

History and Development

Founded as a ferry landing and warehouse site in 1815, the City of Chattanooga was incorporated under the State of Tennessee Private Acts of 1839. The City is commercially and industrially developed and is situated in the center of the six-county Metropolitan Statistical Area ("MSA"), which includes Hamilton County and the counties of Marion and Sequatchie, Tennessee, and the counties of Catoosa, Dade and Walker, Georgia. The City is the county seat of Hamilton County and is located near the southeastern corner of the state on the Tennessee-Georgia border. The City encompasses an area of 126.9 square miles and a population of 152,393. The Tennessee River flows through the center of the City, which has a diversified terrain. The MSA is centrally located in relation to other major population centers of the Southeast, being within a 150-mile radius of Knoxville and Nashville, Tennessee; Birmingham, Alabama; and Atlanta, Georgia.

The City's commitment to long-range development along the Tennessee River corridor is still receiving major emphasis from local public and private leaders. The opening of the \$28.5 million Max Finley Stadium/Gordon Davenport Field in October 1998 was the latest in a string of major downtown projects that have transformed the City during the 1990s. The \$45 million Tennessee Aquarium began the downtown renaissance five years ago when it opened as the world's largest freshwater aquarium; the renovated Walnut Street Bridge reopened a year later as the longest pedestrian parkway over water; the \$16 million Children's Discovery Museum opened the following year; and the \$14 million IMAX Theater was added 1997.

The economic impact of the aquarium has been more than \$500 million. By any measure,

that is a phenomenal return on the facility's \$45 million cost, most of which was provided by individuals, business, foundations and others. In 1998 year alone, the spillover included a new hotel, the Bijou theater and an adjacent garage used for parking and as a deposit for the electric shuttle. They joined more than 100 new stores, restaurants and coffee shops in the area.

Around Downtown, along with the restaurants and retail shops that are opening, the Tennessee Riverwalk has been extended much of the way from Ross's Landing to the Chickamauga Dam. The area around the Hunter Museum of American Art has developed into the Bluff View Arts District. Also, construction of a new \$2 million softball stadium at Warner Park and the continued development of the Tennessee Riverwalk, included the opening this year of a -\$3 million phase of Coolidge Park. Even more ambitious plans are taking shape near the stadium in the Southside, where more than \$100 million in development is planned to include a \$45 million expansion of the downtown Trade Center a \$43 million conference and training complex, and \$12 million parking garage.

The City currently enjoys a favorable economic environment and local indicators point to continued stability. Economic diversity in the region provides long-term resilience and protection against a decline in any one sector. The City continues its effort to foster economic growth in the Chattanooga area largely through the efforts of RiverValley Partners, Inc., formerly the RiverCity Company and Partners for Economic Progress. RiverValley Partners, Inc. has been instrumental in stimulating new industry and commercial activity. Its mission is to develop and implement a realistic economic strategy that will create jobs for all the Chattanooga region's citizens through growth while building on the character and quality of life that makes this a unique and special community in which to live and work. The area's central location in the South makes it a perfect distribution



Photos courtesy of Chattanooga Area Convention & Visitors Bureau

center for the eastern United States. Supplies and products for industry flow easily to and from the Chattanooga area by way of an extensive network of highway, water, air, and rail transportation systems. Beyond its advantages as a business location, Chattanooga is blessed with beautiful natural surroundings. A gracious life-style results from the community's commitment to preserving its culture and supporting the arts. Chattanooga offers excellence in education and quality health care as well as a virtually unlimited range of recreational activities—all at one of the lowest costs of living in the nation.

These and other initiatives have generated record amounts of global attention and an increasing amount of investment. During the past year the City landed one of the biggest job generators in its history when AT&T announced plans for a 1,000-employee telemarketing office and one of the City's biggest corporate investments in history when DuPont announced plans to spend another \$150 million at its Hixson plant. These additions are part of an estimated \$425 million of new investment decisions announced in the past year. Collectively, these moves are projected to eventually add an estimated 4,000 jobs in Hamilton County. AT&T has leased 67,000 square feet of space vacated by Profitt's in early 1996. This was the beginning of the revitalization of Eastgate (the city's oldest shopping center) and Brainerd Road. Eastgate targeted office users, entertainment businesses and restaurants to fill its more than 250,000 square feet of space in the Brainerd complex. To mark the changed focus at Eastgate, the complex has been renamed the Eastgate Town Hall Center.

Other planned investments in the area include Koch Meat Company, a \$250 million-a-year chicken processing company that plans

to locate its headquarters from Chicago to Chattanooga and build a new 70,000 sq. ft. plant on North Hawthorne Street. The move is expected to add more than 300 jobs and establish another corporate base for Chattanooga's food processing industry, which already employs more than 7,500 local workers. Construction is scheduled to begin this fall. The Industrial Development Board of Chattanooga will issue up to \$10 million of tax-exempt bonds to finance the new plant.

