



City of Franklin, Tennessee
FY 2020 Operating Budget

FY 2020 Proposed Operating Budget – Public Hearing

June 11, 2019

Board of Mayor and Aldermen



City of Franklin, Tennessee

FY 2020 Operating Budget

The Focus

Management

- Policy development and implementation
- Budget process
- High quality service levels
- Department level key performance measurers
- Benchmarking program
- Capital Investment project oversight and delivery
- Telling “Franklin’s story” locally and beyond

Community Development

- Desired location
- High Development Standards
- Educated workforce
- Sites ready for development
- Aggressive State incentives
- Work with partners at State and Williamson County
- Play “offense”

Strong Financial Base

- Long-Term financial planning (revenue diversification)
- Capital Investment plan process
- Multi-year financial planning
- Healthy reserve levels
- Triple-A Bond rating from both Moody’s and S&P.
- Support changing service needs

Process

- Departmental Budgets also maintain full integration of ***FranklinForward*** - the City's Strategic Plan and Performance Measures. These measures are organized in either Workload, Efficiency or Outcome Measures and are marked (where applicable) to the four themes of the strategic plan:



A Safe, Clean, and Livable City



Quality Life Experiences



Effective and Fiscally Sound
City Government Providing
High-quality Services



Sustainable Growth and
Economic Prosperity



City of Franklin, Tennessee

FY 2020 Operating Budget

General Fund Overview: Opportunities

- Maintain high quality services.
- Invest in our future.
- Enhance our community's competitive position.
- Focus on possibilities, not just current challenges.
- Maintain Franklin's unique character.



City of Franklin, Tennessee

FY 2020 Operating Budget

Budget Overview:

- The budget is balanced, with revenues meeting expenditures. The proposed 2019-20 (FY20) general fund budget is \$73,789,465, which represents an decrease of 1.2% compared to the current \$74.7 million budget for 2018-19 (FY19).
- The proposed FY20 budget for all funds is \$160,838,175 which represents an increase of 0.6% compared to FY19. Increased budgeted expenditures across funds include increases in the General, Sanitation and Environmental Services, Road Impact, Debt Service, and Water Management Funds.



City of Franklin, Tennessee

FY 2020 Operating Budget

Overview: Highlights

- The budget is balanced, with current revenues equaling expenditures.
- The budget is in compliance with the Board of Mayor and Aldermen's debt and fund reserve policies, significantly exceeding the reserve requirements.
- The City property tax remains unchanged at \$0.4176 per \$100 of assessed valuation. The *Invest Franklin* dedicated funding for infrastructure/transportation investment and support of City operations remains in place. The City of Franklin continues to maintain one of the lowest municipal property tax rates in the State of Tennessee.



City of Franklin, Tennessee

FY 2020 Operating Budget

Overview: Highlights

- Overall, the budget has a net increase of 10 positions in the General Fund. These new positions are targeted in the areas of Engineering, Streets, Purchasing, Administration, Information Technologies, Parks, and Police, all of which have been impacted by growth and the City's need to manage a larger group of infrastructure and facilities projects.
- The general pay increase for City team members will be effective the soon after the start of the new Fiscal Year in July 2019. The proposed budget includes a general pay increase of 2.5% plus an additional performance-based pay increase of up to an additional 2.5%.



