

City of Chattanooga, Tennessee
Comprehensive Annual Budget Report



Fiscal Year July 1, 2012 thru June 30, 2013

Presented by:

Ron Littlefield, Mayor

and

The Department of Finance & Administration

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The **CABR 2013** is divided into five major sections: **Introduction, Guidelines, Financial Overview, Personnel Administration**, and the **Appendix**.

Section A: Introduction - gives a profile of Chattanooga with selected useful service, demographic, economic, and statistical information, a message from the City Finance Officer, an organizational chart, and profiles of City officials.

Section B: Guidelines - provides guidelines and rules adhered to by the Finance department of the City of Chattanooga, as well as budget policies, model, procedures, a calendar, and the budget ordinance.

Section C: Financial Overview - summarizes the overall financial condition of the City of Chattanooga, where we have been, where we are, and where we are going. This is followed by discussions of programs such as General Government, Supported Agencies, Finance & Administration, Police, Fire, Public Works, Parks & Recreation, Human Services, Personnel, Neighborhood Services, Executive Branch, Education, Arts & Culture, Debt Service and Capital Outlay.

Section D: Personnel Administration - gives an overview of the benefits provided by the City of Chattanooga, position changes, its personnel detail, and pay plan tables.

Section E: Appendix - includes a glossary and an index.



City of Chattanooga
Department of Finance & Administration
City Hall
101 East 11th Street
Chattanooga, Tennessee 37402

June 30, 2012

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

I am pleased to present the adopted Operating Budget and Capital Improvement Plan for the Fiscal Year ending June 30, 2013. This budget highlights key issues discussed during the budgetary process and is reflective of our goal to continue to provide quality service while keeping our focus on maintaining Chattanooga an affordable option for our citizens and stakeholders. This budget proposes no property tax increase. However, it does include increases in Sewer and Water Quality fees of 10% and 5% respectively to address violations of EPA regulations and increase cost of billing due to TN American Water Company's decision to discontinue as part of the water billings to its customers.

The City's chattanoogaRESULTS and vacancy control programs have been in effect for the past nine (9) years. These initiatives continue to insure increased accountability by regularly monitoring of departmental performance by the the Mayor, the City Finance Officer, and other senior City officials. The City has published six annual performance reports that may be used by citizens as a quick reference guide. All reports can be found at www.chattanooga.gov/finance-division/performance-reports.



Chattanooga, like many other cities across the United States, and the world continues to face fiscal challenges as a result of the current national and global economic conditions. The City's long term vision and economic strategies have placed Chattanooga in an enviable position as compared to the national and global economies. While we are challenged, we are well positioned to withstand these times as we continue to prosper as a community.

The Mayor's Proposal

The Mayor's proposed budget continues to focus on productivity and efficiency in Chattanooga without negatively impacting services. Initiatives continue that will cultivate economic growth, new jobs, and a healthy local economy. Some highlights of this budget are outlined below:



Taxes:

The rate of \$2.309 per \$100 of assessed valuation is maintained. However, overall assessments and thereby property tax collections remain relatively flat with some return of positive retail consumer spending, gross receipts, state sales tax, and the local option sales tax collections are estimated to increase by approximately 11% over FY2011 budget. Local option sales tax is reflective of a full year of additional taxes due to termination of the 1966 sales tax agreement.

Public Safety:

Public Safety remains a priority. This budget includes 15 additional firefighters to staff a new firehall in the proposed annexation area of Hixson. The city continues to work through the legal process to finalize the annexation. There are 490 police officers included in this year's budget which is within 10 positions of our goal of 500 officers on the streets of Chattanooga.

Continued Emphasis on Youth:

Continued focus on youth and providing positive alternatives to gang activity by emphasizing youth development programs. The budget includes full staffing for the new recreation center at Hixson Middle School. It provides funding for a Gang Initiative Task Force office to coordinate anti-gang activities throughout the City.

Rebuilding City Streets and implementation of the "Pavement Management Program":

The Budget provides funding for the City's Pavement Management Program which incorporates a long-term strategy to cost effectively maintain city. This tool provide information that enables the City to identify and prioritize paving requirement as well as enhance the City's ability to partnership with external agencies whose goals are consistent with the mission of the City.

Attract and Maintain Competent, Professional Staff:

Funding provided to ensure that the city continues to attract and maintain competent, professional staff.