Burner Systems International, which manufactures manifolds and burners for gas-fired appliances, will relocate to Lookout Valley. Burner Systems will consolidate its Rossville, Georgia and Lewisburg, Tennessee plants at this location. A major portion of the \$13.5 million plant will be financed by industrial revenue bonds arranged through the Industrial Development Board of Chattanooga. It is estimated to employ between 200 and 250 employees.

With over 12 million people visiting the City and surrounding area annually, tourism is a major industry for the City. Notable nearby attractions include historic Lookout Mountain, containing scenic Rock City and Ruby Falls; the Tennessee Aquarium, the TVA's "Great Lakes of the South"; the "Chattanooga Choo Choo", a reconstructed rail terminal facility now used as a tourist and convention attraction, Signal Mountain, and the historic Chickamauga and Chattanooga National Military Park. Chickamauga Military Park, the nation's largest military park, is located ten miles south of the City. Numerous nearby forests and mountain streams provide camping, fishing, boating and other outdoor activities.

Tennessee's largest Mall, Hamilton Place, remains a magnet for millions of people. The 1.4 million-square-foot mall has reeled in tourists and locals with a savvy mix of new and familiar stores, theme restaurants and movie theaters. Thanks to the mall, the area has become a retail hotbed with more than 15 million visitors a year. Sales at



Photos courtesy of Chattanooga Area Convention & Visitors Bureau

Hamilton Place have grown steadily over the past decade and now averages 30 percent above the national average for regional malls. That success has quickly spilled across Gunbarrell Road and Interstate 75. The number of businesses and amount of traffic in the mall area have more than doubled over the past decade. An area real estate agent described the development in the area as being like a “nuclear explosion.”

The City recognizes its role as a major partner in the continued development of this community and remains committed to the goal of making Chattanooga the best “mid-size” city in America.

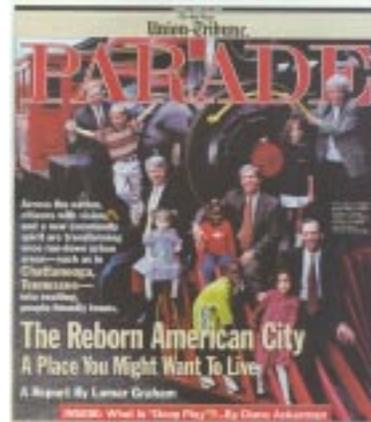
Awards of Achievement

In addition to the development in and around town, the City was privileged to receive the 1994 City Livability Award for its *Renaissance on the River* presentation. The United States Conference of Mayors established the City Livability Awards Program to honor the outstanding leadership of Mayors devoted to enhancing “livability” across the country. The award highlights the mayors’ commitment to improving cities and their encouragement of the diverse creativity in our community. The focus for the 1994 City Livability Awards was on the arts and culture. Chattanooga was also designated as one of America’s most livable communities by Partners for Livable Places in Washington, D.C. In January 1995, the President’s Council on Sustainable Development Conference was conducted in the City of Chattanooga.

On March 28, 1996 in Toronto, Canada, the City of Chattanooga was selected by the Best Practices Jury as one of 12 winners of the Tokyo and Dubar “Awards of Excellence

in Improving the Living Environment”. This initiative was given special recognition at the City Summit in Istanbul, Turkey at a special awards ceremony June 4, 1996. The award included a special plaque, a scroll, and a grant that was used to cover costs of travel and per diem for two people directly involved in The Best Practice project.

- One of six cities in the world featured by U.S. News & World Report last year as “Cities that Work.”
- One of America’s 10 most family-friendly cities to visit, according to Family fun magazine last year.
- One of the “Reborn Cities” profiled by Parade magazine earlier this year.



- One of the 10 “Most Enlightened Cities” featured by Utne Reader magazine.
- One of “America’s Best Walking Cities” saluted by Walking Magazine.

We are honored with the distinction of receiving, for the past eight years, the Certificate of Achievement for Excellence in Financial Reporting for our Comprehensive Annual Financial Report (CAFR). The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for



Photos courtesy of Chattanooga Area Convention & Visitors Bureau

preparation of state and local government financial reports. The Fiscal Year 2000 CAFR is currently being submitted for review.

Also, for 1996, 1997, and 1998 we were honored with the distinction of receiving the Distinguished Budget Presentation Award. Due to extended circumstance the 1999 budget was not submitted to GFOA for review.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device. The award is valid for a period of one year only. We believe our 2000 budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

Form of Government

Since June 11, 1990, the City has operated under a Mayor/Council form of government. Previously it operated under the Commission form of government consisting of the Mayor and four Commissioners who were each elected at-large and headed a City department. An Agreed Order was issued by the United States District Court for the Eastern District of Tennessee, Southern Division, on January 18, 1990, abolishing the Board of Commissioners of the City and the offices of Mayor and Commissioners.

