



NEWS RELEASE

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Council approves FY22 Budget, emerging from pandemic in “excellent financial condition”

\$208.4 million General Fund Budget for Fiscal Year 2021-22 addresses public safety, Infrastructure, and workforce asset priorities

FOR IMMEDIATE RELEASE: June 17, 2021

MURFREESBORO, Tenn. – The Murfreesboro City Council Wednesday (June 9) approved the City’s \$208.4 million proposed FY22 General Fund Budget on second reading following a special Budget Review meeting and public hearing May 20, 2021.

“We continue to take advantage of low interest rates to help fund important city infrastructure and public safety improvements and to expand on our parks and recreation offerings,” said Mayor Shane McFarland. “We look forward to continuing to make Murfreesboro one of the best cities in the country.”

The FY22 General Fund budget is approximately \$9.2 million more than last year’s FY21 budget, however \$5.6 million of these expenses are rolled over from last year’s budget for one-time projects. The General Fund FY22 Budget reflects a 4.6% increase in operating expenses and utilizes fund balance for one-time expenses but does not use the fund balance for recurring operating expenses. Prior to the unprecedented pandemic, Council set a goal for the budgeting process that eliminated dependence upon use of the General Fund’s reserves to balance the operating budget. The FY22 Unassigned fund balance is projected at \$70 million—35 percent of total General Fund Revenues, exceeding Council’s adopted Financial Policy of 15-30 percent.

Despite the pandemic restrictions, FY21 sales tax growth increased more than anticipated with local sales tax projected nearly 12% above FY20. Past performance had indicated closer to 4 to 4.5 percent growth. The FY22 Budget has no tax increase and maintains the property tax rate adopted by Council in 2019 of \$1.2894 per \$100 of assessed valuation property.

In accordance with the City Charter, the City’s proposed Fiscal Year 2022 Budget was submitted to Council on May 14, 2021. A Budget Review Session was held May 20 during which the economic assumptions and expectations used to develop the FY22 Budget were presented by Budget Director Erin Tucker and discussed. Council has set five priorities shaping the budget which are also reflected in the Community Investment Program (CIP)

funding long-term projects. Public Safety remains the highest priority of the City; it is a priority that is maintained in the FY22 budget.

Priority 1: Maintain Public Safety

- Seven additional Police Department positions, including four detectives and a sergeant
- Two crime data analysts to monitor a future public safety fixed and mobile camera system (\$725,000) in a “real-time crime data center” to combat violent crime
- Acquisition of body cameras for all certified officers (\$305,000)
- Begin implementation of emergency communications call processing protocol software that will provide a consistent, traceable system for 9-1-1 and non-emergency call processing
- Complete construction of a fifth communications tower enhancing Emergency Radio Communications in cooperation with Rutherford County Emergency Services
- Provide “in-house” Emergency Medical Technician (EMT) and Advanced Emergency Medical Technician (AEMT) training with three Shift Training Safety Officers (STSO) to class of 40-50 personnel
- Continue installation of security cameras, the Park Smart Campaign, and other measures to focus on a safe and enjoyable park experience

Priority 2: Responsible Budgeting

The City’s financial condition remains solid with strong reserves accounts and adequate liquidity levels. The City’s Debt Rating was maintained 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.

As residents begin to travel more outside the region, and the use of federal stimulus payments are expended, the City anticipates a decline in sales tax growth. Thus, FY22 reflects only a nominal 1.3% increase in local sales tax revenues over FY21 projections but 12.5 percent higher than budgeted for FY21 during the pandemic.