Funding provided for continued commitment to provide competitive salaries and benefits for employees

- Career Ladder Program
- Increase in longevity rate from \$50 to \$75 for eligible employees
- Improved Health and Wellness program for employees, retiree and dependents
- Full funding of Increased annual required contributions for Retiree Trust funds
 - General pension rate at 13.65% (up from 12.95%)
 - Fire & Police pension rate at 31.8% (up from 27.74%)
 - OPEB at 9.5% down from 10.3% for civilian and 19.8% down from 23.2% for sworn employees

Accountability

Recognized as a model for performance accountability in the region and beyond, Chattanooga continues to move forward with its commitment to transform and sustain this city through economic development, job growth, a clean environment, technology and clean, safe neighborhoods. According to Business Facilities Magazine, Chattanooga is ranked number one for metro economic growth potential. To see our score card on performance, please visit our website at www.chattanooga.gov.

Budget Highlights

Major Highlights of the Fiscal Year 2013 Budget:

Projected revenues, excluding other financing sources for all appropriated funds total \$398,745,766, an increase of \$31.8 million or 8.66% from the previous year. The largest single increase is a \$21 million (25.2%) in intergovernmental revenues. Most of this increase is \$10 million of Federal Funding for Enterprise South Industrial Park Connector Road. TDOT is contributing \$7.4 million for the Regional Intelligent Transportation System. An additional \$4 million (11%) in local option sales tax dollars will be received by the City due to growth retail sales and a full year of additional collections due to expiration of the sales tax agreement with Hamilton County. Eleven months were included in FY 2011 Charges for service increased by \$7.6 million (8.6%) primarily due to increased sewer and water quality fees of \$? (?) and sewer fees of \$3.6 million or 6.14% respectively.

Appropriations (see following page), excluding other financing uses are \$472,574,770, a \$54 million or 12.97% increase from the FY12 budget. Capital projects accounts for \$40.9 million (73.6%) of the increase. Interceptor Sewer capital makes up \$29.5 million to provide for the continuing program of upgrading the City's interceptor sewer system and comply with EPA requirements..

General Fund. The City's Undesignated General Fund accounts for all resources related to the general operations of city government that are not accounted for elsewhere. The total appropriation for FY13 budget is \$209,320,000 including transfers of \$27,927,217, a 4.85% increase over FY12 budget. Salaries and fringes increased by \$4.6 million or 3.91% to address increases in employee compensation as outlined above.

Revenues	FY12/13	FY11/12	inc(dec)	% change
Taxes	147,207,360	146,537,860	669,500	0.46%
Licenses & Permits	3,558,850	3,098,700	460,150	14.85%
Intergovernmental	106,117,309	84,708,126	21,409,183	25.27%
Charges for services	96,389,804	88,730,163	7,659,641	8.63%
Fines, forfeitures and penalties	2,264,100	2,739,600	(475,500)	-17.36%
Interest earnings	781,900	1,052,660	(270,760)	-25.72%
Miscellaneous	42,426,443	40,105,849	2,320,594	5.79%
Total Revenues	\$ 398,745,766	\$ 366,972,958	31,772,808	8.66%
Other Financing Sources				
Transfers in	53,181,632	58,961,640	(5,780,008)	-9.80%
Fund Balance	2,000,000	2,856,266	(856,266)	-29.98%
Bond Proceeds	47,637,469	16,336,038	31,301,431	191.61%
Total Other Financing Sources	\$ 102,819,101	\$ 78,153,944	24,665,157	31.56%
Total Revenues & Other Sources	\$ 501,564,867	\$ 445,126,902	56,437,965	12.68%

Appropriations	FY12/13	FY11/12	inc(dec)	% Change
General Fund	183,030,490	177,558,282	5,472,208	3.08%
Enterprise Funds	71,264,872	66,069,900	5,194,972	7.86%
Special Revenue Funds	42,292,467	41,864,099	428,368	1.02%
Debt Service Fund	22,240,813	19,618,400	2,622,413	13.37%
Capital Project Funds	96,642,090	55,670,604	40,971,486	73.60%
Internal Service	57,104,038	57,555,583	(451,545)	-0.78%
Total Expenditures	\$472,574,770	\$ 418,336,868	54,237,902	12.97%
Other Financing Uses				
Transfers Out	28,990,097	26,790,034	2,200,063	8.21%
Total Other Financing Uses	\$ 28,990,097	\$ 26,790,034	2,200,063	8.21%
Total Expenditures & Other Uses	\$501,564,867	\$ 445,126,902	56,437,965	12.68%

There is \$2,000,000 in pay-go capital included in the FY13 budget, which is the same amount as last year.