The Agreed Order provided that the City Charter be amended to create the office of Mayor, with all executive and administrative authority formerly vested in the Board of Commissioners. Further, the City Council was created with all legislative and quasi-judicial authority formerly vested in the Board of

Commissioners. Under the provisions of the Agreed Order, the Mayor is elected at-large and is not a member of the City Council, while the City Council is composed of nine members, with each member being elected from one of nine districts within the geographic boundaries of the City. The Mayor is the City's chief executive officer and oversees the operation of all city departments including the nine principal departments: General Government, Finance and Administration, Police, Fire, Public Works, Parks, Recreation, Arts & Culture, General Services, Personnel, and Neighborhood Services. The City employs approximately 2,652* people. The next City election for the Mayor and Council is March, 2001. *(As of September 16, 1999)

Pictured on the next page is the current City Council along with a map showing their district boundaries. For additional information about the Council, you may visit our website at www.chattanooga.gov/council.

(Pictured above from left to right: Lookout Mountain, IMAX Theatre, Raccoon Mountain, Rock City (Lover's Leap), Ruby Falls, and the Chattanooga Choo Choo)



John Lively
District 1



Mai Bell Hurley
District 2



Dave W. Crockett
District 3



Don Eaves
District 4



John P. Franklin
District 5



Marti Rutherford
District 6



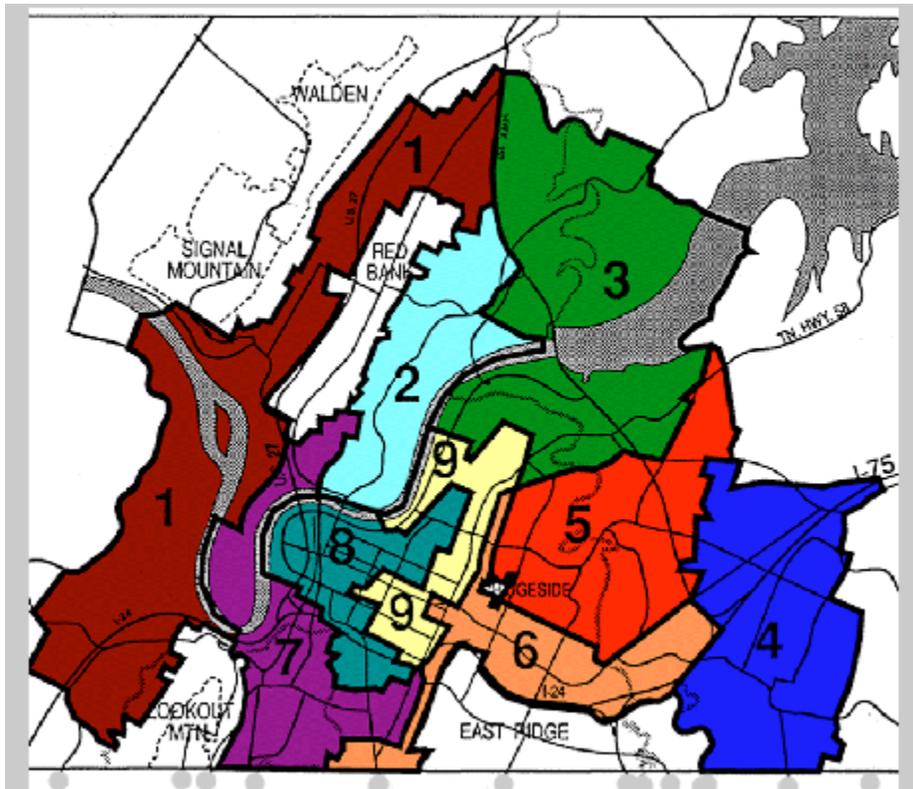
John Taylor
District 7



Leamon Pierce
District 8



Yusuf A. Hakeem,
District 9



Chattanooga City Council Districts

Form of Government

Date of Organization: 1839

Form of Government is Council/Mayor, adopted June 11, 1990.

The City Council is composed of nine members, with each being elected from one of nine districts within the geographic boundaries of the City.

The Mayor is elected at-large and not a member of the City Council.

