



## NEWS RELEASE

### **Mike Browning**

PUBLIC INFORMATION

Twitter: @cityofmborotn

Facebook: [www.facebook.com/cityofmurfreesborotn](http://www.facebook.com/cityofmurfreesborotn)

PHONE: 615-849-2629

EMAIL: [mbrowning@murfreesborotn.gov](mailto:mbrowning@murfreesborotn.gov)

Website: [www.murfreesborotn.gov](http://www.murfreesborotn.gov)

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## **Council approves Fiscal Year 2023 Budget on second reading**

*\$247.1 million General Fund Budget for Fiscal Year 2022-23 addresses public safety, Infrastructure, economic development, and workforce priorities*

**FOR IMMEDIATE RELEASE:** June 9, 2021

**MURFREESBORO, Tenn.** – The Murfreesboro City Council Wednesday (June 8) approved the City’s \$247.1 million proposed Fiscal Year 2023 (FY23) General Fund Budget on second reading following a special Budget Review meeting on May 19, 2022, and public hearing and first reading May 26, 2022.

“The City of Murfreesboro remains in excellent financial condition after successfully managing our fiscal strength through the pandemic,” said Mayor Shane McFarland. “After taking advantage of the low interest rate environment to fund Community Investment Program (CIP) projects to improve roads, open a new airport terminal and business center and other customer service investments, we look forward to future economic and job growth opportunities.”

The FY23 General Fund budget is approximately \$25.0 million more than last year’s FY22 budget, however \$7 million of these expenses are rolled over from last year’s budget for one-time projects and an additional \$12 million are funded from American Rescue Plan Act (ARPA) funds. The General Fund FY23 Budget reflects a 10.7% increase in operating expenses and does not utilize Unassigned 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 FY23 Unassigned fund balance is projected at \$100 million— 44% of total General Fund Revenues, exceeding Council’s adopted Financial Policy of 15-30 percent.

For FY22, sales tax revenue outpaced conservative budgeted estimates, with local sales tax resulting in approximately a 17% increase over FY21, and 12-13% over historically average annual increases. However, inflation is expected to strain purchasing power and it is reasonable to anticipate a decrease in sales tax growth. Therefore, FY23 reflects a conservative 6% increase in local sales tax over FY22 projections, which is still a 15% increase over FY22 budgeted local sales tax revenues.

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The 4-year property reappraisal has been completed by the Rutherford County Property Assessor. This assessment resulted in 40-45% increases in assessed properties. Since local governments, by law, cannot profit from a reappraisal, the property tax rate is “equalized” to account for the change in assessment values. The City’s anticipated equalized tax rate is projected to decrease from \$1.2894 to under \$1.00 per \$100 of assessed property. Since the City is not proposing a tax rate increase, the equalized rate projected by the County Property Assessor and certified by the State is expected to be adopted once finalized.

In accordance with the City Charter, the City’s proposed FY23 Budget was submitted to Council on Friday, May 13, 2022. A Budget Review Session was held May 19 during which the economic assumptions and expectations used to develop the FY23 Budget were presented by Budget Director Erin Tucker and discussed with Council. 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 FY23 budget.

### **Priority 1: Maintain Public Safety**

- 10 additional police officer positions, four communications (dispatch) positions and substantial investments in public safety equipment
- Pursue acquisition of body cameras for all certified officers
- Full deployment of a network of fixed and mobile cameras to acquire real time information that will be used to combat violent crime
- Pursue acquisition of Advanced License Plate Reader (ALPR) technology and develop deployment plan
- Establish an AED (Automatic External Defibrillator) program to equip officers with the ability to provide early intervention into cardiac related events
- Full deployment of a dedicated Traffic Unit
- Full deployment of Advanced License Plate Reader (ALPR) technology
- Full coordination of technologies into a “Real Time Crime Information Center” to better deploy resources to prevent and solve crimes
- Begin development of an Incident Dispatch Team and a Telecommunicator Emergency Response Team to support incident communications and disaster response operations
- Implement text to 9-1-1
- Provide “in-house” Emergency Medical Technician and Advanced Emergency Medical Technician class to 15-25 personnel
- Continue implementation of additional 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 was upgraded to AA+, signifying the City’s very strong capacity to meet its financial obligations.

The City's strong financial condition is projected to hold steady for many years. The FY23 recommended budget maintains that status during the next fiscal year.