Special Revenue Funds. The City's Special Revenue Funds are set by City resolution to account for funds that are restricted as to use. Special Revenue funds itemized in the budget ordinance include State Street Aid, Human Services, Narcotics, Economic Development, Community Development, Hotel/Motel

Tax, Automated Traffic Enforcement and Tennessee Valley Regional Communications . Funding for all other designated funds are authorized by ordinance and restricted as to use. The 2013 budget for the Special Revenue Funds totals \$43,543,054. The Economic Development Fund accounts for \$0.25 of the City's share of the local option sales tax designated for economic development. These funds are earmarked to pay long term lease rental payments to fund the debt service for revenue bonds issued by the Chattanooga Downtown Redevelopment Corporation and other economic development initiatives. The Community Development Fund is used to account for Community Development Block Grants and other projects funded by the Federal Housing and Urban Development Programs.

Debt Service Fund. The City is authorized to finance capital improvements through various financing instruments, including but not limited to general obligation bonds, revenue bonds, loan agreements and capital leases. The City Council may authorize the issuance of tax-supported bonds by a simple majority vote, with notification of the action published in local newspapers. Unless 10 percent of the qualified voters protest the issuance by petition within 20 days of notification, the bonds may be issued as proposed. Both principal and interest on general obligation bonds are payable from ad valorem taxes which may be levied by the City Council subject to a legal debt limit of 10 percent of assessed valuation of property. Revenue bonds may be issued for various enterprise operations.

Primary Government
General Obligation Bonds

Governmental Operations Funds Debt	\$ 171,102,646
Enterprise Funds Debt	98,825,758
Other Self-Supporting Debt	138,014,470
Total GO Debt	\$ 407,942,874

At June 30, 2012, total outstanding debt for the primary government and component units was \$834,003,449 which is made up of the following:

(1) Amount includes \$100,531,340 in lease rental payable to CDRC to pay off the CDRC \$118,775,000 obligation

Revenue Bonds:	
EPB Revenue Bonds	301,655,000
Component Units:	
Chatt. Downtown Redevelopment Corp. ⁽¹⁾	118,775,000
Metropolitan Airport Bonds	5,630,575
Total Revenue Bonds	426,060,575
Total Debt Outstanding	\$ 834,003,449

The City anticipates issuing debt not to exceed \$55.6 million to fund the FY12/13 Capital Budget, including \$22.5 million of GO bonds and \$33.1 million state revolving loan which is self-supporting debt paid through the Interceptor Sewer System revenues.

Capital Project Funds. These funds are used to account for the financial resources used for the acquisition or construction of major capital projects. The approved Capital Budget for the 2013 fiscal year is \$52,486,090, all of which will be applied to General Government projects. This is a \$3,184,514 or 5.7% decrease from last year's approved budget of \$55,670,604.

Enterprise Funds. The City maintains five enterprise operations as part of the primary government. These funds are used to account for operations of entities that are financed and operated in a manner similar to a private business. User fees are charged to produce revenues sufficient to provide for debt service, operating expenses and adequate working capital. Combined Enterprise Funds' net assets at June 30, 2012 were \$561.7 million with a change in net assets of \$18.9 million. A brief discussion of the major operations follows:

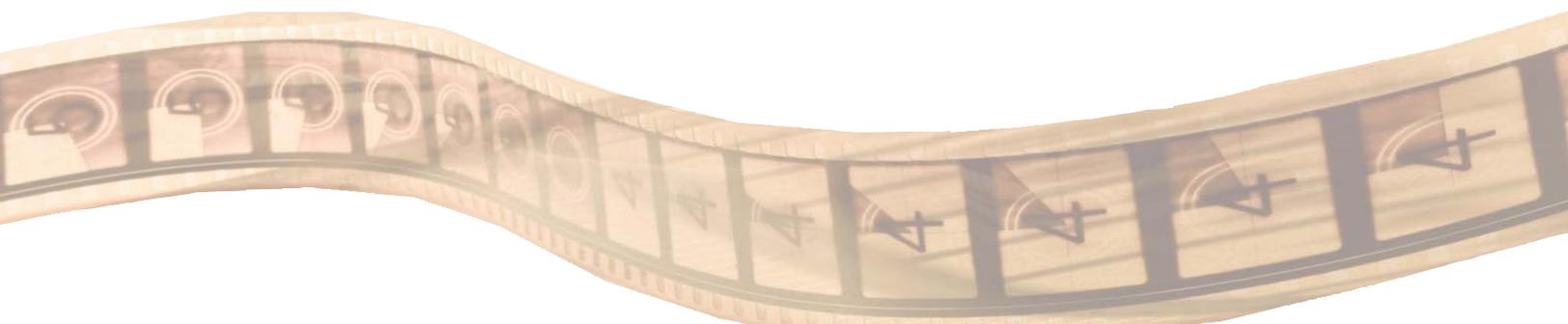
The Electric Power Board is not presented because it is a separate administrative agency of the government, having exclusive control and management of the Electric Distribution System. It is the sole distributor of electric power within the boundaries of the City and County (600 square miles). It accounts for 89.1% of total Enterprise Fund operating revenues and reported a net operating revenue of \$11.3 million for the year ended June 30, 2012.