Service Statistics

Financial Institutions

Major commercial banks: 7
 SunTrust Bank, Nations Bank, AmSouth Bank, First Tennessee Bank, First American National Bank, Union Planters National Bank, and Volunteer Bank & Trust Company

Convention & Meeting Facilities

	Capacity
Soilder's and Sailor's Memorial Auditorium.....	4,843
Chattanooga-Hamilton County Convention & Trade Center.....	7,500
Tivoli Theater.....	1,800
UTC Roundhouse Arena.....	12,000
Engel Stadium.....	7,000
UTC Chamberlain Field.....	12,500
Finley Stadium.....	20,000

Cultural Activities & Facilities

Hunter Museum of American Art, the Houston Museum of Decorative Arts, Bluff View Art District, Chattanooga Ballet, Chattanooga Theatre Center, UTC Fine Arts Center, the Chattanooga Symphony and Opera Association, the Arts & Education Council, the Chattanooga Boys Choir, and the Chattanooga Girls Choir, Bessie Smith Performance Hall, Afro-American Museum, Tivoli Theatre, and Soldier's and Sailor's Memorial Auditorium

Recreational Facilities

- 28 Parks
- 17 Golf Courses
- 28 Recreation Centers
- 48 Summer Playgrounds
- 82 Ball Fields
- 200 Public Tennis Courts
- 55 Swimming Pools
- 15 Theaters
- 3 Bowling Alleys

Transportation Services

Airport: Lovell Field operated by the Chattanooga Metropolitan Airport Authority.

Airline carriers: US Airways, Northwest Airlin, Comair, Atlantic Southeastern Airlines, United
 Passenger flow473,771
 Air Freight 7,396,975 lbs.
 Air Mail 99,161 lbs.

Chattanooga Metropolitan Airport (1996)

Privately owned and operated airport facilities: Collegedale Municipal Airport and Dallas Bay Skypark

Railway service: Norfolk Southern Railway System
 CSX Transportation System

Highway:
 Interstate highways..... 3
 US highways..... 7
 State highways..... 5

Local mass transportation service: Chattanooga Area Regional Transportation Authority
 Buses 55
 Routes 14

Educational Facilities

	County	Private
K-12	2	
Elementary	45	8
Middle	13	
High	9	3
Magnet	12	
Colleges	6	

Public libraries 3

Health Care Facilities

Hospitals 7

Police Protection

Sworn Officers.....342
 Park Officers..... 12
 Civilians:
 Park Rangers FT(PT).....4(5)
 School Patrol FT(PT).....2(32)
 All other.....98
 Crime Index..... 14,688
 Crime rate (per 1,000 pop.).....93.84
 Traffic Accidents..... 13,502
 Traffic Citations.....26,110
 Calls for Service..... 159,286
 Average response time.....4.12 min

Fire Protection

Sworn Officers.....350
 All other..... 10
 Fire Stations.....20
 First Line Fire Trucks.....8
 First Line Fire Engines..... 17
 Fire Runs.....5,100
 EMS Runs.....5,200
 Average response time:
 Fire.....4.5min
 Medic.....4.5min

Other Statistics:

Electric Power Board

Customers..... 153,748
 Rate..... \$0.0631/ kw-hr

Public Works:

Solid Waste Collected (tons).....453,320
 Street Miles (Center line).....276 miles
 Signalized Intersections.....260

Interceptor Sewer System:

Total Investment.....\$100 million
 Volumes:

- ◆ Approx. 61.1 MGD or 22.3 billion gallons per year
- ◆ 52.4 mil lbs/yr CBOD removed at 94.3% efficiency
- ◆ 153.5 mil lbs/year Suspended Solids removed at 97.9% efficiency
- ◆ 23,409 tons/yr dewatered sludge to Landfill
- ◆ 3.5 million gallons of septage per year

Waste Load Distribution:

- ◆ 50% Domestic Waste approx. 220,000 persons
- ◆ 50% Industrial Waste 100 permitted industries

Areas Served..... 11

Sewer and Pump Stations:

Miles of sewer..... 1,200
 Diameter..... 4 to 84 inches
 Major Pump Stations.....7
 Minor Pump Stations.....48
 Residential/Grinder Stations..... 121

Demographics

Per Capita Personal Income, Median Age, and Population

Calendar Year	Per Capita Income	Median Age	Population
1989	11,196	34.8	165,200
1990	12,944	34.8	152,466
1991	12,906	35.1	153,800
1992	13,566	35.3	155,000
1993	14,328	35.7	154,700
1994	15,170	36.1	154,700
1995	14,613	37.1	151,600
1996	14,965	38.7	153,154
1997	20,952	37.3	149,513
1998	18,513	36.9	148,820
1999	19,705	37.1	146,615

Source: National Decision Systems

Land Area and Usage

The county's land use is predominately agricultural woodland with approximately 73,419 acres or 21.2% having been developed.