Initiatives that address Priority 2 include:

- Increase Parks and Recreation participation and facility usage to pre-2020 levels by:
  - Evaluating current attendance and identifying areas with low participation numbers
  - Implementing a department wide marketing campaign that reinforces the brand of the Murfreesboro Parks and Recreation Department
- Pursue revenue producing projects in the City at a greater pace by continuing to pursue economic development opportunities
- Provide additional opportunities for tourism, tournaments, and special events that produce positive economic impacts. The Richard Siegel Park is a 130-acre athletic complex which has consistently hosted the Tennessee Soccer State Championships and the TSSAA State Soccer Championships. City Council, in 2019, approved an agreement with the TSSA to locate its headquarters to Murfreesboro and use the Richard Siegel Soccer Complex for its tournaments. The City is installing nine turf fields, an indoor soccer facility, increased seating capacity, drainage improvements, and office space with completion anticipated in Fall 2022.
- Work with federal and state transportation agencies to obtain planning, construction, operations, and maintenance funding and leverage state transportation priorities
- Enhance the fundraising activity and sponsorship opportunities for recreational activities, such as junior golf and tennis events
- Assess Solid Waste user fees to work closer to a full cost recovery utility model
- Analyze development impacts for possible influence on projects in the CIP

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.

In September, City Council approved the FY22 Community Investment Program (CIP) projects. Correspondingly, the City issued \$48.7 million in bonds with a true interest cost of 2.61% and a \$3.7 million premium. The FY23 recognizes the initial debt service of \$4.8 million per annum. This successful issuance in a volatile bond market underscores the City's solid economic fundamentals as reflected in Moody's AA1 rating and S&P Global's rating enhancement of the City's debt from AA to AA+. It is expected that the City will maintain its financial reputation despite concerns over the inflationary effects on interest rates.

Budgeted fuel costs increased by \$800,000 (44%) and the required City funding for health care benefits is an additional \$675k (½ year), due to the rising costs of healthcare and pharmaceuticals. On-going expenses will be moderated and adjusted to the extent possible for inflationary pressure.

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### **Priority 3: Expand Infrastructure**

The City is committed to responsible growth decisions and an important part of that consideration is providing appropriate infrastructure, including maintaining existing roadways and continuing vital infrastructure expansion projects.

One area of focus is roadway construction and maintenance. FY23's operating budget for roadway maintenance and construction includes over \$11.8 million in grant and State Street Aid funding. An additional \$90 million is available through existing CIP funding and requires coordination with TDOT given that most traffic congestion is found on state highways.

In addition to new construction, the Street Department has advanced its work on storm drainage, litter removal, and pothole repairs.

The Transportation Department, Transit Service provides a quarter million bus rides per year and continues the design work on a central Transit Center near downtown Murfreesboro with construction expected to begin in early FY23 depending on construction costs.

Additional areas of focus are:

- 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 excellent communication with developers and builders
- Provide engineering review and construction management of proposed road improvement projects
- Review drainage complaints and offer recommendations for improvements as necessary in a timely manner
- 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 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 FY22, Legacy Sports announced Murfreesboro would be its next site for its \$350 million, 260-plus acre, multi-use family sports, and entertainment complex that will feature state-of-the-art indoor and outdoor athletic facilities for numerous recreational and professional sports. The Legacy Sports Tennessee facility will also feature an 8,000-seat arena and a performance fitness and wellness center, as well as multiple entertainment and retail options that will include concerts, shopping, restaurants and more. The proposed site is adjacent to I-840 and runs along N.W. Broad Street or Nashville Highway, with tentative plans to break ground in the second half of 2022, with a potential 2024 grand opening. The facility is projected to host more than four million visitors annually to Middle Tennessee and generate tens of millions of dollars in economic impact back to the local community, with an estimated hundreds of millions of dollars expected to be spent throughout the state of Tennessee each year.

On May 19, 2022, Notes Live, Inc. announced a \$40 million corporate investment on Medical Center Parkway in the Gateway for a 4,500-seat amphitheater, Smokehouse restaurant and Boot Barn, anticipated for opening in 2023. The potential public-private partnership, with appropriate approvals, is expected to contribute greatly to the City's economic growth and entertainment capacity.

The City will host the 2022 National Miracle League All-Star Game at the Miracle Field at McKnight Park, hosting 120 disabled youth athletes and their families from all over the United States.