City of Franklin, Tennessee

FY 2020 Operating Budget

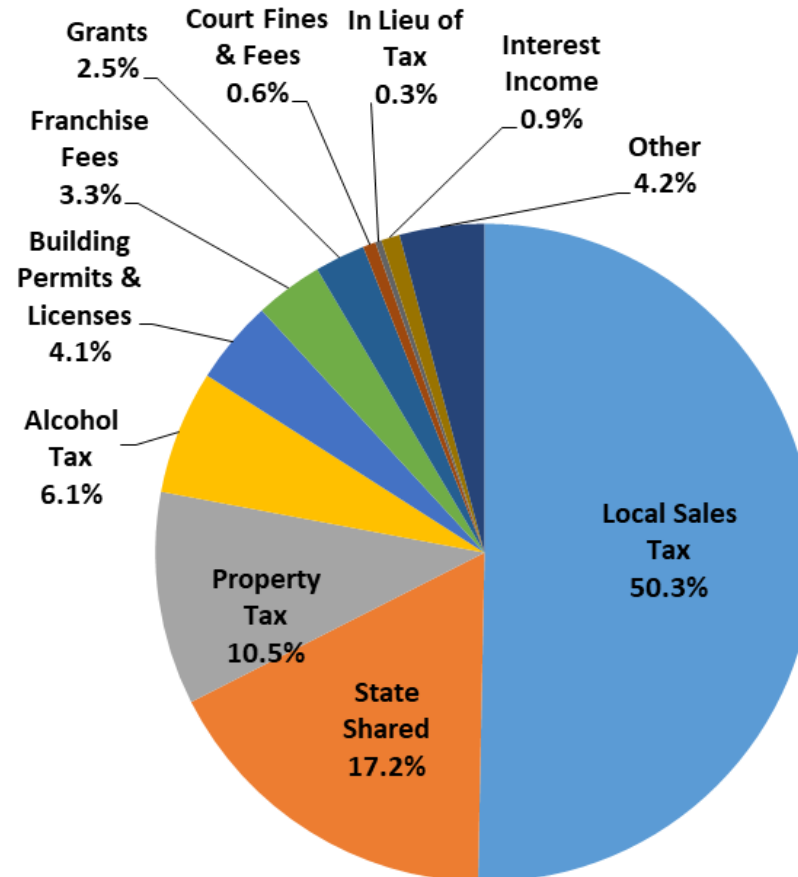
Overview: Highlights

- Health Insurance premiums for our City team members includes a 2.5% increase in premiums for the “traditional plan,” the first increase in two years. There is no increase in premiums for the City’s “high deductible” plan paired with a health savings account, an option that was initiated last year.
- Funding is provided for important investments in equipment replacements (\$2.67 million), technology enhancements, and facility improvements.
- The budget incorporates performance measures and sustainability initiatives for every department. The connection to our Strategic Plan, [FranklinForward](#), is clearly linked to performance measures and objectives throughout the budget, including insights from the recently completed citizen survey.

City of Franklin, Tennessee

FY 2020 Operating Budget

General Fund Overview: Revenues (pg. 32)

