



*City of Franklin, Tennessee*  
**FY 2022 Operating Budget**

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# FY 2022 Proposed Budget Presentation

May 13, 2021  
Budget and Finance Committee





# *City of Franklin, Tennessee*

## **FY 2022 Operating Budget**

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### **Outline**

- Focus**
- Budget Overview**
- General Fund**
  - Overview**
  - Revenues**
  - Expenses**
- Other Funds**
- Summary**



# *City of Franklin, Tennessee*

## **FY 2022 Operating Budget**

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**Our Focus is to build a “Stronger Franklin” in the wake of the challenges of the past year by focusing on:**



**Pandemic** - Pandemic response will continue with the guidance of medical, public health, and science experts.



**People** – Our focus remains on serving the people of Franklin and maintain a strong City team. Also, focused on a healthy community in terms of valuing diversity and inclusion.



**Projects** – Delivery of infrastructure improvement projects is vital to maintaining quality of life and the needs of our growing community.



**Possibilities** – Building capacity (financial and otherwise) to respond to community needs and make the most of future opportunities.



# *City of Franklin, Tennessee*

## **FY 2022 Operating Budget**

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### **Overview:**

- Respond to community needs resulting from the COVID-19 pandemic and support a recovery focused on a “Stronger Franklin.”
- Maintain high quality services.
- Preserve capacity to respond to future needs and meet quality of life needs.
- Invest in and plan for the future.



# *City of Franklin, Tennessee*

## **FY 2022 Operating Budget**

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### **Budget Overview:**

- **All Funds Budget for FY22: \$166.8 million**
  - An increase of 1.7% compared to FY21
  
- **General Fund Budget for FY21: \$84.5 million**
  - An increase of 9.8% compared to FY21
  - Includes \$4.2 million in one-time funds from State and Federal COVID recovery funding.



# *City of Franklin, Tennessee*

## **FY 2022 Operating Budget**

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### **Overview: Highlights**

- The budget is balanced.
- The budget fully complies with the Board of Mayor and Aldermen's debt and fund reserve policies.
- Essential service levels are maintained or enhanced.
- There is no property tax increase in the FY 2022 Budget. The City's property tax rate will be reduced from the current rate of \$0.4176 per \$100 of assessed valuation due to the revaluation of property throughout Williamson County.



# *City of Franklin, Tennessee*

## **FY 2022 Operating Budget**

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### **Overview: Highlights**

- The budget includes seven new positions and seven “restored” positions in the General Fund. The new positions within the General Fund include the establishment of an “Urban Street Tree” crew (four positions), a trail maintenance position, a Streets maintenance position (associated with the Mack Hatcher extension), and an Emergency Management position. The seven restored positions are spread across five departments including Streets, Parks, Planning, Purchasing and Revenue Management/Customer Service.



# *City of Franklin, Tennessee*

## **FY 2022 Operating Budget**

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### **Overview: Highlights**

- A general pay increase for City team members will be effective the first pay period of July 2021. The budget includes a general pay increase of 2.5% plus an additional performance-based pay increase of up to 2.5%.
- The budget also includes a one-time pay supplement of \$1,000 to all City team members (full-time and permanent part-time employees) partially funded through a portion of the City of Franklin's American Rescue Plan allocation.
- For the second consecutive year, health insurance premiums for City team members will remain unchanged in FY22.





# *City of Franklin, Tennessee*

## **FY 2022 Operating Budget**

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### **Overview: Highlights**

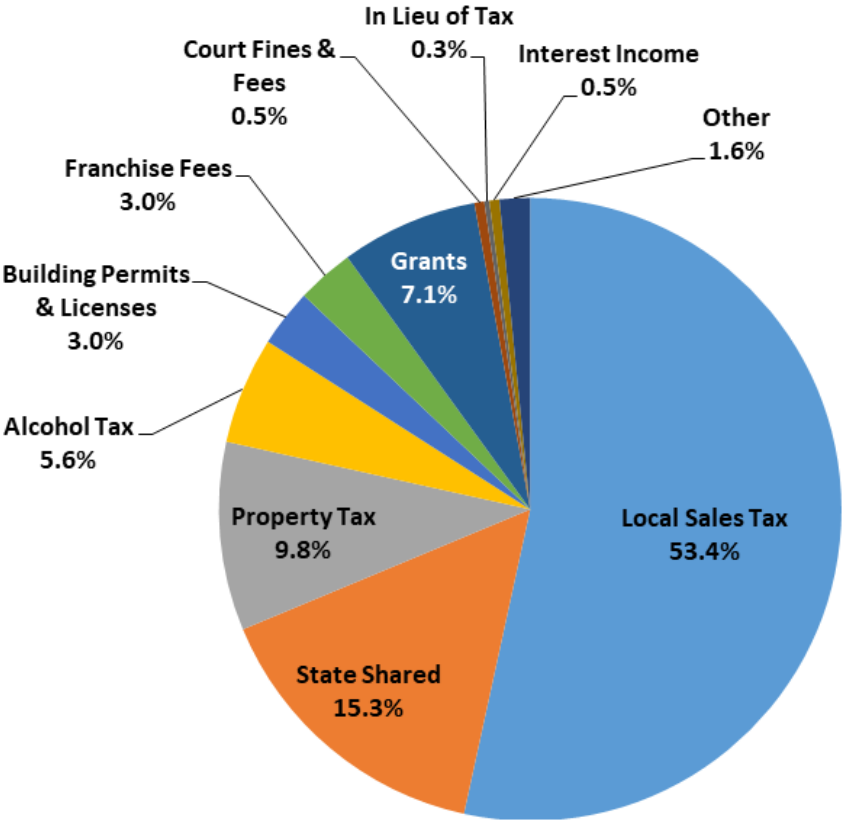
- In FY22, the City will begin to work with an outside fleet management partner to provide “consumer vehicles” (sedans, SUVs, and pickup trucks).
- The FY22 budget includes rate increases in other funds: a \$1.50/month increase for resident trash and recycling collection (from \$19/month to \$20.50/month), a 5% increase in Stormwater utility rates (an annual impact to residential customers of between \$1.64 to \$2.63 per year), and planned water and sewer rate increases of approximately 3%.



