



## NEWS RELEASE

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## **City Council approves FY19 Budget with no Property Tax Hike**

*\$169.7 million Fiscal Year 2018-19 includes 11 new Public Safety positions*

**FOR IMMEDIATE RELEASE:** June 14, 2018

**MURFREESBORO, Tenn.** – The Murfreesboro City Council Thursday (June 14) approved the \$169.7 million FY19 Budget on first reading following Budget Review sessions June 5-7 and June 13. Council approved 10 percent budget reductions from most departments totaling \$2.59 million along with increases in fee revenue as part of the budget process to reduce reliance on the reserve funds. The process of eliminating the City’s reliance on the reserve funds and balancing revenue and expenditures is expected to take three to five years.

The FY19 proposed budget is the 20<sup>th</sup> consecutive year without a property tax increase.

The new budget advances public safety with 11 new positions, including a full-time School Safety Education Officer (SSEO) in each of City’s ten elementary schools. Three battalion chiefs are added to the Fire Rescue Department.

New revenue is added by implementing a \$5.00 per month per container fee for solid waste collection beginning Jan. 1, 2019. Expenditure reductions include elimination of six full-time positions. Additionally, two major FY19 CIP projects were delayed one year to help reduce reliance on the fund balance. Blackman Park and the Cherry Lane extension, will be delayed so borrowing in the FY19 fiscal year can be reduced to a maximum \$60 million.

“This budget exercise proves that no amount of budget reduction, save from eliminating entire departments and functions, can accomplish the goal of eliminating use of the General Fund fund balance to supplant annual revenues in the budget,” said Assistant City Manager Jim Crumley. “Our biggest challenge is to manage growth and change throughout the City and its government, so that infrastructure and public service amenities operate effectively and efficiently for all citizens.”

In accordance with the City Charter, Assistant City Manager Jim Crumley submitted the City’s Proposed \$169.7 million Fiscal Year 2018-19 (FY 19) Budget by May 15 for review by the City Council in June. The proposed General Fund expenditures increase 5.12 percent while revenues increase 2.42 percent from FY 2017-18 budgeted amounts.

The FY 2019 budgeting plan began with the goal of reducing dependence upon use of the General Fund balance which requires the use \$3,999,055 from the General Fund reverses. Use of reserve funds is necessary despite increases in most current revenue sources and diligent budget review and reductions.

Notwithstanding the need for reductions, the budget provides \$1.275 million in additional funding for City Schools ahead of the anticipated opening of a new Southwest school in August 2019. Debt Service requires \$4.6 million, a 13.5 percent increase, to fund \$71 million in General Obligation Bonds for the Capital Improvement Plan (CIP) issued during 2018. The Staff Manager recommend borrowing funds be held to a maximum of \$60 million in the 2019 CIP to help control the use of reserves in the operating budget.

The budget includes a \$5.00 per container per month fee for Solid Waste collection beginning Jan. 1, 2019, which will raise an estimated \$1.38 million in the fiscal year. Full cost recovery of current Solid Waste operations would require \$10.00-\$11.00 in monthly per container fees. Although the \$5.00 a month per container will not fully recoup the expenses of operating City Solid Waste services, it is the beginning of a process to separate waste collection out of the general fund to become a "self-supporting service." Council had previously approved a \$5.00 per container fee in 2016 but it had not been collected while City staff determined on the best option for billing. In the future, with the closing of Middle Point Landfill, the added cost of a tipping fee, transfer stations, and recycling could be included in the full cost of Solid Waste collection.

In addition to the minimal \$5.00 per month per container Solid Waste fee, the City will begin generating \$950,000 in new revenue from other fee increases: \$550,000 in new income from building permits while maintaining one of the lowest permit costs in Middle Tennessee and \$152,000 thousand in Parks & Recreation fee increases. Increased Golf course green fees and Senior Center participant fees will generate an additional \$130,000 in revenue).

The proposed FY19 budget abolishes six full-time positions. These employees can apply for vacant positions and are eligible for 90-day severance and/or retirement. Reductions in the police department command, two Majors and a vacant Assistant Chief position, streamline the departments command structure by removing two high-ranking layers of supervision.

The budget includes a 3 percent across-the-board pay increase for all full-time employees at an approximate cost of \$1.66 million. Currently, the City is conducting an internal compensation study of pay and benefits to correct market deficiencies. The budget recommends \$2 million to make corrections with entry level positions prioritized for increased hourly wages to be competitive with the region. These Adjustments are proposed to occur in 2018.