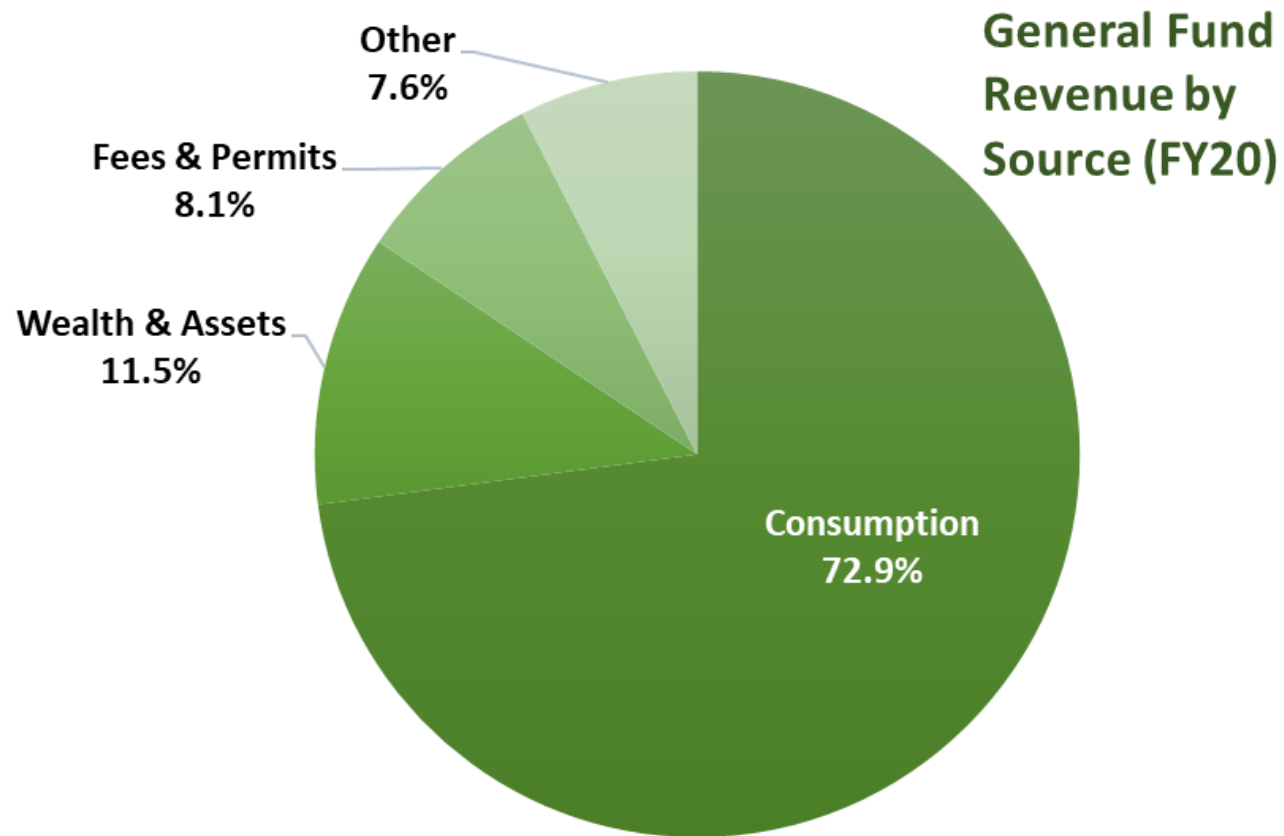




City of Franklin, Tennessee

FY 2020 Operating Budget

General Fund Overview: Revenues by Source (pg. 33)

