

BUDGET AND FINANCE COMMITTEE

June 7, 1999

3:00 P.M.

The Budget and Finance Committee was called to order by Councilman Hakeem, Chairman, with Councilmen Lively, Hurley, Pierce, Eaves, and Rutherford present. Councilman Taylor joined the meeting later. City Attorney Randall Nelson; Management Analyst Randy Burns; and Shirley Crownover, Assistant Clerk to the Council, were also present.

Others present included Adm. Marcellis, Simone White, Fredia Kitchens, Don Bain, Randy Ray, Mayor Kinsey, Adm. Boney, Daisy Madison, Ken Hays, and Adm. Traughber.

PRESENTATION OF BUDGET 2000

Chairman Hakeem called on Mayor Kinsey to make the Budget Presentation. Mayor Kinsey stated that everyone should now have their copy of the Budget. He expressed appreciation for the work done by Don Bain's Staff, Daisy Madison, Adm. Boney, and Department Heads, noting that they had spent a great deal of time on this. Mayor Kinsey noted that this was the third Budget that he had had a part in, stating that this was clearly the most challenging year. He stated that they had tried to address the concerns expressed by the citizens and were adding a lot of new services; that citizens seem to be happy with the present services and also the new ones we are embarking on. He stated that we would continue to be as competitive as we can with no tax increase.

The proposed Operating Budget figure this year is **\$125,641,486** compared to last year's Budget of \$127,913,202, prompting Mayor Kinsey to state that we are truly looking at doing more with less. He stated that there would be no change in the tax rate.

Councilwoman Rutherford asked what the tax rate was when he came in office. He responded that it was \$2.78, and we reduced it down to \$2.52.

Mayor Kinsey pointed out that we have a total revenue increase of \$4,342,284 and the forecast for the increase in property assessments is 1.8%. Mayor Kinsey reiterated that we were trying to keep taxes as low as possible.

In discussing Expenditures, Mayor Kinsey explained that we are still analyzing the agency funding and there may be an opportunity to combine agencies into different areas. Mayor Kinsey stated that salary increases were limited to Step Increases only and no cost-of-living increase. He reminded the Council that we had engaged in a very good salary survey and spent a lot of money doing this to make sure we are paying our employees what they deserve. He stated that we are at the high end of the market for Fire and Police. He stated that our employees do a great job, and we need to reward them accordingly. He stated employees were looking at a step increase of about 4%.

Councilman Pierce asked the difference between a step increase and cost-of-living increase and why not just give a cost-of-living increase instead of the step. Mayor Kinsey responded that the pay schedule could get out of line; that we need to be in line with the rest of the market and might have to raise steps. It was noted that the cost-of-living increase is about 2%. Councilman Pierce maintained that he thought we would be more in line with a cost-of-living increase than a step increase. Mayor Kinsey stated that long-term, this would be a good place to get to; that it would involve a true merit situation, and we were not organized to do this—that it was easy to say and hard to do; that we were making great progress with the Pay Plan and need to work on this. He stated that we are also including a 4% increase for Non-Pay Plan Employees, and there will be no increase for employees at or above the highest step in the grade—that they would just need to work to get promoted to a new position because we can not pay more than a job is worth.

Mayor Kinsey went over the Employee Health Insurance Increase of 12% or \$1.3m. He stated that we have a Contingency Fund of \$500,000 and a R & R Fund of \$1,500,000. He explained that we are going to transfer street lighting from General Services to Public Works.

The next subject discussed by Mayor Kinsey was **Staff Increases/Enhanced Services**, beginning with Police Enhancements—Under Community Policing there will be two new precincts at Walnut Street Bridge and St. Elmo/Alton Park and a TVA Storefront Operations on M.L. King. There will be 11 additional School Resource Officers, one at every Middle School in Chattanooga. He stated that he felt we would be able to pick up the slack as Federal Funding goes down. He mentioned one area that the Public would be able to see which is the addition of an Animal Services Division, which will include total funding of 17 new positions, which is close to \$1m for animal control. He stated that we might have to give the Humane Society a little more than we have budgeted. Councilman Pierce asked if these 14 officers would be sworn officers. Mayor Kinsey responded that they would not be regular police officers—that the reason we have put this in the Police Dept. is in order to have enforcement capabilities. He stated there would also be one Assistant Community Outreach Director, one Police ID Technician, and one Grant Specialist.

Mayor Kinsey noted 14 additional Firefighters which would enable us to reach the level for full staffing. He stated one of his big goals was to increase our Insurance Rating to Class 2.

