

City of Chattanooga FY2018 Budget Highlights



Introduction

This year's City of Chattanooga Budget continues to invest in the priorities that matter most to citizens -- safety, economic growth, strong neighborhoods, student and family stability, and government efficiency. However, this budget faced significant challenges from growing benefits costs, revenue reductions, and reallocations.

Budget challenges

- \$18.4M Fire & Police Pension: up \$5.1M (38% increase)
- \$6.5 M General Pension: up \$1.1M (20% increase)
- \$13.1M Post-employment benefits: up \$1.7M (15% inc.)
- \$20.3M Medical costs: up \$3.2M (21% increase)
- 1% cut to state sales tax on food
- 2021 phase out of Hall income tax (\$1.2M cut in FY2018)
- \$5.3M reduction to General Fund over next 3 years
- Overall, this is a more than \$16.4M increase in mandatory expenses without any new programs, service expansion or added positions.

This year the budget sets a tax rate of \$2.277, a full 3 cents less than last year's tax rate of \$2.309. While not as low as the tax assessor's certified rate of \$2.05, the rate captures some of the growth in rising values while recognizing the growing costs of city services. In fact, this year's tax rate will be the lowest for Chattanoogaans in any year (except one) since 1958, when a gallon of milk was 27 cents. In 2001, for example, the tax rate was \$2.51.

On a practical level, this means that if the value of your home stayed the same, you will pay less in taxes. Last year, a taxpayer with a home worth \$100,000 would have paid \$577.25. If your house was still worth \$100,000 this year, you will pay \$569.25, a savings of \$8.00.

Senior Tax Freeze

Chattanooga's participation in the Senior Tax Freeze Program will enhance the quality of life for seniors and increase financial security. Qualifying seniors must own their principal place of residence in Chattanooga and be 65 years of age or older by the end of the year in which the application is filed. In addition, they must earn less than the county income limit established for that tax year (For 2017, the Hamilton County household income limit is \$38,720.)

Additionally, the budget includes a Senior Tax Freeze, which will permanently freeze taxes at this new level for all seniors who qualify. Utilizing this revenue calculation, the finance department was able to allocate resources to priority areas that were used to determine funding for operations.

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Building a Safer Chattanooga

This budget builds upon the investments the City has made over the last four years, including allocating funds to implement innovative and effective policing strategies, increased technology to support the work of our officers, prevention programs for our young people, and high-quality emergency response. Key highlights that are building a safer Chattanooga include:

- \$100,000 to begin a 3-phase replacement plan for a 2nd set of turnout gear for Chattanooga firefighters
- Investing over \$2.3 million dollars to adjust the pay brackets for all sworn personnel (following through on our 2014 Memorandum of Understanding)
- 14 new authorized sworn positions at the Chattanooga Police Department to staff the gun crime unit and rapid response teams
- Critical support for ex-offender reentry, domestic violence survivor services at the Family Justice Center, the Police explorer program, as well as fire and police services

Building a More Prosperous Chattanooga

Through this budget, the City of Chattanooga is investing in small businesses, strengthening our infrastructure to support business recruitment, retention, and expansion, and providing citizens with the tools they need to participate in our growing economy. Key highlights that are building a more prosperous Chattanooga include:

- A brownfield coordinator that will allow the city to take advantage of opportunities to make brownfield sites viable for future development of residential, commercial or light industrial use, growing our economic potential
- Establishing 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
- Creating an office of workforce development that will oversee a workforce readiness and education fund to support young Chattanoogaans who may be preparing to enter the workforce as well as people who are unemployed and underemployed
- Economic development initiatives and infrastructure programs that support local businesses like the Growing Small Business (GSB) incentive as well manage ongoing maintenance of street assets including major repaving and resurfacing projects

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Building a Smarter, Healthier Chattanooga

The City will continue to invest in building smarter students and stronger families through a keen focus on early learning as well as ensuring students have access to literacy resources, new moms have more resources to raise healthy babies, and families are supported through effective programming in YFD centers throughout Chattanooga. Key highlights that are building a smarter, healthier Chattanooga include:

- Ensuring that every child is ready to enter kindergarten. Through an increased investment in Baby University, we will provide wrap around support to more families throughout Chattanooga including transportation, basic necessities, and case management
- Making a significant investment in the East Lake YFD center to turn it into a 21st century location for learning and recreation
- Expanding programming for girls at multiple YFD centers using Girls Inc's proven curriculum and logic model to empower young women to be community leaders
- Leading with an investment in expanding the Chattanooga Zoo with a new Africa exhibit
- Building a more cohesive community through greater diversity in public library materials
- Supporting our Step Up partnership for summer internships for high schoolers

Building a More Connected Chattanooga

Every Chattanoogaan should have the opportunity to live in a thriving neighborhood. Through this budget, the City of Chattanooga will continue our work to provide high quality affordable homes, recreation opportunities for residents, efficient and customer-focused services, and increased access to transportation options. Key highlights that are building a more connected Chattanooga include:

- Placing a record amount into paving and street improvements to provide the infrastructure that supports a high quality of life, almost tripling the amount of road dollars from the time Mayor Berke took office
- Removing blighted debris in Lupton City as we turn an eyesore into an asset for the community
- Remembering our past and spurring conversation about race in our community through a new Ed Johnson Memorial
- Investing in the East Lake community by funding the improvements to its spectacular park
- Paying homage to our Fallen Five heroes through a new installation along the Riverpark



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- Planning our long-term ability to improve congestion and connectivity in the new field of smart cities

Building a More Effective Chattanooga

We strive each day to build a more effective Chattanooga through the operation of a high-performing, constituent-focused local government. Ensuring the long-term financial health of the city means we are mindful of every dollar spent to provide excellent customer service to our constituents. Even with substantial budgetary impacts from recent legislative action, this budget funds all essential services, meets all financial commitments, and major projects for Fiscal Year 2017-2018. Key highlights that are building a more effective Chattanooga include:

- Retaining our employees through a fair and equitable raise that prioritizes employees at the lower end of the wage scale
- Keeping up with our obligations to employees, especially our sworn personnel, through meeting our benefit contributions
- Funding the health care plan needed to have a healthy, efficient workforce