Miles of Streets (City)

Paved..... 1,100

Miles of Streets (County)

Paved.....2,239
Unpaved.....180

Elections (County-wide):

Registered Voters.....175,863
Votes Cast in Last Election.....53,089
Registered Voters Voting.....30.19%

Source: County Election Commission (November 1998)

Racial Composition

	City	County	MSA
Asian & Pacific Islanders	1.34%	1.18%	.88%
African-American	29.09	18.17	12.67
Caucasian	69.08	80.18	86.03
Other	.49	.47	.42

Source: Chamber of Commerce

Area per Square Mile

1950.....	28.0
1960.....	36.7
1970.....	52.5
1980.....	126.9
1990.....	126.9

1998 Median Household Effective Buying Income

Chattanooga.....	\$28,919
Tennessee.....	\$31,464
United States.....	\$34,618

Source: Sales & Marketing Management Survey of Buying Power

1999 Housing Units-Chattanooga

Total Housing Units.....	69,128
Single Unit Structures.....	61.2%
Owner Occupied.....	55.6%
Median value of Owner-Occupied Housing.....	\$73,419

Source: National Decision Systems

Retail Sales Growth (000's)

1991.....	1,977,974
1992.....	2,229,363
1993.....	2,454,374
1994.....	2,578,700
1995.....	2,767,981
1996.....	2,871,417
1998.....	2,937,117

Sales & Marketing Management Survey of Buying Power (1999).

Economic

Bond Ratings

Fitch.....	AA
Standard & Poor's.....	AA

Building Permits Issued & Value

1994.....	2,106	188,231,830
1995.....	2,109	215,706,030
1996.....	2,258	289,913,419
1997.....	2,343	236,856,304
1998.....	2,335	285,997,625

Source: City Building Inspection Department

1999 Unemployment Rates

Chattanooga.....	3.2%
Hamilton County.....	3.0%
Tennessee.....	3.4%
United States.....	4.0%

Tennessee Dept. of Employment Security (May, 1999)

Largest Employers in the Chattanooga Area

The largest employers within the Chattanooga area in the manufacturing and non-manufacturing sectors are:

Top Ten Non-Manufacturers

Company Name	Type of Service
Bi-Lo, Inc.	Grocery Stores
Blue Cross & Blue Shield of Tennessee	Insurance
CIGNA HealthCare	Insurance
City of Chattanooga	Government
Columbia/HCA-Chattanooga	Hospital
Erlanger Health System	Hospital
Hamilton County Dept. Education	Elem & Secondary Schools
Memorial Hospital	Hospital
Provident Companies, Inc	Insurance
Tennessee Valley Authority	Electric Service Utility

Top Ten Manufacturers

Company Name	Type of Service
Covenant Transport, Inc.	Trucking
Dixie Group, Inc.	Yarn
DuPont Company	Synthetic Yarn
McKee Foods Corporation	Cakes & Cookies
North American Royalties	Grey Iron, Casting, Oil Production
Olan Mills, Inc.	Photo Lab. & Studios
Roper Corporation	Cooking Products
Seaboard Farms	Process Broiler Chickens
Shaw Industries	Carpet
Synthetic Industries	Carpet Backing/Textiles

Source: Chamber of Commerce



Council Members



Mayor Kinsey



Judge Williams

Appointed Boards

Executive Staff

Legislative Staff



Randall Nelson
Legal



James Boney
Finance & Administration



Jimmie Dotson
Police



Jim Coppinger
Fire



Jack Marcellis
Public Works



Jerry Mitchell
*Parks, Recreation,
Arts & Culture*



Rayburn Traugher
General Services



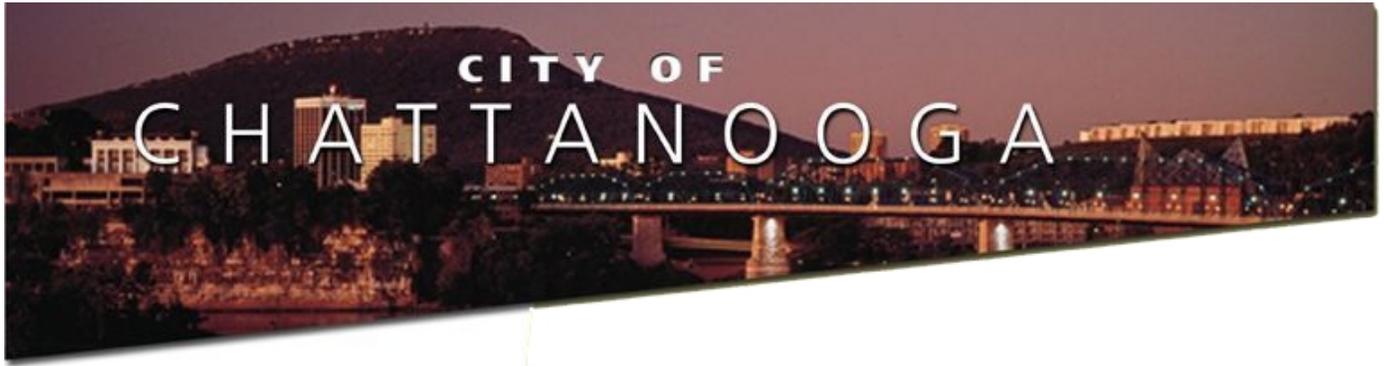
Donna Kelley
Personnel



Moses Freeman
Neighborhood Services



Bernadine Turner
Human Service



Mayor: Jon Kinsey

City Council:

John Lively, Chairman, District 1			
Mai Bell Hurley	District 2	Marti Rutherford	District 6
Dave W. Crockett	District 3	John Taylor	District 7
Don Eaves	District 4	Leamon Pierce	District 8
John P. Franklin Jr.	District 5	Yusuf A. Hakeem	District 9

Legislative Staff: Carol K. O'Neal, Clerk of the Council

Legal: Randall Nelson, City Attorney

City Court: Walter F. Williams, City Court Judge
Richard M. Dyer, City Court Clerk

Department Administrators and Directors:

Finance & Administration:
James S. Boney, Administrator
Daisy W. Madison, Deputy Administrator

Personnel:
Donna Kelley, Director

Police: Jimmie L. Dotson, Chief

Neighborhood Services:
Moses Freeman, Administrator

Fire: Jim M. Coppinger, Chief

Community Development:
Sandra Gober, Director of Economic Development
Juliette Thornton, Director of Planning

Public Works:
Jack C. Marcellis, Administrator
Beverly Johnson, Deputy Administrator

Regional Planning Agency:
Ann Coulter, Director

Parks & Recreation:
Darrell McDonald, Administrator
Larry Zehnder, Deputy Administrator
Janice Miller-Hester, Deputy Administrator

Air Pollution Control:
Robert H. Colby, Director

General Services:
Rayburn Traughber, Administrator
George Morgan, Deputy Administrator

Scenic Cities Beautiful:
Carolyn Skipper, Director

Human Services:
Bernadine Turner, Administrator
Tommie Pruitt, Deputy Administrator

**Chattanooga-Hamilton County
Bicentennial Library:**
Jane McFarland, Director

CITY OF
CHATTANOOGA



John Kinsey
Mayor



John Lively, Chairperson
District 1



Yusuf A. Hakeem,
Vice Chairperson
District 9



Dave W. Crockett,
District 3



Don Eaves,
District 4



John P. Franklin
District 5



Mai Bell Hurley
District 2



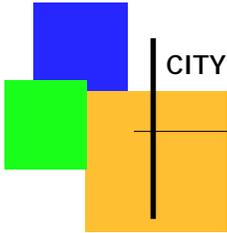
Leamon Pierce
District 8



Marti Rutherford
District 6



John Taylor
District 7



June 30, 1999

To the Honorable Mayor, Members of the City Council, and the Citizens of Chattanooga

Transmitted herein is the City's Y2K Service Program and Budget. This balanced budget recommends no increase in the property tax rate of \$2.31 per \$100 assessed valuation. Plans are currently underway for a 10% reduction in the fee for the typical user of the sewer services. This budget presents the financial and operating plan for the City with the primary goal of providing a solid foundation for Chattanooga's future growth and prosperity as we enter the new millennium. The four overriding themes reflected in this budget are:

- Improved Public Safety
- Improved Parks & Recreation
- Cleaner, Safer Neighborhoods
- Community and Economic Development

Each of these is briefly described below.

Improved Public Safety

Community policing which began the previous fiscal year with the opening of the Brainerd precinct is being expanded to include two new precincts in the downtown (Walnut St. Bridge) and South Chattanooga (St.Elmo/Alton Park) areas. Additionally, this budget proposes a police storefront operation to be housed in the TVA Solar Energy Building on Martin Luther King Boulevard. Total cost is estimated at \$139,200



James S. Boney
City Finance Officer



Daisy W. Madison, CPA
Deputy Finance Officer

Eleven additional school resource officers (SRO's) are included at a cost of \$330,475, \$247,856 of which will be funded by federal and state grants on a declining basis for three years.

The budget proposes an additional \$601,042 for Animal Services. This service has previously been contracted with an outside agency.

Fourteen additional firefighters are included at a cost of \$387,019. This will provide the minimum staffing requirements for fire apparatus thereby improving the quality of fire protection afforded the citizens of Chattanooga.

Improved Parks & Recreation

Operational funding was increased by \$644,000 or 7% for parks and recreation. The additional funding was dictated in part by the master plan (RECREATE2008) adopted by the City Council during the prior fiscal year. This plan outlined the future development of the City's park system based on citizen demand and input. The opening of Coolidge Park in August and the need for better park maintenance accounted for most of the increased operations cost. An additional \$175,000 was added to a capital budget of more than \$16 million approved the prior year. The additional funding will be used to build 20 or 21 hardcourts

and a clubhouse at Rivermont Park. This additional along with other included in last year's capital budget is expected to give Chattanooga the edge it needs to sponsor the USA Leagues Tennis Southern Sectional Championships, a nine-day event that attracts 2,000 players from the nine states representing the Southern Tennis Association.