# City of Franklin, Tennessee

## FY 2022 Operating Budget

### General Fund Overview: Revenues

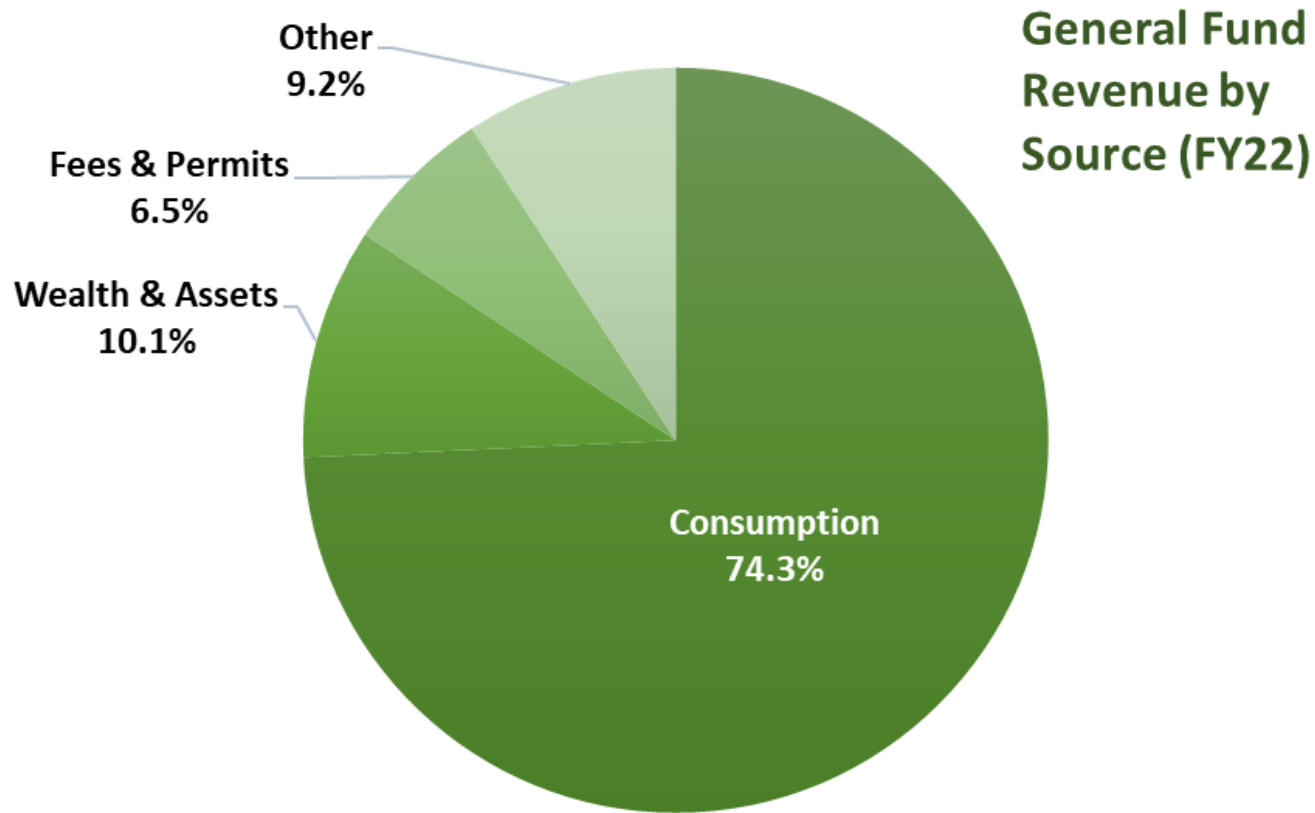




# City of Franklin, Tennessee

## FY 2022 Operating Budget

### General Fund Overview: Revenues by Source (p. 39)

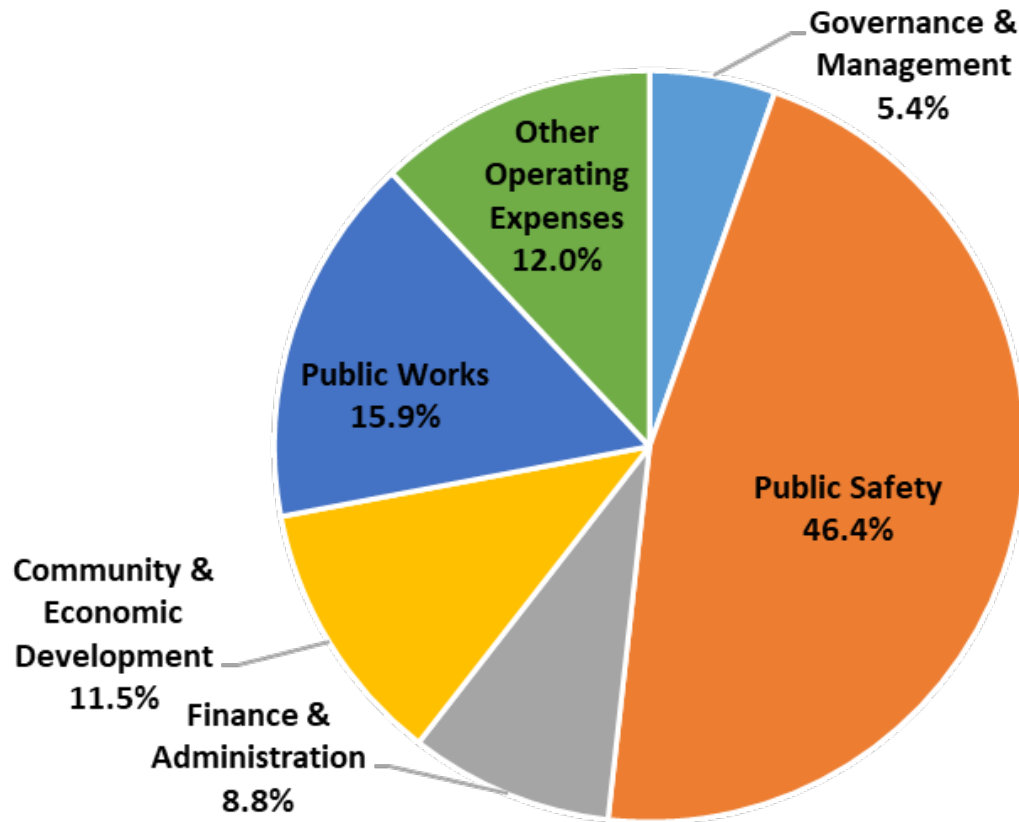