Initiatives that address Priority 2 include:

- Monitor the City’s financial condition and consistently communicate the status using clear Dashboard measurement tools transparent to public on website <https://murfreesboro.finance.socrata.com/#!/dashboard>
- Increase Parks & Recreation participation and facility usage to pre-2020 levels by identifying low participation and implementing marketing campaign that reinforces strong, award-winning brand
- Pursue revenue producing projects at a greater pace by continuing to pursue economic development opportunities such as tourism, tournaments, golf and tennis sponsorships, and special events
- Work with federal and state transportation agencies to obtain planning, construction, operations, and maintenance funding and leverage state transportation priorities

- Continue to assess Solid Waste fees to achieve full cost recovery under a utility model. Currently, the Solid Waste Fee remains at \$7.50 per month per can for residential service and \$30 per month per can for commercial service which allows partial recovery. This assessment is critical amid opposition to the planning expansion of Middle Point Landfill.
- Finalize the development of Tax Increment Financing (TIF) districts an economic development and redevelopment tool
- Develop best long-term management of proceeds from the sale of the Electric Department with advice from the Community Investment Study Group, a Council-appointed committee. Proceeds from the sale have not been earmarked nor uses of the proceeds identified.

During the pandemic many FY20 and FY21 CIP projects were delayed and reprioritized to avoid additional debt service in FY21. The City successfully refinanced two variable rate and one fixed rate debt issuances resulting in debt service savings to the City of \$2.2 million over the remaining debt terms. Council approved the FY22 CIP projects in FY21, allowing the City to issue debt with true interest costs at historic lows of 1.23 percent and a \$12.3 million premium.

Priority 3: Expand Infrastructure

More than \$11.3 million in grant funds and State Street Aid funds are used for roadway maintenance and construction projects planned in FY22 to address infrastructure needs. An additional \$60 million is budgeted through existing CIP funding in coordination with TDOT on congested state highways.

Other infrastructure related expenses include:

- Design work on a central Transit Center near downtown Murfreesboro with construction anticipated to being in early FY22 with \$5.5 million budgeted from 80 percent federal, 10 percent state and 10 percent local CIP funding
- Value engineered design work on planning a West Park on City land along Hwy 96
- Coordinate implementation of the Gateway Streetscape Master Plan
- 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 such as North Highland Avenue and Historic Bottoms.

In August 2020, the City opened its new Municipal Airport Terminal, a critical gateway into the City as an economic development and business development tool, demonstrating the City's future commitment to growth. The new 15,000 square foot terminal includes a main lobby, leasable business conference space, pilot lounge, and office space with viewing deck.

Priority 4: Improve Economic Development,

Economic development facilitated by the Development Services Division is instrumental to the City's continued growth and quality of life in transportation, zoning enforcement, and tourism. In 2020, the City approved contracts with Costco Wholesale for the 18.61-acre site off I-24 at New Salem Highway. The approximately \$20 million investment is expected to bring 225 jobs with wages between \$49,000 and \$60,000 after opening July 2021. Planning and Community 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 Airport Terminal Business Center by providing 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
- Focus opportunities for development on the I-840 and Veterans Parkway corridor, including a large community park configured in current zoning

The Parks and Recreation Department is converting soccer fields to artificial turf at Siegel Soccer Park and building an indoor soccer facility. The City entered an agreement in 2019 with Tennessee State Soccer Association to move its headquarters to Murfreesboro and build a \$1.5 million office building to be partially leased to the association. Operating costs will be included in the FY23 budget and are expected to be significantly offset by lease income.

Priority 5: Establish a City Brand

A beneficial brand assists the City in expanding and enhancing community assets. Creating a brand requires assessment of the City's competitiveness, ability to proactively attract desired types of businesses, and ensuring sustainable job opportunities. An economic consultant continues to advise the City on establishing an internal Economic Development Office to aggressively attract corporate office locations and relocations. This work will help identify the City's attractive economic development assets, such as medical facilities, educational institutions, and the Parks and Greenway system, as part of an inventory to leverage a robust brand identity in the heart of Tennessee.