The Interceptor Sewer System provides sewer services to customers on a self-supporting basis utilizing a rate structure designed to produce revenues sufficient to provide for debt service, operating expenses and adequate working capital. The strong commercial, industrial and residential growth in the City and increased federal mandates have necessitated ongoing expansion of the Interceptor Sewer System. Their total assets account for almost 83.6 percent of total Enterprise Fund assets, excluding the Electric Power Board. Total approved budget for FY2013 including Debt Service and Capital is \$50,923,117, of which \$33,423,433 is for operations.

The Solid Waste Fund was established in accordance with state mandate. This fund accounts for the operations of the City's landfill. The FY 2013 budget is \$6,233,755. Landfill fees are charged to commercial customers for use of the landfill, while the cost of the City landfill needs are funded by the General Fund. The City has entered into a long term agreement to transfer solid waste from a centrally located privately operated transfer station to the City Landfill. A new cell is in its 2nd year of operation. At June 30, 2012, the fund had a deficit of \$3,081,771.

The Water Quality Management Fund accounts for the operations of the City's water quality management program as mandated by the Environmental Protection Agency and the state. Since the inception of this program in 1994, the investment in property, plant, and equipment has grown to \$41.5 million. The 2013 budget is \$15,558,000.

The Housing Management Fund accounts for the operations of Dogwood Manor, an apartment complex the City acquired from the U.S. Department of Housing and Urban Development. The complex provides low-income housing within the inner city for the elderly. Rental revenue of \$882,897 was reported for the year ended June 30, 2012.



Internal Service Funds. The City maintains three Internal Service Funds - Municipal Fleet Services Fund, Liability Insurance Fund, and the Health & Wellness Fund. Internal Service Funds provide goods or services for a fee to other governmental units, departments, and agencies. The Fleet Services Fund 2013 budget is \$20,159,800. The City of Chattanooga is self insured for judgments and claims, including health care. The Liability Insurance Fund was established to fund and pay for all judgments and costs or liability claims against the City. The 2013 budget for the Liability Insurance Fund is \$730,000. The 2013 Health & Wellness Fund budget is \$36,214,238.

Pension Trust Funds. The City accounts for resources held in trust for defined benefit pension plans to provide disability and retirement benefits for City employees/retirees and for Other Post-Employment Benefits. These funds are accounted for in the same manner as business enterprises providing similar services. Following is a brief discussion about the employee pension system.

Retirement Plans. The City maintains three single-employer defined benefit pension plans and one Other Post Employment Benefit Trust which cover all employees. Each of these systems is maintained separately: one system (General Pension Plan) covers general City employees; a second plan covers employees of the Electric Power Board; and the third covers Firefighters and Police Officers and the fourth covers all city retirees from civilian and sworn service classifications. Each plan has its own consulting actuary. The following schedule shows the unfunded actuarial accrued liability (asset) for each fund at June 30, 2012.

Trend Information:

	Year Ended	Annual Cost (APC)	% APC Cont	Net Pension Obligation (Assets)
General	06/30/12	\$ 7,215,031	92.62%	(769,699)
Pension	06/30/11	\$ 6,340,774	69.02%	(1,302,008)
Fund	06/30/10	\$ 3,817,842	99.01%	(4,100,566)
Fire &	06/30/12	\$ 9,615,142	96.89%	(4,693,643)
Police	06/30/11	\$ 8,526,415	96.58%	(4,385,105)
Fund	06/30/10	\$ 7,818,280	107.01%	4,677,104
OPEB	06/30/12	\$ 14,169,688	100.84%	31,500,289
	06/30/11	\$ 13,718,933	110.75%	31,619,302
	06/30/10	\$ 18,190,921	57.30%	27,201,450

City management and the Pension Boards closely observe the future costs of both benefit improvements and changes in retirement trends of employees. Recommendations of actuaries are carefully considered and appropriate measures are taken to ensure that the pension plans are actuarially sound.