The budget also contains a 24 percent increase of \$1.275M in annual operating funds for the Murfreesboro City Schools to deal with student population growth and the opening of the City's 11<sup>th</sup> elementary school on St. Andrews Drive.

The proposed budget prioritizes spending on four primary goals established by City Council:  
1) Safe and Livable Neighborhoods, 2) Strong and Sustainable Financial and Economic

Health, 3) Excellent Services with a Focus on Customer Service and 4) Engaging Our Community.

The Safe and Livable Neighborhood category projects call for nine (9) new patrol officer positions and a Captain. Other **Priority 1** projects include:

- Design development and construction of a new \$33 million Southwest School opening in Aug. 2019.
- Design development of the 120-acre Blackman Park on the West side of Murfreesboro, delayed in CIP funding for one year.
- Construction of relocated Fire Station Four and the Doug Young Public Safety Training Facility. Fire Rescue Department adds three battalion chiefs to establish zones for fire suppression.
- Design development of a new Fire Station Eleven at Blaze Drive and Fortress Boulevard.
- Completion of a 700 MHz two-way radio system for public safety.
- The City Opened the new Police Headquarters on Highland Avenue in June/July 2018.

Major capital projects include a new \$33 million elementary school, two new fire stations and a new airport terminal.

Livable communities also provide accessible recreational opportunities. In 2017, Parks and Recreation celebrated the grand opening of the new Miracle Field at McKnight Park which continues to draw participants and fans alike. A new Jordan Farm Soccer Complex was opened at Jordan Farm in 2018 and construction is underway on an extension of the Greenway from Highway 99 to Barfield Crescent. To reduce operating expenses and provide efficient services, two Parks & Recreation positions—a program coordinator and administrative assistant—were eliminated.

**Priority 2**, Strong and Sustainable Financial and Economic Health, highlights some of the following initiatives:

The City's financial health continues to be a hallmark. Moody's Investors Service and Standard and Poor's assigned the "Aa1" rating and "AA" respectively, to this issue. Moody's cited the benefits from a large and rapidly growing tax base located within the Nashville MSA, as well as a solid financial position marked by strong reserve and liquidity levels. While the City's debt burden is above-average, due to the expanding nature of the tax base, debt levels will remain manageable over the medium term. Moody's upgraded the City to Aa1 in 2016, the second highest rating possible on an 18-step range. Moody's cited the City's well-managed financial position and ample reserves supported by strong budgetary controls as factors in their decision to upgrade the City's bond rating.

In the past ten years, the City budgeted annually from \$1.5 million to \$4.8 million from fund balance to balance the General Fund's annual operating budget. The proposed FY19 budget identified the use of \$3.994 million unassigned fund balance. In many respects, this is a byproduct of keeping taxes modest while expanding capital projects and public services in a fast-growing City.

City Council adopted a set of financial policies that guides budgetary and debt decisions. The City Manager's Office and Finance Department manage the City's finances within these guidelines. The City has won seven consecutive Distinguished Budget Presentation Awards from the Government Finance Officers Association (GFOA) and will seek the eighth with this

budget. This is a companion to the award the City has earned for 18 years for its Comprehensive Annual Financial Report (CAFR) also known as the annual audit.

The FY19 budget begins the process of streamlining the span of control into divisions under the City Manager by creating a newly reorganized Development Services Division. Under this new umbrella, all development services would include Planning, Building & Codes, Community Development and aspects of Engineering and Urban Environmental. Additionally, two new positions will enhance the City's economic development with focus on re-developing downtown, utilizing incentives, locating the next major planned development area, and implementing the Bottoms and Highland Avenue studies.

- Continue to implement *Murfreesboro 2035*, the City's comprehensive plan, along with the Historic Bottoms and North Highland Avenue land use studies and design guidelines to attract downtown development.
- Implement priorities in the Major Transportation Plan, including development and construction of Cherry Lane Extension from Memorial Blvd. delayed in CIP funding for one year.
- Redevelopment of the former First Methodist Church/Franklin Synergy site.
- Construction on improvements to Lytle Street Phase Two, Jones Boulevard, Thompson Lane, Middle Tennessee Boulevard, John Rice Boulevard and Greenway Phase IV.
- Development and construction of a new Airport Terminal.
- Continue to work on options for disposal of solid waste, including implementation of a billing structure, due to the expected closure of Middle Point Landfill.
- Identify areas in the City for future investment and designation for business and industrial recruitment and pursue economic development projects in the City.