# City of Franklin, Tennessee

## FY 2022 Operating Budget

### General Fund Overview: Expenses by Major Function/Program





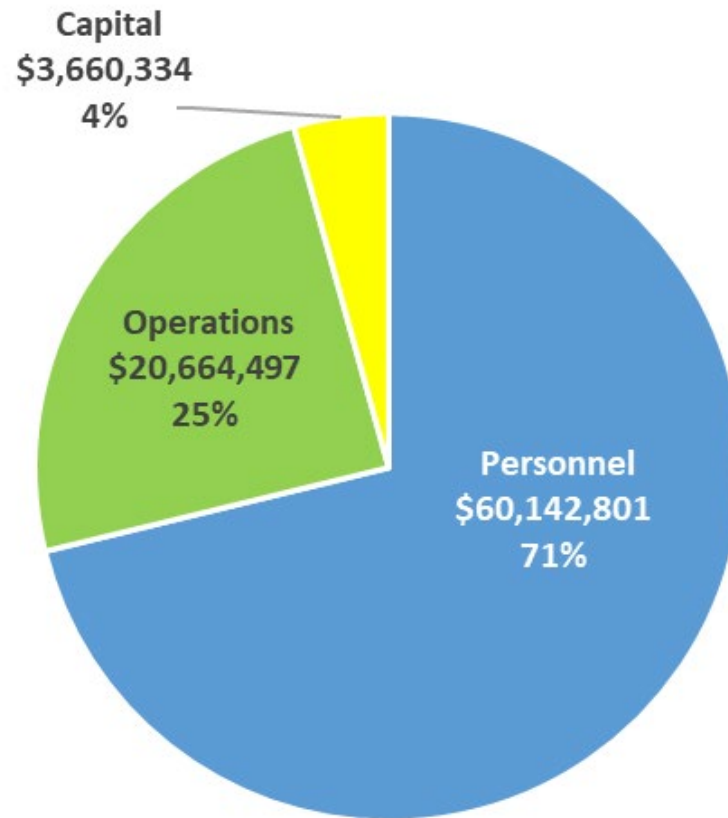
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# City of Franklin, Tennessee

## FY 2022 Operating Budget

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### General Fund Overview: Expenses by Category