Additional areas of focus are:

- 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 to the community and visitors to the City
- Improve the City's ability to provide the business community with services through Commercial Operators such as air charter services, top quality aircraft maintenance, and radio and instrument services
- Provide opportunities for tourism, tournaments, and special events that produce positive economic impact for the City

The City is proceeding with appraisal, negotiation, and acquisition of property along Broad Street for "daylighting" of Town Creek, an underground stream that originates in Murfree Spring at the Discovery Center. Reimbursement Funding for the purchase of property is anticipated from the Federal American Rescue Plan (ARPA) economic stimulus funds. Phase I of the Town Creek Redevelopment Project will daylight Town Creek from Murfree Springs to Church Street. Phase II will daylight Town Creek from Church Street to Front Street at Cannonsburgh Village. A \$2 million supplemental expenditure in FY23 provides non-ARPA funds for the joint Stormwater/Economic Development project.

### **Priority 5: Establish a City Brand**

The City continues its attention to maintaining a family-oriented lifestyle. In May 2022, the City also announced an entertainment project that will assist in the City being recognized as an entertainment destination. In addition to the Legacy Sports project, the Notes Live announcement for development of its restaurant and entertainment venues, designed as a world-class venue for live music and events, include development of a media presence that will use the Murfreesboro name and enhance the City's presence within the Nashville entertainment market.

- Maintain an awarding-winning park system that supports the City's vision and mission of creating a better quality of life and making Murfreesboro a great place to live, work and play

- Strengthen outreach and cost-effective customer service efforts to demonstrate the importance of these aspects of the City brand
- Enhanced tourism efforts in conjunction of the Chamber of Commerce
- Utilization of social media for public notification and for public participation in Planning-related projects
- Development of a larger media center to capitalize on the City's investment in media equipment and communications talent
- Expand information about development plans with interested citizens, property owners, builders, and developers
- Develop and conduct a variety of methods to comprehensively assess public input and community needs; adjust based upon the data and stated citizens' needs
- Update Fire Safety PSAs in High-Definition format and broadcast on CityTV and social media to educate our citizens on our services as well as fire safety, cooking safety, etc.

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 FY23, the General Fund's contribution for City Schools' operating expenses and debt service equates to approximately 19.2 percent of projected property tax revenues which is largely unchanged from FY22
- The General Fund FY23 budget reflects a 9.6% increase in operating revenues relative to last fiscal year's approved budget. A 10.7% increase is budgeted for expenses during this period
- FY23 Property Tax Revenues are projected to be \$67.7 million, an increase of 3.3 percent, compared to \$65.5 million in FY22
- The total FY23 budget of \$573 million includes the General Fund Budget of \$247.1 million and additional budgets for City Schools of \$117.6 million and Water Resources Department, \$57.6 million which are handled separately
- The proposed General Fund includes \$2.95 million for 28 new positions (19 in public safety)

A Budget Review Session on the FY23 budget was held May 19. The Public Hearing and First Reading of the budget ordinance was held during the Council meeting on May 26. Second reading was on June 8. Other details of the FY23 Budget are provided below:

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**General Fund Revenue Projection Summary:**

- Overall \$31.8 million increase
- Property Tax, \$2.6 million increase, +4.0% percent. . . . . 28% of budget
- Local Sales Tax, \$8.9 million increase, +15% percent. . . . . 29% of budget
- State Shared Sales Tax, \$4.8 million increase, +39% percent . . . . .7% of budget
- Building Permit Revenues, \$280,000 increase, +13% percent . . . . .1% of budget

**Employee Pay**

As a customer service provider, the City’s largest budget item is its workforce projected at 1,183 full-time and 430 part-time employees, of whom 331 work in the customer service-oriented Parks and Recreation Department. In response to inflationary pressure and the strain on employee recruitment and retention, City Council approved a cost-of-living adjustment effective in March 2022.

The FY22 budget includes a 2.5% step increase and a 2.5% pay increase for all other exempt and open range non-exempt full-time employees. Part-time raises were also budgeted at a cost of \$600,000 for FY23.

The full proposed FY22 Budget is available for review at <https://www.murfreesborotn.gov/DocumentCenter/View/21363/FY-23-Proposed-Annual-Budget>

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

**Budget Cover attached:**

1. *FY 2022-2023 Budget Cover.jpg.*