



NEWS RELEASE

Mike Browning

PUBLIC INFORMATION DIRECTOR

Twitter: @cityofmborotn

Facebook: www.facebook.com/cityofmurfreesborotn

PHONE: 615-849-2629

EMAIL: mbrowning@murfreesborotn.gov

Website: www.murfreesborotn.gov

Council approves reduced FY21 Budget amid Covid-19 economic stress

\$180.4 million Fiscal Year 2020-21 Budget imposes \$11.7 million in budget reductions, hiring freeze

FOR IMMEDIATE RELEASE: June 10, 2020

MURFREESBORO, Tenn. – The Murfreesboro City Council Wednesday (June 10) approved the City’s adjusted \$180.4 million proposed FY21 General Fund Budget on second reading following a special Budget Review meeting in May and a public hearing in June. The FY21 budget is approximately \$8 million less than last year’s FY20 budget and projects to use \$5.47 million of fund balance to account for a drop in revenues related to addressing the coronavirus pandemic.

The budget maintains last year’s property tax rate of \$1.2894 per \$100 of assessed valuation property. The budget has no tax increase, and maintains the property tax rate adopted by Council in 2019.

An estimated 6 percent decrease in revenues from FY20 required reducing planned expenditures for FY21 by \$11.7 million for FY21. These include the following:

- \$2.9M reduction for equipment
- \$2.3M reduction for employee pay raises
- \$1.76M reduction of Debt Service used to finance debt
- \$1.8M reduction for new Police Officer positions and equipment

“While early in 2020 the City had anticipated continued revenue growth and investments in expanded community projects and staff positions to accommodate the City’s growth,” said Mayor Shane McFarland, “Covid-19’s economic impact required reassessment of the FY20 and 21 budgets in response to declining revenues caused by the related mitigation measures.”

Prior to the unprecedented economic effect of the pandemic, Council set a goal for the budgeting process that reduced dependence upon use of the General Fund’s reserves to balance the budget. Implementation of public health measures necessary to address the pandemic is expected to impact revenue and require \$5.47 million from reserves in FY21.

Additionally, operationally the budget has been adjusted for:

- A general hiring freeze and deferral of certain budgeted expenditures

- Deferring of anticipated budget increases until more certain on the economic recovery
- Restructuring Community Investment Programs (CIP) to eliminate borrowing for FY20 with most FY21 projects deferred until the economy stabilizes

In accordance with the City Charter, City Manager Craig Tindall submitted to Council on May 14th the City's Proposed \$180.4 million Fiscal Year 21 Budget. A Budget Review Session was held May 21st during which the economic assumptions and expectations used to develop the FY21 Budget was presented and discussed.

SCHOOL FUNDING

In FY21, the \$90.75 million School's budget requests no additional funding from the City's General Fund. City Schools' operating expenses and debt service equates to approximately 25 percent of projected property tax revenues.

PUBLIC SAFETY

Public Safety remains the highest priority of the City; it is a priority that is maintained in the reduced FY21 budget.

Priority 1: Maintain Public Safety

- Completion of emergency communications call processing protocol software installation that will provide a consistent, traceable system for 9-1-1 and non-emergency call processing
- Construction of a fifth communications tower enhancing Emergency Radio Communications with Rutherford County Emergency Services
- Continue development of a 9-1-1 Call Center Partnership with the National Center for Missing and Exploited Children (NCMEC)
- Securing the Association of Public Safety Communications (APCO) Agency Training Program Certification for Murfreesboro Emergency Communications
- Implementation of a 9-1-1 comprehensive quality program for evaluating emergency call processing and dispatch performance, feedback on protocol compliance, commendation, and training as appropriate to ensure continued center excellence
- Grant funding for and purchase of automated/continuous CPR devices
- Provide "in-house" Emergency Medical Technician and Advanced Emergency Medical Technician class to 20-25 personnel
- Continue installation of security cameras, the Park Smart Campaign, and other measures to focus on a safe and enjoyable park experience

In April, Murfreesboro Fire Rescue opened the new Fire Station Eleven at Blaze Drive and Fortress Boulevard neighboring Blackman High School.

Priority 2: Responsible Budgeting

Despite current economic uncertainty, the City's financial condition remains solid with strong reserves accounts and adequate liquidity levels. The City's Debt Rating was recently confirmed at Aa1 for Moody's Investor Service, indicating a very strong creditworthiness relative to other municipalities. Moreover, the City's previous AA rating by Standard and Poor's, signifies the

City's very strong capacity to meet its financial obligations. The Council maintains a fund balance within the adopted Financial Policy of 15-30 percent of total General Fund revenues.

Initiatives that address Priority 2 include:

- Monitor the City's financial condition and consistently communicate the status using clear dashboard measurement tools
- Pursue revenue producing projects in the City at a greater pace by continuing to pursue economic development opportunities
- Work with federal and state transportation agencies to obtain planning, construction, operations, and maintenance funding and leverage state transportation priorities

The City operates with two budgeted expenses, operating expenses and capital expenditures. Operating expenses are funded by taxes and fees. Capital expenses are generally funded by debt. These two budgets work in conjunction with the operating budgeting carrying the debt service resulting from borrowing for capital expenditures. Expenditures for capital investments related to economic development creates additional operational revenue.

Regarding capital expenditures, current and planned debt remains below the City's conservative debt ratios. General Fund Debt Service decreased by \$3.4 million (FY21), an 8.3 percent decrease due to roll-off of debt and no additional borrowings anticipated in FY20 or FY21. The Community Investments Program (CIP) will be reassessed in the Fall.