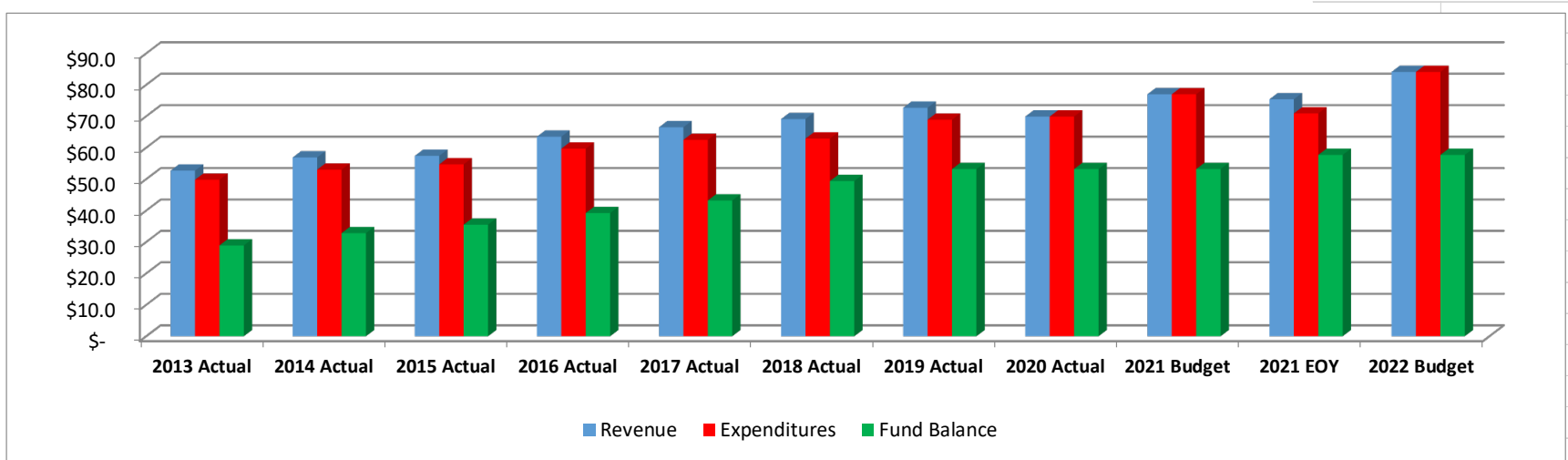




# City of Franklin, Tennessee

## FY 2022 Operating Budget

### General Fund: Revenues: Financial Performance (p. 35)



	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2021 EOY	2022 Budget
<b>Revenue</b>	\$ 52.7	\$ 56.9	\$ 57.4	\$ 63.5	\$ 66.5	\$ 69.1	\$ 72.7	\$ 69.9	\$ 77.0	\$ 75.4	\$ 84.1
<b>Expenditures</b>	\$ 49.8	\$ 53.0	\$ 54.7	\$ 59.7	\$ 62.5	\$ 62.9	\$ 68.9	\$ 69.9	\$ 77.0	\$ 70.9	\$ 84.1
<b>Fund Balance</b>	\$ 28.9	\$ 32.8	\$ 35.5	\$ 39.2	\$ 43.2	\$ 49.4	\$ 53.2	\$ 53.2	\$ 53.2	\$ 57.7	\$ 57.7

Note: Amounts above are in millions of dollars.



# *City of Franklin, Tennessee*

## **FY 2022 Operating Budget**

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### **Summary**

- The City of Franklin has weathered the challenges associated with the pandemic and the associated economic downturn very well.
- The City staff team showed resilience and adaptability throughout a challenging 2020 and continued to deliver a high level of service to the community.
- High-priority Capital Investment Projects have continued to move forward.
- Reserves at year-end well above policy level.



# City of Franklin, Tennessee

## FY 2022 Operating Budget

### General Fund: Revenues: General Fund Revenue Comparison

	<u>Actual 2019</u>	<u>Actual 2020</u>	<u>Budget 2021</u>	<u>EOY 2021</u>	<u>Budget 2022</u>	<u>Difference '21 vs. '22</u>	
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F (E-C)</u>	<u>G (E/C)</u>
<b>Revenues</b>							
Local Sales Tax	\$ 36,168,173	\$ 35,453,379	\$ 38,261,586	\$ 39,512,020	\$ 45,121,566	\$ 6,859,980	17.9%
State Shared	\$ 14,648,230	\$ 13,497,987	\$ 11,090,206	\$ 12,287,031	\$ 12,915,494	\$ 1,825,288	16.5%
Property Tax	\$ 9,318,972	\$ 7,901,599	\$ 8,376,691	\$ 8,457,348	\$ 8,267,904	\$ (108,787)	-1.3%
Alcohol Tax	\$ 4,390,575	\$ 4,599,511	\$ 4,453,767	\$ 4,849,056	\$ 4,693,022	\$ 239,255	5.4%
Building Permits & Licenses	\$ 2,279,334	\$ 2,405,139	\$ 2,819,452	\$ 2,462,572	\$ 2,532,737	\$ (286,715)	-10.2%
Franchise Fees	\$ 2,566,246	\$ 2,489,287	\$ 2,495,185	\$ 2,413,949	\$ 2,501,079	\$ 5,894	0.2%
Grants	\$ 387,640	\$ 836,319	\$ 4,874,388	\$ 3,591,794	\$ 6,010,310	\$ 1,135,922	23.3%
Court Fines & Fees	\$ 370,159	\$ 388,668	\$ 415,756	\$ 299,418	\$ 431,384	\$ 15,628	3.8%
In Lieu of Tax	\$ 259,875	\$ 398,936	\$ 221,990	\$ 275,038	\$ 221,990	\$ -	0.0%
Interest Income	\$ 1,229,262	\$ 1,208,681	\$ 438,750	\$ 440,199	\$ 438,750	\$ -	0.0%
Other	\$ 1,085,952	\$ 777,074	\$ 3,514,190	\$ 814,200	\$ 1,333,396	\$ (2,180,794)	-62.1%
<b>Total - General Fund Revenues</b>	<b>\$ 72,704,419</b>	<b>\$ 69,956,580</b>	<b>\$ 76,961,962</b>	<b>\$ 75,402,625</b>	<b>\$ 84,467,632</b>	<b>\$ 7,505,670</b>	<b>9.8%</b>





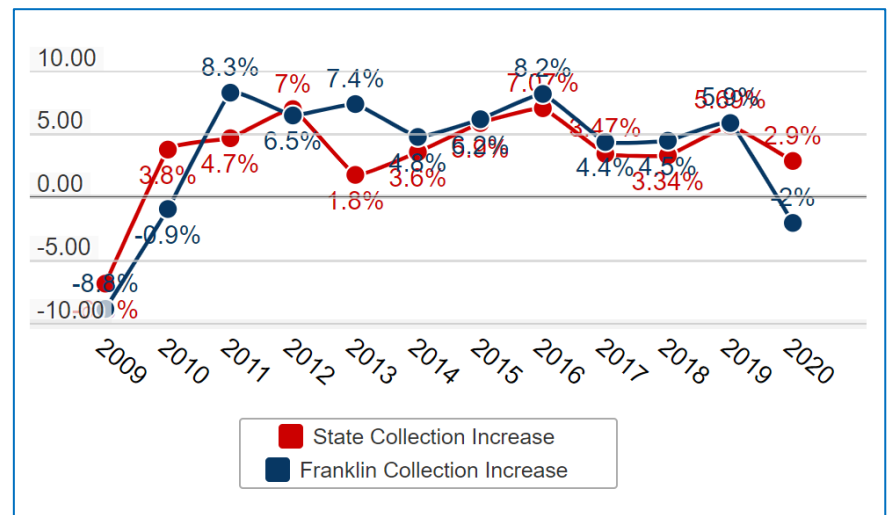
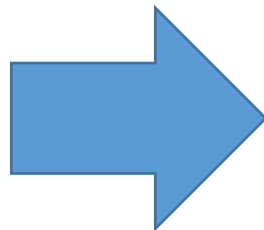
# City of Franklin, Tennessee