Other areas that will continue to be addressed in FY22 that are instrumental in forming the foundation for the City's reputation are:

- Provide public access to the City's Geographic Information System (GIS) as part of the Planning Department's front counter customer service to provide and analyze data in permit approval processing
- Strengthening outreach and customer service efforts to demonstrate the importance of these aspects of the City customer service 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
- Brand Murfreesboro Parks & Recreation Department's award-winning parks, facilities, and programs in an effective marketing campaign utilizing effective visual and social media campaign

The City offers a nationally recognized television service for public communication and branding of the fast-growing City with small-town charm. City TV and a variety of newer media platforms, including YouTube, Facebook, Twitter, and regular podcasts, daily engage citizens. Through these platforms, safety academies, and public meetings the City consistently works to engage the growing and diverse community.

Other Budget Facts

- In FY22, the General Fund's contribution for City Schools' operating expenses and debt service equates to approximately 19.2 percent of projected property tax revenues compared to 22.5 percent in FY21
- The proposed General Fund expenditures reflect an increase of 2.3 percent while revenues reflect an increase of 2.13 percent from FY21 budgeted amounts
- The proposed budget maintains a Projected Certified Tax Rate of \$1.2894
- FY22 Property Tax Revenues are projected to be \$65.48 million, an increase of 3.4 percent, compared to \$63.34 million in FY 21
- The total FY22 budget of \$510 million (no longer including the Electric Department) includes the General Fund Budget of \$208.4 million and additional budgets for City Schools, \$92.88 million and Water Resources Department, \$56.6 million which are handled separately
- The proposed General Fund includes \$1.65 million for 23 new positions (11 in public safety)

A Budget Review Session on the FY22 budget was held May 20. The Public Hearing and First Reading of the budget ordinance was held during the Council meeting on the same date. Second reading was on June 9. Other details of the proposed FY21 Budget are provided below:

General Fund Revenue Projection Summary:

- Overall \$4.2 million increase
- Property Tax (33% of revenue): \$2.1 million (3.4%) increase from FY21
- Local Sales Tax (28% of revenue): \$6.2 million (12.5%) increase from FY21
- State Shared Sales Tax (6% of revenue), \$1.26 million (11.25%) increase from FY21
- Wholesale Liquor Tax (1% of budget), \$428,000 (26.6%) increase from FY21
- Hotel/Motel Tax: \$100,000 (4.7%) increase from FY21 (Revenue used to fund the Chamber of Commerce and other tourism related activities)
- Safe Street Camera Program: \$1,080,970 (100%) decrease

Employee Pay

The City is at its core a service provider and, therefore, its largest budget item is its workforce of 1,041 full-time and 439 part-time employees. In response to economic conditions created by the pandemic, employee salary adjustments were deferred in early FY21 before being restored in September 2021 along with added positions and equipment.

Following a discussion of emerging challenges in retaining City employees, Council decided to allocate funds for compensation and benefits necessary to meet the demands of a tight labor market. To attract and retain quality employees, the FY22 budget includes a 3.5 percent cost of living adjustment (COLA) and 2.5 percent step increase totaling 6 percent for those non-exempt Public Safety positions. Council approved a 2.5 percent COLA and 2.5 percent pay increase for other position.

The City is currently seeking to fill approximately 60 vacancies, approximately 8 percent of the workforce, with the majority of those positions assigned to Police and Fire Departments. Police departments nationwide are struggling to attract applicants.

Additionally, consistent with the parameters of federal funds distributed municipalities under the American Rescue Plan Act of 2021 essential workers in public safety and health employees and other departments will also receive a one-time stipend of \$2,500 and exempt and open range non-exempt full-time employees will receive a one-time \$1,500 bonus, some of which will be funded by the City's general fund in addition to the federal funds.

The City's compensation plan, which has been in effect for three years, will be reviewed and updated in FY22. This will include a market study and evaluation of the City's pay structure. This plan will be reviewed when completed for implementation in either FY22 or FY23.

The full proposed FY22 Budget is available for review at <https://www.murfreesborotn.gov/DocumentCenter/View/17705/FY-2022-Proposed-Budget>

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

Budget Cover and Photo attached:

1. *FY2021-2022 Budget Cover.jpg.*
2. *City Council Workshop Meeting, June 9, 2021.jpg*
3. *General Fund Expenditures by Division.jpg*