

BUDGET AND FINANCE COMMITTEE
MAY 17, 2011
3:32 P.M.

Councilwoman Berz, Chairwoman, called the meeting of the Budget and Finance Committee to order with Councilmen Murphy, Ladd, Robinson, Scott, Gilbert, Rico and Benson present. City Attorney Michael McMahan; Management Analyst Randy Burns; and Shirley Crownover, Assistant Clerk to the Council, were also present.

Others present included Dan Johnson, Beverly Johnson, Mark Keil, Lee Norris, Steve Leach, Dickie Hutsell, Chief Parker, Vickie Haley, Simone White, Fredia Kitchen, Jim Templeton, Randy Ray, Daisy Madison, Beverly Cosley, Ulystein Oates, Chief Dodd and Greg Haynes.

PRESENTATION OF BUDGET

Chairwoman Berz stated that councilmembers would be getting copies of the Budget, hopefully; that the order of business would be that Ms. Madison will present the Budget and refer to the Budget document, itself. Chairwoman Berz stated that she would be asking for the Council's consideration concerning a meeting beginning on May 31st from 10:00 a.m. to 12:00 and then alternating with a 1:00 p.m. to 3:00 p.m. meeting. She stated that Thursday evenings did not work well. She asked the Council to think about this for a Plan of Work. She stated that Ms. Madison had prepared a nice, neat package with a summary and detail. She asked if the Council would get a copy of the overhead, as well?

Ms. Madison explained that the overhead was in the book that had been presented. She stated that she would not call all her Staff's names but that she was very appreciative of their hard work; that she had to be away from the office, and the work went on when she was not there. She expressed that she hoped the Council recognized the quality of the Staff that we have. She stated that this year's Budget is a challenge but managers had come together with a Plan for a balanced budget.

The first slide was entitled "Budget Priorities". She noted that these did not change much from year to year. Public Safety; Continued Emphasis on Youth; Implementation of Pavement Management Program; Competitive Pay and Benefits for City Employees; Legal Liability Containment; Technological Innovations; Compliance with TDEC and EPA Requirements; Prompt cost effective and courteous service to the citizens of Chattanooga; and Maintaining strong fiscal position are among the priorities.

Ms. Madison next covered Budget Highlights, the main highlight being "No Tax Increase". The total proposed General Fund Budget for FY12 is \$201 Million, which is 8.7% over the current year. Additional funding includes Hixson Recreation Center, Personnel, Fire, and Neighborhood Services. We will continue to address employee pay anomaly and career ladder programs. There is funding for increased cost of employee benefits; \$2 million in paving; additional funds

for 911; \$20 million funding for Agencies with 100% funding for Public Library, RPA, and Scenic Cities; \$1.5 million in Renewal & Replacement of small capital items under \$25,000. Compliance with Permits pertaining to Water Quality is also a highlight.

Ms. Madison noted that we need to address the Fire Anomaly, Police Career Ladder and Civilian Pay increase/anomaly. The net increase in personnel costs is \$9,203,184. Included also is the 2% Sales Tax Commission to the County in the amount of \$735,000, if this is assessed. Operation Changes amount to \$6,128,816.

She went over the Revenues, with the biggest growth being in Sales Tax. She went over a Chart of the Sales Tax Growth. The Local Option Sales is essentially stable. She also covered other State Taxes.

Ms. Madison next covered "Where the Money Goes", noting that most of it goes for Public Safety, followed by Public Works. Debt Service is 7.2%. Ms. Madison noted that we want it to stay below 9% or 10%. She went over how General Funds are allocated, with salaries and fringes amounting to 38.6%. She covered allocations by departments. She went over the Tier 1 Supported Agencies, including RPA and the Public Library. She then went to Tier 11 Supported Agencies, noting that we have a lot more agencies.

Councilman Gilbert asked about Tier 1 Agencies, noting that the City had paid so much and the County had paid so much. He asked if this was now city only? Ms. Madison explained that this includes the new dollars that we have as a result of the termination of the Sales Tax Agreement.

The next topic was "Total Unreserved General Fund Balance". Ms. Madison explained that when the Recession hit, we had to start using funds to fund the Capital Operations. She stated that this was "text book fashion"; that we have to re-create the cycle to rebuild and be fiscally strong and viable. She stated that our target or benchmark is 20%, which is a reasonable target.

Ms. Madison went over the major City Funds, noting that the TN Valley Regional Communications is handled by Paul Page. The proposed 2012 grand total is \$314 million, which is 6.9% over the current year.

Chairman Berz stated that she had visited this Budget and it was a fine job. She asked councilmembers to talk to their constituents about the budget and then talk to the department heads; that she thought everyone preferred meetings on Tuesdays and next Tuesday we have a challenge with the Volkswagen opening. She was proposing a meeting on May 31st from 10:00 a.m. to 12:00 for deliberation and then on the 7th of June from 1:00 p.m. to 3:00 p.m. She stated that we would alternate like this until all needs are met.

Councilwoman Ladd stated that she thought this schedule was fine.

Chairwoman Berz reiterated that councilmembers should meet with their constituents and the departments and on the 31st, we will have deliberation and again on June 7th there will be deliberation and on June 14th the deliberation meeting will be from 10:00 a.m. to 12:00. She added that Ms. Madison was available to answer any questions. She asked Mr. Johnson if he wanted administrative questions to come through him? He responded that for clarification, councilmembers could just call the administrator of each department, but if it were anything significant, he would prefer it come through him.

Chairwoman Berz thanked Ms. Madison and her department.

The meeting adjourned at 4:05 P.M.