He mentioned five new positions in Public Works; three in Finance & Administration; and one Personnel Assistant in Personnel. There will be four new positions in Neighborhood Services including one Codes Inspector; two Neighborhood Relations Coordinators; and one Program Coordinator. Councilwoman Hurley asked how this compared to a Code Enforcer. Mayor Kinsey responded that most significantly it is Zoning Enforcers. Councilwoman Hurley asked if they would look at the conditions that the Council places on rezonings. Mayor Kinsey responded that was correct and also look at where people are operating out of zone.

The Parks and Recreation Department is adding 34 new positions, 30 being part-time. There will be a new Deputy Administrator and One House Manager. Councilwoman Rutherford asked what a House Manager was. Adm. Boney responded that he would be in charge of the Carousel. Chairman Hakeem asked about the net. Ms. Madison stated that really there were only 22 new positions because 12 had been deleted. Mayor Kinsey added there would be more part-time positions. Councilman Pierce asked if the four new rangers would be at the Aquarium. Councilwoman Hurley stated that they would be at Coolidge Park. Adm. Boney noted that most of our rangers are at the Aquarium. Mayor Kinsey stated that this would be the first full year of Coolidge Park, and it is expensive; that he was sure everyone shared his excitement in seeing this come to fruition.

Mayor Kinsey stated that in conclusion he felt really good about the efficiency of the Department Heads; that he had challenged them to make a difference and provide services people care about, and they had done this without raising the tax rate; that we were spending a lot of money on services people care about, and we were doing it more efficiently than ever, and the focus is on the neighborhood. He thanked the Finance and Budget Dept. for putting up with his changes, even as close as two hours ago.

Chairman Hakeem stated that now was the opportunity to ask questions; that there was also a Budget and Finance Committee scheduled for tomorrow evening prior to the Council meeting, and there will be a Budget and Finance Committee each week until the Budget is passed. Mayor Kinsey stated that he would not be here tomorrow but Mr. Boney would be here.

Chairman Hakeem asked as a point of clarification that he had heard the Mayor mentioning in relation to providing services that people would pay for services received. He asked for a particular example. Mayor Kinsey responded that he did not have a particular example. Chairman Hakeem stated that he did not want people to think we were going to begin charging for things like garbage services. Mayor Kinsey stated as an example the charges mentioned for the Memorial, Tivoli, and different parks. He stated he was not talking about garbage service.

J. B. Collins asked if there were any particulars concerning a combination of joint services. Mayor Kinsey responded “no”, but the numbers would not change.

Councilman Pierce asked about the projected time for passing the Budget. Chairman Hakeem responded that we desired to have it passed by June 30th; that it would be up to the pleasure of the Council; that first reading would be next week. Councilman Pierce asked if there would be an opportunity to bring in joint agencies for questions—if there was anything in place if the Council wanted to bring anybody in. Chairman Hakeem responded that the Council could make notification if there is an agency we need to bring in; that they would have to be here by next Tuesday.

J. B. Collins asked where the total revenue increase of \$4+m was coming from. Adm. Boney responded that there was a 1.8% growth forecast in property assessments and a moderate projection in sales tax and an increase in fines, forfeitures and penalties. Mayor Kinsey added that every year we are losing on personal property depreciation.

Chairman Hakeem stated that if there were any agencies we felt we wanted to meet with, then please give the information to the Council Staff or to himself, and we will have them here next Tuesday.

Councilwoman Rutherford asked where in the Budget this information would be found. Adm. Boney stated that the information was on Page 17.

Chairman Hakeem stated that unless the Council tells him differently, this will be on the agenda for first reading next week. Councilman Lively suggested having it on the agenda for first reading next week; second reading on the 22nd and third reading on the 29th. Chairman Hakeem stated that everyone needed time to peruse the document. He asked if there was a desire to have a Budget and Finance meeting tomorrow; that the Council could just provide their questions to Adm. Boney. Councilman Taylor indicated a desire to leave the committee meeting on the agenda. Mayor Kinsey added that this was a 300 page document and plenty to read. Councilman Pierce suggested forgoing the meeting tomorrow and having another long meeting next Monday.

Adm. Boney noted that we are on track to have the rate increase go to the employees by July 1st; that we are trying to avoid retro-active pay. He questioned if a provision could be made to allow payroll to roll this over on July 1st. Attorney Nelson noted that the Budget Ordinance would not be in effect until two weeks after June 29th and stated he could put a provision in the Ordinance to allow for the rate increase to go into effect the first of July. Chairman Hakeem verified that this would avoid having retro-active pay. Attorney Nelson stated that employees would be paid at the new rate beginning July 1st.

It was decided that the Budget and Finance Committee meeting would remain on the agenda. Chairman Hakeem thanked the Mayor and Finance people for all their work.

The meeting adjourned at 4:00 P.M.