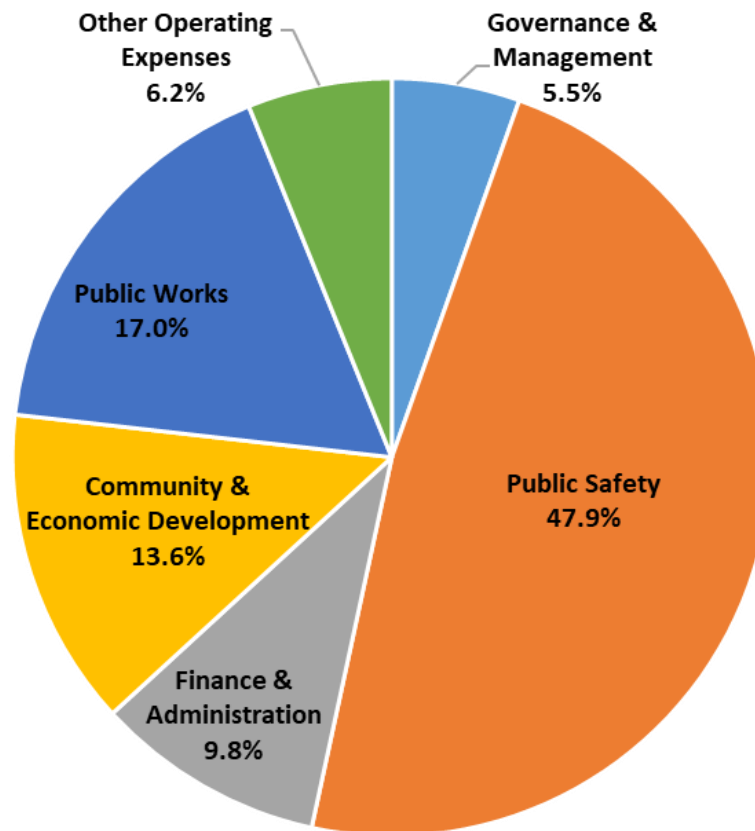




City of Franklin, Tennessee

FY 2020 Operating Budget

General Fund Overview: Expenses by Major Function/Program

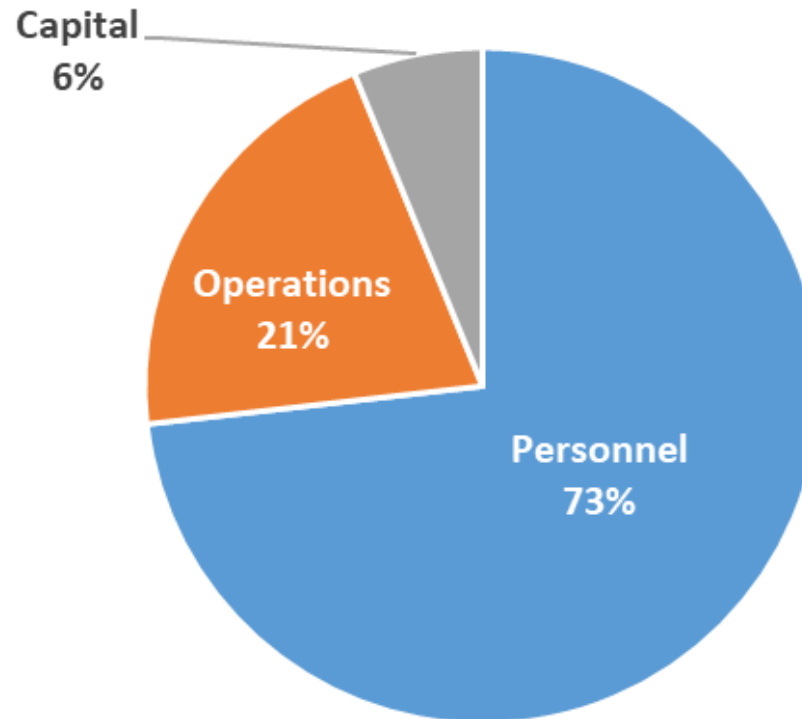




City of Franklin, Tennessee

FY 2020 Operating Budget

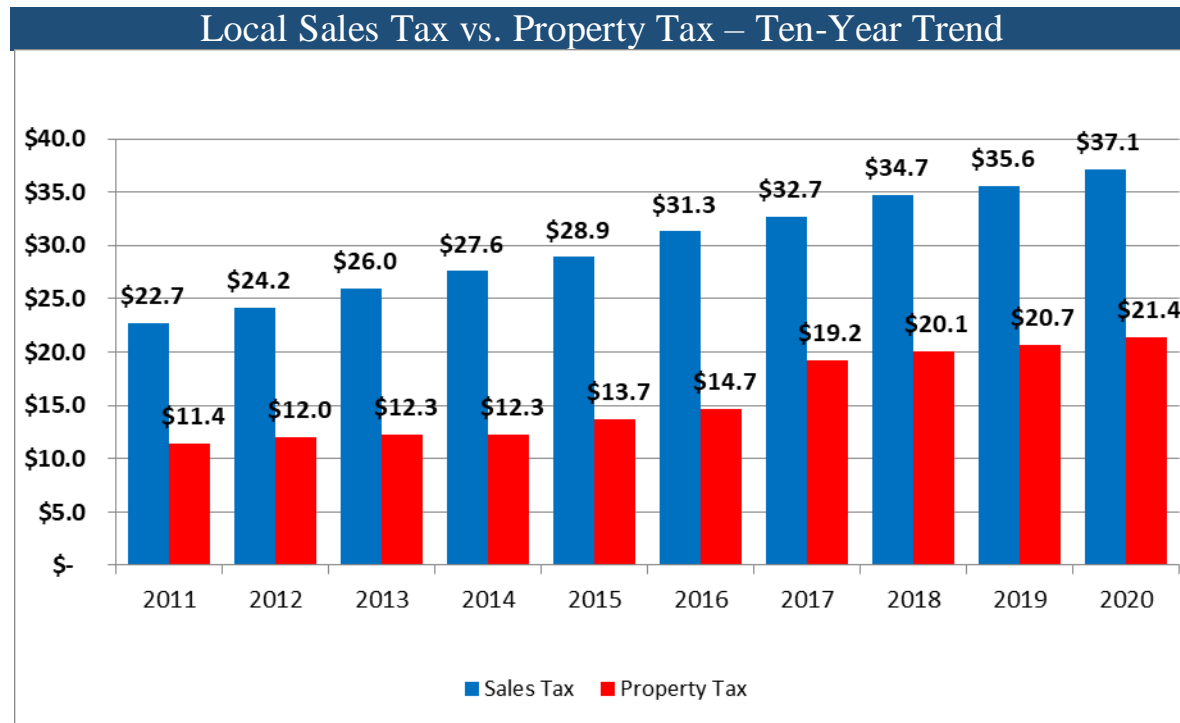
General Fund Overview: Expenses by Category