## FY 2022 Operating Budget

### General Fund Revenues: Local Sales Tax

- Budgeted to increase in FY22 (\$45.1 million).
- Increase of 17.9% (\$6.9M) from FY21.
- Beginning April 1, 2021, the City will receive its 50% of voter approved ½ cent local option sales tax.
- 53.4% of total general fund revenue.

City has averaged between 4% higher to 5% lower collections year-over-year when compared to the state in sales tax for the last decade.





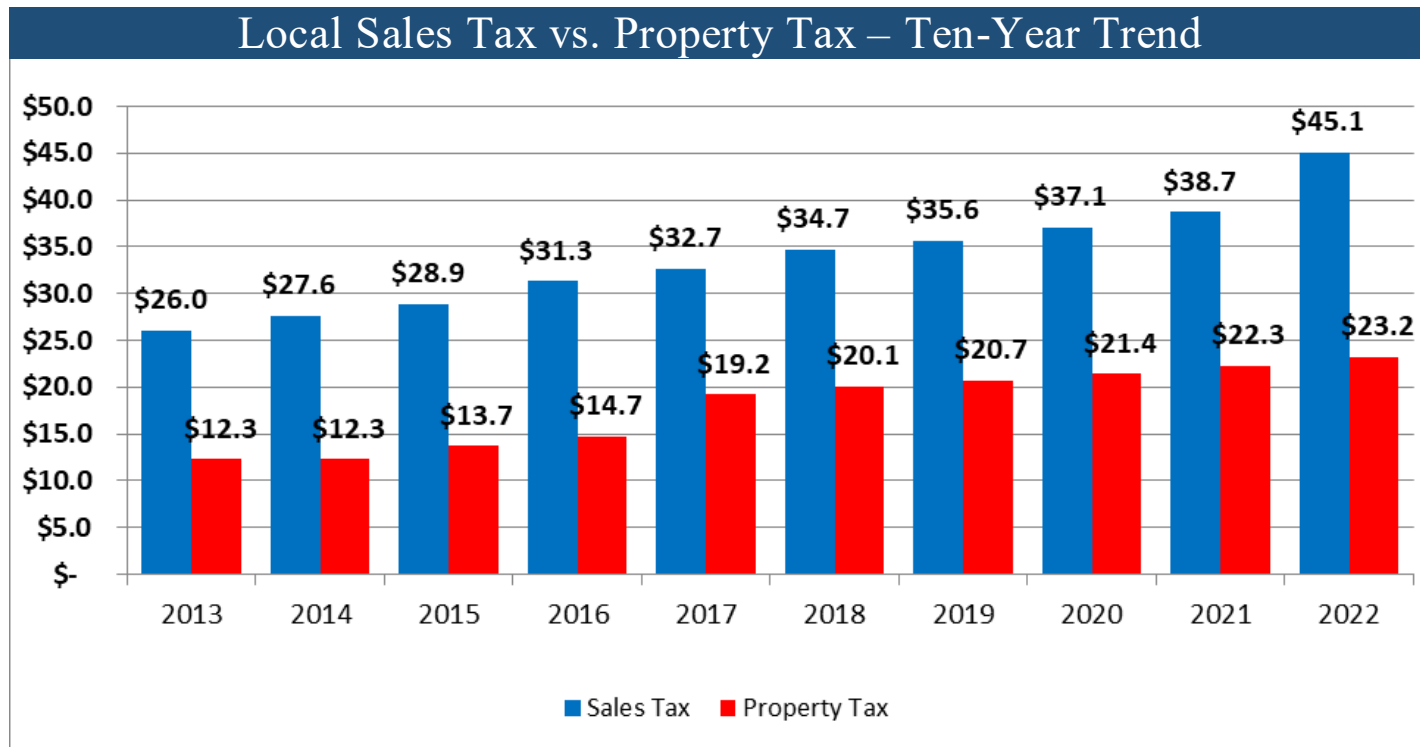
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# City of Franklin, Tennessee

## FY 2022 Operating Budget

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### General Fund Revenues: Property vs. Sales Tax (p. 56)



- Due to the increase of the .5% additional Local Option Sales Tax effective April 2021, the ratio of Sales to Property Tax has returned to 2:1 in FY 2022.



# *City of Franklin, Tennessee*

## **FY 2022 Operating Budget**

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### **General Fund Revenues:**

- Intergovernmental: Second largest general fund revenue source (\$18.9M); sizeable increase of 18.5% projected.
- Property Tax: Increase in operational revenues (\$8.2M), a small decrease of 1.3% compared to FY21.
- Alcohol Tax: \$4.7 M – a 5.4% increase from FY21.
- Building Permits & Licenses: \$2.5M, a 10.2% decrease compared to FY21.
- Franchise Fees: \$2.5 M, a modest increase (0.2%) compared to FY21.
- Other Income: Stable with modest increases in court fines and fees and level interest income.