Priority 3: Expand Infrastructure

More than \$14 million in grant funds and State Street Aid funds are used for roadway maintenance and construction projects planned in FY21 to address infrastructure needs. Other infrastructure related expenses include:

- Coordinate implementation of the Gateway Streetscape Master Plan
- Provide prompt review of applications for permits and development plans
- Ensure prompt review of construction plans, including maintaining excellent communication with developers and builders
- Implementation of Land Management System to assist public works division and the public in permitting, projects, inspections and other activities related to permitting, planning and engineering review
- Utilization of GIS mapping to analyze service delivery needs and requirements
- Maintain, update, and implement the land use plans for the Murfreesboro 2035 Comprehensive Plan and related small-area plans

Priority 4, Improve Economic Development,

Economic development emphasis is supported by the following:

- Focus on long-range planning to provide adequate, properly zoned land for economic development opportunities

- Develop master plans for transportation and utilities to facilitate future economic development opportunities
- Enforce zoning regulations to maintain the community as an attractive place to live and invest
- Establish the new Terminal and Business Center providing world class meeting and event space for the community and visitors to the City
- Provide opportunities for tourism, tournaments, and special events that produce positive economic impact for the city

Additionally, in FY21, the City will open its new Municipal Airport Terminal, which will be important as a tool to demonstrate the City's growth and projects in its future. Private sector redevelopment of the former First Methodist Church/Franklin Synergy property site will be an important catalyst for economic development in the downtown area.

Priority 5: Establish a City Brand

Several factors weigh into the effort to create a beneficial brand for the City. While there has long been consistent growth in the retail and residential market segments, a brand will assist in expanding other sectors and enhance what our community offers. Creating a brand requires assessment of the City's competitiveness, ability to proactively attract desired types of businesses, and ensuring the level of job opportunities can be sustained. Work on these factors is currently underway and will continue in FY21. Moreover, this work will be vital in assisting with the City's economic recovery.

Other areas that will be addressed in FY21 that are instrumental in forming the foundation for the City's reputation are:

- Strengthening outreach and customer service efforts to demonstrate the importance of these aspects of the City brand
- Conducting neighborhood meetings for major zoning and annexation applications
- Providing excellent assistance to visitors to City's various departments
- Welcoming new City residents, including those in newly annexed areas
- Utilize social media for public notification and for public participation in City projects
- Attend and present projects of interest at civic and educational organization meetings

During FY21, the City will continue to engage citizens with award-winning Parks and Recreation Department programs and activities. The City also offers a nationally recognized television service, CityTV. The service produced remote educational programming amid the pandemic shutdown. The City's official Podcast, "The Insider," debuted in 2020 on Podbean, Spotify and Apple. "Nextdoor," the friendly neighborhood app, is a newly-included addition to the City's social media platforms-- Facebook, YouTube and Twitter. These and other platforms regularly seek to engage citizens. Through CityTV, user surveys, public hearings, the City's website, social media, and Citizen Police and Fire Academies, the City consistently works to engage the growing and diverse community.

-(MORE)-

Other Budget Facts

Tax & Budget Summary

- The proposed General Fund expenditures reflect a decrease of 4 percent while revenues reflect a decrease of 6 percent from FY20 budgeted amounts.
- The proposed budget maintains a Projected Certified Tax Rate of \$1.2894
- FY21 Property Tax Revenues are projected to be \$63.3 million, an increase of 5.4 percent, compared to \$60 million in FY20, \$42.4 million in FY19 and \$41.4 million in FY18.
- The total FY21 budget of \$642 million includes the General Fund Budget of \$180.4 million and three additional budgets for City Schools, \$90.75 million, Water Resources Department, \$46.05 million and Electric Department (MED), \$185.7 million, which are handled separately.

A Budget Review Session on the FY21 budget was held May 21st. The Public Hearing and First Reading of the budget ordinance was June 4th, and Second reading was on June 10th. Other details of the proposed FY21 Budget are provided below:

General Fund Revenue Projection Summary:

- Overall \$11.8 million decrease
- Property Tax, \$3.2 million increase, +5.4 percent.35.6% of budget
- Local Sales Tax, \$7.1 million decrease, -15 percent.23.6% of budget
- State Shared Sales Tax, \$1.386 decrease, -12.7 percent5.4% of budget

Employee Pay

As a service provider, the City's largest budget item is salary and benefits for its workforce of nearly 1,000 full-time and 410 part-time employees. These employees work diligently to take care of the community's needs from trash collection and water service to public safety and recreational programs. In response to economic conditions created by the pandemic, budget reductions include deferring \$2.5 million in employee raises for FY21. Under the City's FY21 Priority 3 Strategy, dependent on a possible "strong" economic recovery, pay increase and benefit increases could be restored along with added positions and equipment. The FY21 Priority 1 Strategy under a "moderate" economic recovery could add 19 new police officer positions in the Murfreesboro Police Department; Information Technology and equipment and software, and Fire equipment (\$20,000).

The full proposed FY21 Budget is available for review at <https://www.murfreesborotn.gov/DocumentCenter/View/11576/FY-21-Proposed-Budget>

For City News online, visit www.Murfreesborotn.gov.

Budget Cover and Photo attached:

1. *FY2020-2021 Budget Cover.jpg.*
2. *City Council Workshop Meeting, June 10, 2020.jpg*