City of Franklin, Tennessee

FY 2020 Operating Budget

General Fund Revenues: Property vs. Sales Tax



- Sales Tax continues to outpace Property Tax collections slightly less than 2:1



City of Franklin, Tennessee

FY 2020 Operating Budget

General Fund: Fund Balance Summary

General Fund Performance - FY 2016-2020						
	Actual 2016	Actual 2017	Actual 2018	Budget 2019	Estimated 2019	Budget 2020
Beginning Fund Balance	\$ 35,469,449	\$ 39,249,587	\$ 43,283,143	\$ 49,459,972	\$ 49,459,972	\$ 51,010,621
+ Total GF Revenue	\$ 63,539,872	\$ 66,540,349	\$ 69,100,055	\$ 74,691,784	\$ 74,659,597	\$ 73,789,465
- Total GF Expenditures	\$ 59,759,734	\$ 62,506,793	\$ 62,923,226	\$ 74,691,784	\$ 73,108,946	\$ 73,789,465
Ending Fund Balance	\$ 39,249,587	\$ 43,283,143	\$ 49,459,972	\$ 49,459,972	\$ 51,010,621	\$ 51,010,621
***Percent of Total Annual Revenues	61.8%	65.0%	71.6%	66.2%	68.3%	69.1%
***Percent of Total Annual Expenditures	65.7%	69.2%	78.6%	66.2%	69.8%	69.1%

Note: Ending Fund Balance Amounts for Estimated FY 2019 and Budget FY 2020 numbers subject to change via year-end close and final FY 2019 budget amendments.