# *City of Franklin, Tennessee*

## **FY 2022 Operating Budget**

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### **General Fund Revenues:**

#### **One-time COVID-19 Recovery funding:**

- State of Tennessee FY22 Budget includes \$100 million of funding to assist local governments. Franklin's share is expected to be \$900,000. These funds are programmed in the FY22 budget to support public safety needs including Police cruiser replacements (deferred a year ago) and an ALS upgrade for Fire apparatus.
- In March of 2021, Congress approved, and the President signed the American Recovery Plan. One element of the plan is to provide direct financial assistance to local governments. Franklin is designated to receive approximately \$9 million. The first half of these funds (\$4.5 million) will be received in May with the second to be received within 12 months. These funds must be used by December 31, 2024.



# *City of Franklin, Tennessee*

## **FY 2022 Operating Budget**

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### **General Fund Revenues:**

#### **One-time COVID-19 Recovery funding:**

- The American Rescue Plan Funding:
  - FY22 - \$3.3 million:
    - Offset revenue shortfalls in the Hotel/Motel Fund. This funding will support Capital Investment Projects and provide support for the promotion of tourism and our local hospitality industry through the Convention and Visitors Bureau.
    - Offset of revenue shortfalls in the Street Aid Fund to support neighborhood street and sidewalk maintenance.
    - Support for a one-time \$1,000 pay supplement for City team members (full time and permanent part time employees).
    - Water and Sewer infrastructure funding.
  - FY23 and FY24 – To be determined based on emerging Federal guidance and community needs. Water and Sewer infrastructure funding is anticipated as an annual element along with other needs.



# City of Franklin, Tennessee

## FY 2022 Operating Budget

### General Fund: Fund Balance Summary (pg. 35)

#### General Fund Performance - FY 2018-2022

	Actual 2018	Actual 2019	Actual 2020	Budget 2021	EOY 2021	Budget 2022
<b>Beginning Fund Balance</b>	\$ 43,283,143	\$ 49,459,974	\$ 53,201,974	\$ 53,216,286	\$ 53,216,286	\$ 57,113,640
+ Total GF Revenue	\$ 69,100,055	\$ 72,704,419	\$ 69,956,580	\$ 76,961,962	\$ 75,402,625	\$ 84,467,632
- Less F/B amount necessary to balance budget				\$ (2,786,482)		\$ -
- Total GF Expenditures	\$ 62,923,224	\$ 68,962,416	\$ 69,942,266	\$ 76,961,962	\$ 71,505,269	\$ 84,467,632
<b>Ending Fund Balance</b>	<b>\$ 49,459,974</b>	<b>\$ 53,201,974</b>	<b>\$ 53,216,286</b>	<b>\$ 50,429,803</b>	<b>\$ 57,113,640</b>	<b>\$ 57,113,641</b>
***Percent of Total Annual Revenues	71.6%	73.2%	76.1%	65.5%	75.7%	67.6%
***Percent of Total Annual Expenditures	78.6%	77.1%	76.1%	65.5%	79.9%	67.6%

*Note: Ending Fund Balance Amounts for Estimated FY 2021 and Budget FY 2022 numbers subject to change via year-end close.*



# City of Franklin, Tennessee

## FY 2022 Operating Budget

### General Fund: General Fund Expenditures by Department

	<u>Actual 2019</u>	<u>Actual 2020</u>	<u>Budget 2021</u>	<u>EOY 2021</u>	<u>Budget 2022</u>	<u>Difference '21 vs. '22</u>	
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F (E-C)</u>	<u>G (E/C)</u>
<b>Expenses</b>							
Governance & Management	\$ 3,638,266	\$ 3,817,217	\$ 4,278,157	\$ 3,740,549	\$ 4,576,100	\$ 297,942	7.0%
Public Safety	\$ 34,597,893	\$ 35,513,284	\$ 38,213,233	\$ 37,597,807	\$ 39,154,928	\$ 941,695	2.5%
Finance & Administration	\$ 7,053,555	\$ 6,693,915	\$ 6,951,419	\$ 6,630,026	\$ 7,412,478	\$ 461,059	6.6%
Community & Economic Development	\$ 6,877,618	\$ 7,020,130	\$ 9,534,517	\$ 7,633,202	\$ 9,681,684	\$ 147,167	1.5%
Public Works	\$ 11,780,018	\$ 12,932,065	\$ 12,018,296	\$ 11,119,678	\$ 13,471,833	\$ 1,453,538	12.1%
Other Operating Expenses	\$ 5,015,067	\$ 3,965,657	\$ 5,966,340	\$ 4,784,009	\$ 10,170,608	\$ 4,204,269	70.5%
<b>Total - General Fund Expenses</b>	<b>\$ 68,962,416</b>	<b>\$ 69,942,269</b>	<b>\$ 76,961,962</b>	<b>\$ 71,505,269</b>	<b>\$ 84,467,632</b>	<b>\$ 7,505,670</b>	<b>9.8%</b>
<b>General Fund Expenditures (by major category)</b>							
Personnel	\$ 50,656,009	\$ 50,740,927	\$ 56,776,413	\$ 54,538,616	\$ 60,142,801	\$ 3,366,388	5.9%
Operations	\$ 17,081,721	\$ 17,730,503	\$ 16,642,238	\$ 14,561,183	\$ 20,664,497	\$ 4,022,259	24.2%
Capital	\$ 1,224,687	\$ 1,470,839	\$ 3,543,311	\$ 2,405,470	\$ 3,660,334	\$ 117,023	3.3%
<b>Total - General Fund Expenses</b>	<b>\$ 68,962,417</b>	<b>\$ 69,942,269</b>	<b>\$ 76,961,962</b>	<b>\$ 71,505,269</b>	<b>\$ 84,467,632</b>	<b>\$ 7,505,670</b>	<b>9.8%</b>