Cleaner, Safer Neighborhoods

Recognizing that neighborhoods are Chattanooga's most important assets, this budget provides \$250,000 for the development of a Neighborhood Relations Program to include four additional staff. Included in this new division within the Neighborhood Services Department is \$120,000 for mini grants for neighborhood improvement projects. The newly established program will provide developmental and organizational support for the empowerment of Chattanooga's neighborhoods by offering guidance and advocacy for residents wishing to improve the quality of life in their communities. Services will include regularly scheduled workshops on the formation of neighborhood associations as well as assistance in the form of educational material, bylaw development, community involvement activities, newsletter development, block captain training, neighborhood watch information, grant information, information on city resources, information on neighborhood associations in the area, community resource information and neighborhood enhancement opportunities. A quarterly magazine, "*Common Ground*," dedicated to all of Chattanooga's neighborhoods will be published.

Community and Economic Development

A primary goal of the current administration and the city council is the provision of jobs with earnings sufficient to support a family for all Chattanooga's. To this end the FY2000 budget continues to appropriate 50% of the city-only sales taxes to economic development. This year's appropriation totals \$8.3 million or 7.6% more than the previous year. This commitment was made at the initial assessment of the city-only sales tax of 1/2% and has resulted in more

than \$22.6 million for economic development over the past three years. An equal amount is used for education. Among the projects funded from these funds are the Acquisition of Land in support of CIGNA (\$417,200), Hamilton Point Corporate Center (\$650,000), Chattanooga Chamber (\$600,000), Community Development Financing Institute (\$1,500,000), Improvements to D.L. Brown & E. Brainerd Rd. (\$650,000), Westside Economic Development Center (\$350,000), Traffic Signals (\$319,000) Street furniture (\$205,000) and various other miscellaneous projects. It is anticipated that a large portion of these monies will be used to support debt service related to the construction of over \$112 million in projects related to the Chattanooga Conference Center (\$43 million), Convention Center Improvements (\$45 million), the Development Research Center (\$12 million) and the Conference Center Parking Garage (\$12 million). Plans are also underway to purchase portions of the 6000 plus acres of the Volunteer Army Ammunition Plant (VAAP) property currently owned by the federal government.

Achievements in meeting 1998-1999 City Council Goals

Although the City Council established a formidable FY 1998-99 municipal work plan, the city's management team and staff was successful in meeting all of the Council's primary goals and objectives. These accomplishments included the following:

- ☑ Additional police officers and community action teams were added to initiate the Police Department's community-oriented policing program. One precinct was opened in the Eastgate Town Centre.
- ☑ Land was purchased in downtown Chattanooga for the construction of a new Super Fire Station.
- ☑ The Recreate2008 master plan for the parks and recreation program was completed. As a result of the plan there are over \$16 million

in planned capital expenditures for the city's park system. This is the largest capital outlay for the parks department in Chattanooga's history. Included are major upgrades to existing recreation centers and the addition of three super recreation centers at a cost of over \$4 million each.

- Over \$5 million was spent to promote economic development in the area. The passage of the Tourist Development Financing Act by the state legislature has opened the door to major improvements in the southside to include the Convention Center expansion (\$43 million), Conference Center (45 million), and the Development Resource Center (\$12 million). The city council has passed a resolution expressing the intent of issuing over \$100 million in bonds for these and related projects. More than \$1.7 million has already been spent for the design and other preliminary costs related to the Chattanooga Conference Center. After sputtering in the 1980s the City is ending the 1990s with manufacturing growth (4%) greater than any of the state's other metropolitan cities.

- A new pay plan was developed and implemented for all city employees. All positions were evaluated for market comparability and rated accordingly resulting in an overall 6% increase for all city employees. Over 14 positions were added to respond to increased services demanded by the citizens

- The City initiated proceedings to take over the Tennessee-American Water Company by eminent domain. Water is our most precious natural resource and the mayor and city council are committed to getting it

into the hands of the citizens of this community and out of the hands of the present monopoly.

- Federal and state grants were obtained for a variety of purposes including additional police officers and related equipment, community development, and parks
- City management continues to identify creative ways to contain costs while maintaining high levels and quality of services and adequate financial reserves within a balanced budget environment.

Budget Highlights

The 1999-2000 Annual Operating Budget (\$215,728,959) includes (\$8,309,486) of capital. This represents a 8.17% decrease in the total financial program due primarily to \$18,990,200 in bonds included in the prior year.