**Priority 3, Excellent Services with a focus on customer assistance, includes the following:**

- Improvement to Parks & Recreation facilities.
- Fully implement holiday signal timing plan for Medical Center, Old Fort and Mall Circle Drive.
- Complete the Middle Tennessee Boulevard Improvement Project near MTSU.
- Begin construction on the Rutherford Boulevard Adaptive Signal Control Technology System.
- Upgrade intersection signal technology in partnership with TDOT I-24 SMART Corridor project.
- Design phase of a new Transit Facility serving Rover and RTA at West Main and Bridge Avenue.

The City communicates and engages with citizens in many ways with a robust award-winning television service. City TV, the City's website, news releases, Parks and Recreation user surveys, neighborhood open houses, public hearings, presentations to civic groups, and Citizen Police and Fire academies all engage the community.

In 2016, CityTV converted to High Definition (HD) through a grant from Comcast and the Legal Department published the City Code on-line to give customers real-time access to the City's code and requirements.

**Priority 4, Engaging Our Community, includes the following:**

- Continue holding neighborhood meetings on planning issues, including annexations, rezoning and planned development.
- Continue to use social media, including Facebook Live, to engage citizens with priorities identified in the 2035 Comprehensive Plan and Land Use Studies.
- Connect with our residents and customers of Parks and Recreation to develop a master plan.
- Continue to engage citizens with the arts community through exhibits and promotion of the arts industry and its economic benefits.

The proposed FY19 budget recommends a total of twenty-one (21) new full-time positions (a net increase of 14) to be added to the current 904 full-time personnel (excluding the Water Resources Department).

The proposed budget does not include a property tax increase and adopts a projected certified tax rate of \$0.9494 following the reappraisal process. The previous tax rate was set at \$1.2066. FY19 property tax revenues are projected to be \$41.4 million, compared to \$40.5 million in FY18, an increase of 2.34 percent due to new construction and growth.

Budget Review Sessions on the FY19 budget were held June 5, 6, 7 and 13. The Public Hearing and First Reading of the budget ordinance was June 14 and Second reading will be considered on June 21.

**New Positions**

In addition to the above-mentioned new positions in the Murfreesboro Police Department, Fire Rescue, Development Services and Transportation, the budget also adds a new position at the Municipal Airport. An Assistant Airport Manager will support operation of the Murfreesboro Municipal Airport as it constructs a new terminal to replace the current 56-year-old terminal. The budget also provides for a new equipment operator in the Street Department for pothole repair. A heavy equipment mechanic is added to the Fleet Department as it manages a 16 percent increase in vehicles amid City growth. One position is added to the Information Technology Department.

Other details of the proposed budget are provided below:

**General Fund Revenue Projection Increases, \$3.75 million increase, +2.42 percent:**

- Local Option Sales Tax, \$3.2 million increase, +7.0 percent. . . . . 30% of budget
- Property Tax, \$945,000 increase, +2.34 percent. . . . . 25% of budget
- State Shared Sales Tax, \$1.9 million increase, +21 percent . . . . . 6.5% of budget
- State Gas Tax, \$650,000 increase, +18 percent
- Red Light Cameras, \$900,000 total, +\$230,000 (vendor paid \$522,000)
- New Solid Waste Fee, \$1.38 million (\$2.76 million annually). . . . . 0.8% of budget

**General Fund Revenue Projection Decreases**

- City Court Fines & Fees, \$1.25 million total, -\$400,000
- State Hall Income Tax, \$645,000 total, -\$35,000

To reduce the General Fund Balance usage, most department heads were asked to reduce FY2019 operating budgets by approximately 10 percent. Examples of budget reductions/eliminations are provided below:

- Police Department Reductions and Expenses -\$420,000
- Information Technology Software & Network Maintenance -\$283,000
- Solid Waste Reduced Hours of West Main Convenience Center -\$56,000
- Facility Maintenance Expenses -\$67,000
- Golf Department Expenses -\$64,000
- Street Maintenance Supplies (including Salt) -\$127,000
- Courier Service in City Manager's Office -\$25,000
- Fire Rescue Department Overtime -\$50,000
- Tax & Finance Professional Services -\$40,000
- Fire Department Expenses -\$38,000
- Engineering Consultant Services -\$30,000
- City Council membership in Tennessee Municipal League -\$25,000
- Planning Consultant Study -\$25,000
- Information Technology Consultants -\$25,000
- Communications Closed Captioning of City Meetings -\$18,000
- Purchasing Small Business Program -\$17,000
- Parks & Recreation part-time employment reduced 19 percent -\$423,000

*For City News online, visit [www.Murfreesborotn.gov](http://www.Murfreesborotn.gov).*

**Logo attached:**

1. *City Logo.jpg.*