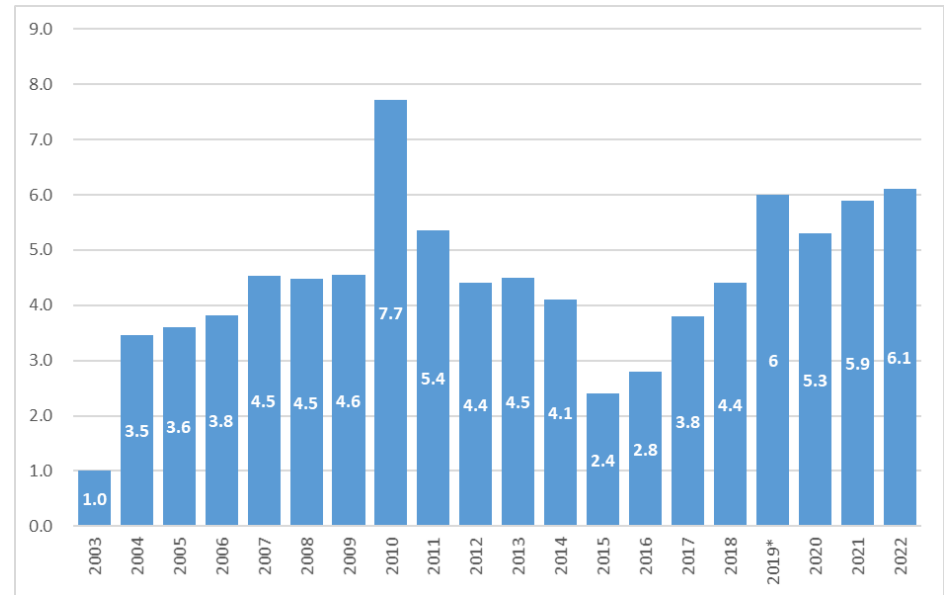
# City of Franklin, Tennessee

## FY 2022 Operating Budget

### General Fund: Pension Plan Contributions

- Pension obligations are fully funded in FY22 budget.
- 5.1% increase compared to FY 21.
- TCRS contribution is 5.92% of salary.
- Pension is approximately 12.8% of total payroll.

### Pension Contributions over last 20 Fiscal Years - (in millions)





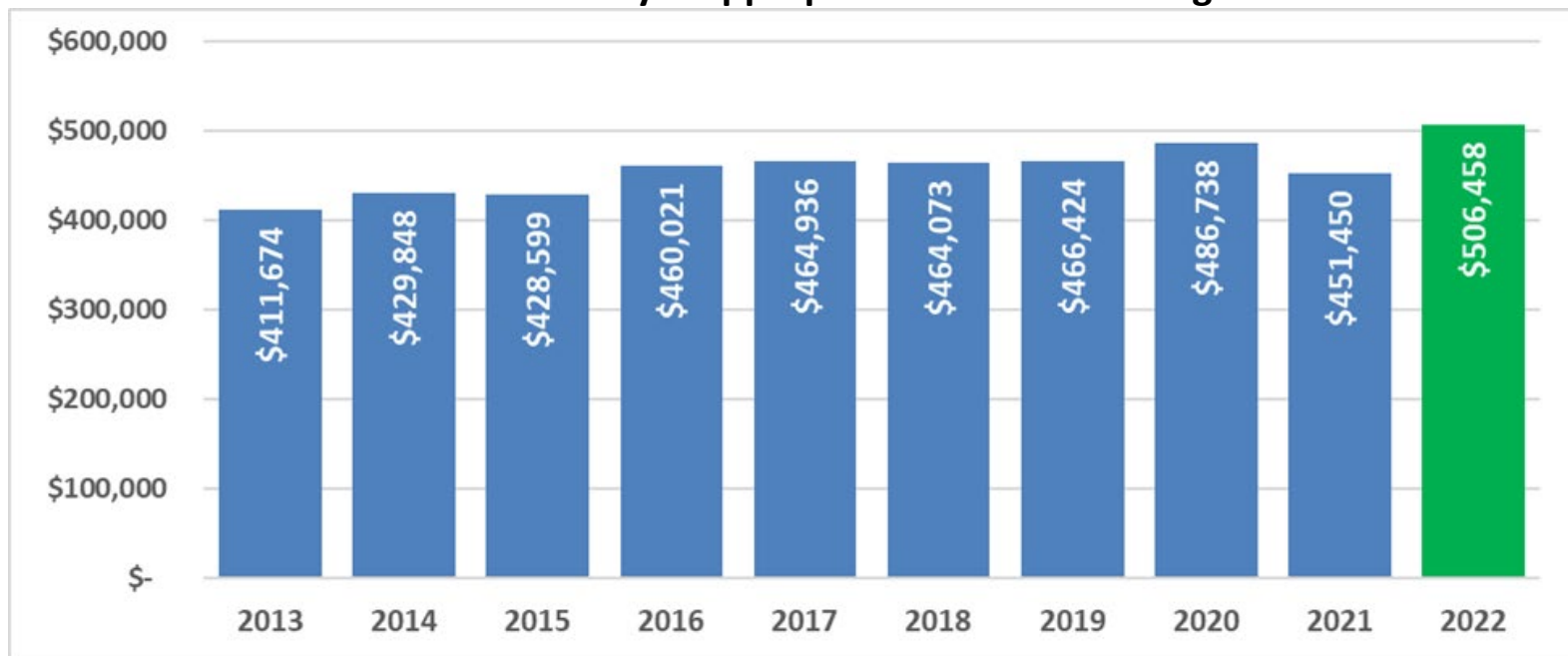


# City of Franklin, Tennessee

## FY 2022 Operating Budget

### General Fund: Appropriations to Outside Entities (pg. 287)

Ten Year- History – Appropriations to Outside Agencies



- An increase of \$55,008 compared to the FY21 budget. This increase includes restorations to FY20 levels, additional funding for existing partners and the addition of two new agencies – Davis House & Gilda’s Club.