Revenues for all appropriable funds total \$213,324,339, an increase of 3.20% or \$6,615,062 from the previous year. The increase is primarily attributable to property taxes (\$1.5 million), COPs hiring grant (\$.5 million), and increased allocation from state sales taxes (\$.4 million). Service charges including sanitation fees are also up by (\$2,420,517). The increase in fees are negatively

Revenues				%
(expressed in 1,000)	FY99/2000	FY98/99	inc(dec)	change
Taxes	89,056	85,974	3,082	3.6%
Licenses & Permits	4,855	4,546	309	6.8%
Intergovernmental	57,151	54,682	2,468	4.5%
Charges for Services	48,234	45,813	2,421	5.3%
Fines, forfeitures and penalties	1,740	1,385	355	25.6%
Investment earnings	5,739	5,004	735	14.7%
Miscellaneous	6,550	9,306	(2,755)	-29.6%
Total Revenues	\$213,324	\$206,709	6,615	3.2%
Other Financing Sources				
Transfers In	14,272	22,142	(7,870)	-35.5%
Bond Proceeds	-0-	18,990	(18,990)	-100.0%
Total Other Financing Sources	\$14,272	\$41,133	(\$26,861)	-65.3%
Total Revenues & Other Sources	\$227,596	\$247,842	(\$20,245)	-8.2%

Expenditures

(expressed in 1,000)	FY99/2000	FY98/99	inc(dec)	% change
General Fund	125,641	127,913	(2,272)	-1.8%
Enterprise Funds	42,416	40,814	1,601	3.9%
Special Revenue Funds	30,775	30,389	386	1.3%
Fiduciary Funds	5,521	5,037	484	9.6%
Debt Service Fund	3,397	8,379	(4,982)	-59.5%
Capital Project Funds	725	1,985	(1,260)	-63.5%
Internal Service Funds	7,253	6,367	886	13.9%
Total Expenditures	\$215,728	\$220,885	(5,155)	-2.3%
Other Financing Uses				
Transfers Out	14,272	22,142	(7,870)	-35.5%
Total Other Financing Uses	14,272	22,142	(7,870)	-35.5%
Total Expenditures & Other Uses	\$230,001	\$243,027	(13,027)	-5.4%

impacted by a continual decline in stormwater fees due to appeals and/or non payment.

Expenditures are \$215,728,959, a (\$5,155,398) or 2.3% decrease from the previous budget. This decrease was largely due to the elimination of \$6.6 million capital funding from general fund balance that was included in the prior year's budget. Personnel costs are up due to the addition of positions through city departments; the bulk of which are in police (20), fire (15), neighborhood services (5), and parks (20). The net result of the personnel increases and the decrease in capital funding in the General Fund is an overall \$2.3 million decrease.

Although revenues for Fiscal Year 2000 show an increase in collections, expenditures exceeded revenues by \$2,404,620, thus the use of fund balance was needed in the Debt Service Fund (\$2,158,445) and Special Revenue Funds (\$246,175).

Financial Assessment

Chattanooga is in the best fiscal condition it has been in over 29 years and our outlook is improving. Over the years, through strong fiscal management, Chattanooga has positioned itself well to weather economic downturns, create a positive atmosphere for

economic development, and provide greater flexibility on budgetary issues.

Fund Balances

One measure of a city's financial strength is the level of its fund balances. The City's estimated unrestricted fund balance in the general fund will amount to approximately \$34 million as of June 30, 2000. This balance assumes no change in the current fund balance. Our recommended guideline for general fund balance coverage is 25% of general fund revenues.

Financial Reserves

Another indicator of a city's financial strength is the level of financial reserves. Over the years the City has established financial reserves to absorb unforeseen liabilities. The City also has \$2.5 million in debt service reserves at June 30, 1999, monies that will help stabilize and fund future debt service obligations. Included in this budget and financed from current revenues are \$.5 million that will protect us against unanticipated emergencies.

Bond Ratings

The City's bond ratings are further evidence of its financial strength. In 1998 Standard and Poor's upgraded the City's bond rating from "AA-" to "AA". Such rankings mean the City's bonds are considered to be of excellent investment quality, meaning lower interest rates on bonds with corresponding lower interest payments. Having solid financial policies and strong financial reserves are principle reasons for these excellent bond ratings.

Conclusion

The favorable economic activity throughout our entire local and regional economy, provided some flexibility in preparing the City's fiscal year 2000 operating budget. However, we must continue

to focus on our long-range financial plan to further streamline the City's operations while providing quality public service at the lowest cost to the taxpayers.

The following budget recommendations for FY 2000 are committed to the Council's policy of preserving the City's strong financial position by maintaining strong fund balances and reserves, recommending a balanced budget, adding new programs cautiously, and making decision within the context of prescribed goals and objectives. This budget asserts our commitment to meet and exceed our community's highest priority of making Chattanooga the "best midsize city in America." We continue to meet these needs at the lowest possible cost to our citizens.

With final budget adoption, I want to thank the Mayor and City Council, citizens and City staff for their time and effort throughout this budget process.

Respectfully submitted,



James S. Boney, Administrator
Finance and Administration

