564	47,033,100	2,166,536	4.8%
Solid Waste Fund*	8,223,379	7,096,379	6,888,100	(208,279)	-2.9%
Water Quality Management Fund*	13,694,524	13,694,524	14,298,000	603,476	4.4%
Automated Traffic Enforcement Fund	1,300,000	1,300,000	1,524,000	224,000	17.2%
Narcotics Fund	312,000	312,000	312,000	-	0.0%
	<b>\$ 296,412,973</b>	<b>\$ 293,473,973</b>	<b>\$ 313,711,900</b>	<b>\$ 19,925,927</b>	<b>6.9%</b>

\* Enterprise Funds

# **TOTAL PROPOSED BUDGET FY 2012**

**\$313,711,900**

**6.9% OVER CURRENT YEAR**