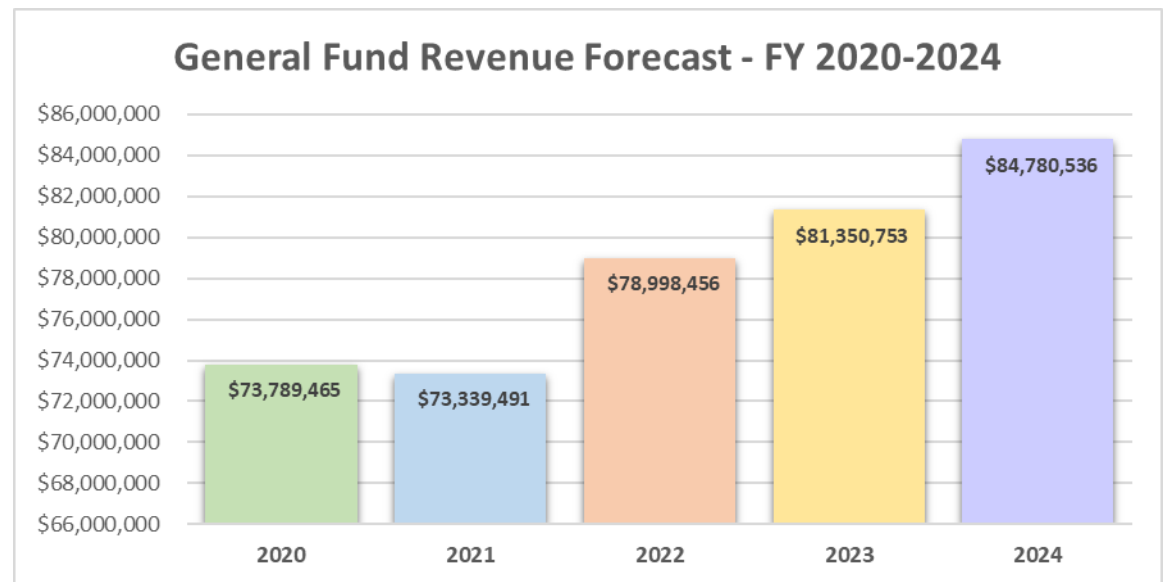
City of Franklin, Tennessee

FY 2020 Operating Budget

General Fund: Long-Range Plan

Revenues: Revenues are forecast to grow by nearly 15% from FY 2020 to 2024, or an average of just less than 3% annually. This is a conservative forecast, using historical averages for the last 5 to in some cases 30 years dependent upon revenue category.

- Average growth of less than 3% annually.
- Local Option Sales Tax increasing at 3.5% overall, with sizeable increase in FY 2022 when City's share of monies currently going to Williamson County return to the City.





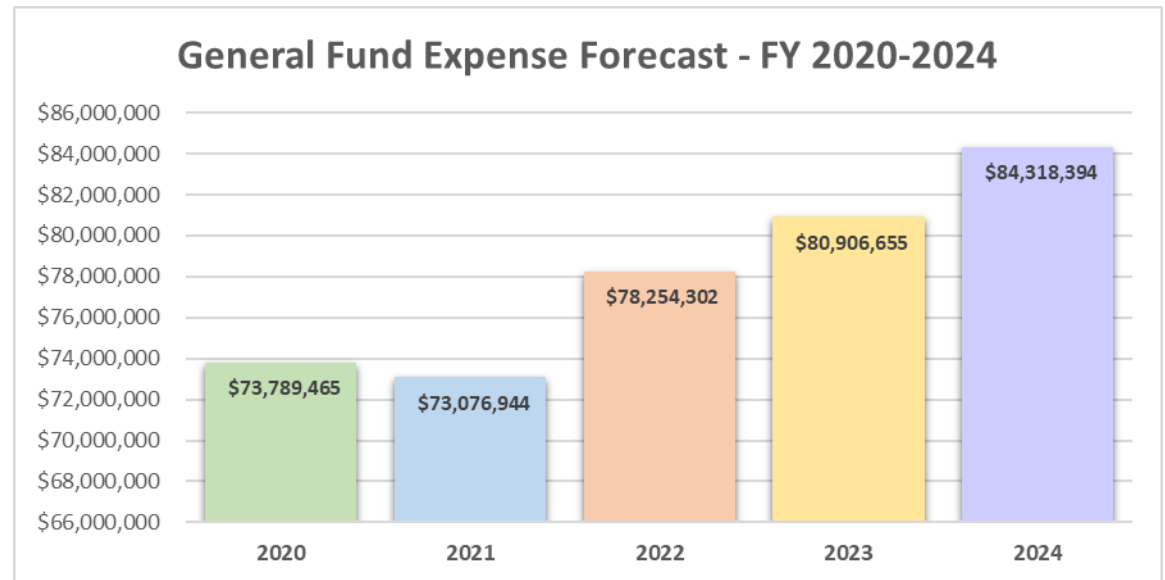
City of Franklin, Tennessee

FY 2020 Operating Budget

General Fund: Long-Range Plan

Expenses: As the City grows, so too the demands on City Services. To account for this growth, and to properly plan for the increase in Revenues forecast above, the City plans to add additional personnel once significant additional Sales Tax revenues come online in FY 2022.