# *City of Franklin, Tennessee*

## **FY 2022 Operating Budget**

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### **Other Funds: Summary**

- Drug Fund (*pp. 115-118*)
- Community Development Block Grant (CDBG) Fund (*pp. 195-198*)
- Transit Fund (*pp. 199-202*)
- Stormwater Fund (*pp. 221-230*)
- Street Aid & Transportation Fund – Gas Tax (*pp. 231-234*)
- Road Impact Fund (*pp. 235-238*)
- Sanitation & Environmental Services Fund (*pp. 247-258*)
- Water & Sewer Fund (*pp. 259-280*)
- City Facilities Tax Fund (*pp. 297-300*)
- County Facilities Tax Fund (*pp. 301-304*)
- Hotel/Motel Tax Fund (*pp. 305-308*)
- Debt Service Fund (*pp. 309-312*)
- Parkland Dedication Fund (*pp. 319-322*)



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# City of Franklin, Tennessee

## FY 2022 Operating Budget

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### Other Funds: Change in Budget Amounts

	<u>Actual 2019</u>	<u>Actual 2020</u>	<u>Budget 2021</u>	<u>Estd 2021</u>	<u>Budget 2022</u>	<u>Difference '21 vs. '22</u>	
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F (E-C)</u>	<u>G (E/C)</u>
Personnel	\$ 63,904,269	\$ 63,132,711	\$ 68,996,265	\$ 66,969,045	\$ 73,522,813	\$ 4,526,548	6.56%
Operations	\$ 91,169,335	\$ 113,465,048	\$ 79,193,620	\$ 73,946,852	\$ 81,560,682	\$ 2,367,062	2.99%
Capital	\$ 7,203,360	\$ 13,281,091	\$ 15,721,597	\$ 13,101,391	\$ 11,684,755	\$ (4,036,842)	-25.68%
<b>Total - All Funds Expenses</b>	<b>\$ 162,276,964</b>	<b>\$ 189,878,850</b>	<b>\$ 163,911,482</b>	<b>\$ 154,017,288</b>	<b>\$ 166,768,250</b>	<b>\$ 2,856,767</b>	<b>1.7%</b>

	<u>Actual 2019</u>	<u>Actual 2020</u>	<u>Budget 2021</u>	<u>EOY 2021</u>	<u>Budget 2022</u>	<u>Difference '21 vs. '22</u>	
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F (E-C)</u>	<u>G (E/C)</u>
<b>General Fund Expenditures (by major category)</b>							
Personnel	\$ 50,656,009	\$ 50,740,927	\$ 56,776,413	\$ 54,538,616	\$ 60,142,801	\$ 3,366,388	5.9%
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# *City of Franklin, Tennessee*

## **FY 2022 Operating Budget**

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### **Other Funds of Note:**

#### **Stormwater**

- FY22 budget is \$2.8 million. A 5% increase in the Stormwater Fee is proposed. This is the first fee adjustment since its creation 18 years ago.

#### **Sanitation**

- \$1.50/month increase in residential collection fee from \$19.00/month to \$20.50/month.
- No General Fund subsidy budgeted.
- One restored position. One new position added to keep up with community growth. First new position add in five years.
- Replacement of three pieces of equipment & addition of a fourth.
- FY22 budget is \$11.2 million, an increase of 4.6% compared to FY21.



# *City of Franklin, Tennessee*

## **FY 2022 Operating Budget**

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### **Other Funds of Note:**

#### **Hotel/Motel**

- Sizeable increase in revenue over FY21, but still below pre-COVID levels.
- Includes \$1.15 Million in American Rescue Plan monies to supplement revenue loss.
- Expenditures of \$2.7 million are included in the FY22 budget covering existing debt service and project funding commitments.

#### **Development Funds (City Facilities, County Facilities, Parkland Dedication, Road Impact)**

- Continue funding for debt service and project commitments.
- The update of the City's Road Impact fee structure is included in the Road Impact Fund budget (\$50,000).



# *City of Franklin, Tennessee*

## **FY 2022 Operating Budget**

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### **Other Funds of Note:**

#### **Water & Wastewater Fund**

- FY22 Budget is \$34.8 million:
  - \$14.3M Water; \$19.8M Sewer; \$590,425 Reclaimed
- Maintains rate structure for Year 3 of the five-year plan: 2.9% increase in Water, 3% increase in Wastewater rates. Rate study ongoing and will be presented in Summer 2021 to BOMA.
- Rate structure was submitted in support of the City's \$100 million State Revolving Fund Loans.



# *City of Franklin, Tennessee*

## **FY 2022 Operating Budget**

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### **Summary**

- Our community and Franklin City government is emerging from the pandemic and economic downturn is a strong position.
- Capacity is available to support a “Stronger Franklin” emerging from the pandemic and for years to come.
- Continued support for funding and delivery of high-priority Capital Investment Projects.
- Reserves at year-end well above policy level (67.6%).