- From FY 2020-2024, the City plans on adding 27 full-time equivalent personnel in Police, Fire, Public Works and Support Services.
- The bulk of remaining available funds annually will be dedicated as appropriate to equipment renewal and replacement.





City of Franklin, Tennessee

FY 2020 Operating Budget

General Fund: Long-Range Plan

Summary: The Long-Range Operational forecast for the City of Franklin's General Fund proposes break-even budgets FY 2020-2024, resulting in the reduction as a percentage of overall annual budgets the City's General Fund balance from its forecast level of 62% in FY 2020 to 56% in FY 2024. This is still far in excess of the City's minimum fund balance policy requirements.

Overall General Fund Change in Fund Balance : FY 2020-2024

	Budget 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024
Beginning Balance*	\$ 45,404,971	\$ 45,404,971	\$ 45,667,518	\$ 46,411,672	\$ 46,855,770
+ Revenues	\$ 73,789,465	\$ 73,339,491	\$ 78,998,456	\$ 81,350,753	\$ 84,780,536
- Expenses	\$ 73,789,465	\$ 73,076,944	\$ 78,254,302	\$ 80,906,655	\$ 84,318,394
Ending Balance	\$ 45,404,971	\$ 45,667,518	\$ 46,411,672	\$ 46,855,770	\$ 47,317,912
Year-End F/B as % of Budget:	62%	62%	59%	58%	56%
Year over Year \$	\$ 0	\$ 262,547	\$ 744,154	\$ 444,098	\$ 462,142
Year over Year %	0.00%	0.58%	1.63%	0.96%	0.99%

*Beginning Fund Balance for the General Fund for FY 2020 assumes full use of projected fund balance in FY 2019 for capital projects and operations of \$4.46 million. Starting audited fund balance for the City of Franklin in FY 2019 is \$49,459,971.



City of Franklin, Tennessee

FY 2020 Operating Budget

Other Funds of Note:

Stormwater

- Over \$2.55M for capital projects. After this allotment, no further capital is planned out of the Stormwater Fund until fees are re-evaluated later in 2020.

Sanitation

- No Fee Increase & No Tax Levy Subsidy Budgeted
- Essential equipment replacement over \$1.2M included
- New equipment to implement curbside recycling containers



City of Franklin, Tennessee

FY 2020 Operating Budget

Other Funds of Note:

Hotel/Motel

- Solid Revenue growth (7.4%), even accounting for additional competition from new stock in Nashville & surrounding areas
- Investment in over \$2.37 million of projects for Parks (Eastern Flank, Bicentennial Pavilion, Carter's Hill/Battle of Franklin Park, East/Southeast Park), continued support for CVB



City of Franklin, Tennessee

FY 2020 Operating Budget

Other Funds of Note:

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

- Continued Investment of Phase I CIP Project for Fire Station 7
- New equipment for Fire, Parks and Sanitation
- Projected to retain and further grow healthy fund balances at year end for future use for 2019-2028 CIP projects - (nearly \$20M in Road Impact, \$13M in City Facilities, \$5M in County Facilities and almost 9.5M in Parkland)



City of Franklin, Tennessee

FY 2020 Operating Budget

Other Funds of Note:

Water & Wastewater Fund

- Nearly \$425K for equipment replacement
- Maintains rate structure of previous years; 2.9% increase in Water, 3.5% increase in Wastewater rates (already approved by BOMA) - Furthers City's commitment to the IWRP



City of Franklin, Tennessee

FY 2020 Operating Budget

Summary

- The budget includes continued support of the *Invest Franklin* initiatives that funding capacity for key infrastructure investment and support operations for our growing community.
- Meeting budget goals and objectives with an enhanced emphasis on performance measures and the strategic plan.
- The budget features targeted program enhancements related to public safety and growth-related services.
- Reserves at year-end well above policy level.