General Pension Plan. The City provides a pension plan for permanent general city employees. All permanent employees hired after February 1, 1979 must join the plan as a condition of employment. Employee contributions are 2% of total earnings. The City Finance Officer is authorized to match all salaries of all participants in the General Pension Plan, at an actuarially computed contribution rate of 13.65% for FY2013



Fire and Police Insurance and Pension Fund. The City Finance Officer is authorized to match the total salaries of all participants in the Fire & Police Pension Fund with a contribution from the General Fund total salary annually. The annual required contribution rate for FY2013 is 31.8%.

Electric Power Board Pension Plan. The Electric Power Board of Chattanooga is a single-employer defined benefit pension plan administered by an individual designated by EPB. The Plan provides retirement benefits to plan members. Plan members are not required to contribute to the Plan. EPB's contributions are calculated based on an actuarially determined rate, which is currently 9.83% of annual covered payroll. Effective August 1, 1984, EPB implemented a 401(k) defined contribution plan, the EPB Retirement Savings Plan, which allows employees to invest up to 15.0% of their salary in the savings plan. EPB contributes up to 4.0% of an employee's salary after one year of employment.

The City maintains a single-employer defined benefit post employment health and medical care plan for retirees and their dependents. Substantially all of the City's employees may become eligible for benefits should they reach normal retirement age and certain services requirements. Retirees and beneficiaries are required to contribute specified amounts depending upon certain criteria and retirement date. Employees who retired prior to 2002 contribute an amount equal to the amount paid by active employees. If they retire after 2002 with 25 years of service or a job related disability, retiree contributes an amount equal to 1.5 times that of active employees: if less than 25 years of service or non-job relate disability, retiree contributes an amount increased on a pro rata year's basis. The City pays the remainder of the costs. As a cost reduction measure, effective July 1, 2010, the City council discontinued retiree medical coverage past medicare eligibility for all new employees and employees not already eligible for retirement, This provision does not apply to sworn personnel for which the City does contribute to the Federal Medicare Insurance Trust Fund.

In 2008 the City established an OPEB Trust. This year's budget includes sufficient amount to fully fund the annual required contribution (ARC) to the trust. The City's ARC is calculated based on amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Per Capita Budget

The chart represents per capita expenditures by department over the past four years. The population figures used in calculations are shown in the chart below.

Financial Assessment

Chattanooga continues to enjoy a position of fiscal strength and our outlook is improving. Through strong fiscal management, Chattanooga has created an environment that fosters economic growth which has lessened the impact of the recent economic downturn on its citizens as compared to other entities on a global scale.

Program	Actual FY09/10	Actual FY10/11	Budget FY11/12	Budget FY12/13
Population	170,880	171,349	167,674	167,674
General Government	247.40	240.27	284.24	316.68
Personnel	40.36	8.97	11.39	11.33
Neighborhood Services	27.73	31.39	21.40	19.71
Executive Branch	8.44	7.06	8.16	11.10
Finance & Administration	23.57	24.47	30.44	30.53
Police	265.73	309.13	324.09	332.22
Fire	163.76	195.65	221.05	226.07
Public Works	577.02	660.16	627.01	636.95
Parks & Recreation	78.78	89.81	97.42	96.45
Human Services	98.79	96.43	89.46	89.04
Education, Arts & Culture	13.82	12.87	13.71	14.58
General Services	80.65	90.22	99.84	107.00
Debt Service	93.19	117.99	117.00	132.64
Total	1,719.24	1,884.42	1,945.21	2,024.30

General Fund Undesignated Fund Balance

One measure of a city's fiscal health is the level of its fund balance. The City's unaudited unassigned general fund balance at June 30, 2012 is \$45.5 million or 21.7% of undesignated general fund revenues and transfers in, or 19.6% of total unaudited general fund revenues and transfers in. The City strives to maintain an undesignated general fund balance of 20% of operating revenues and transfers in. City sometimes use fund balance to fund capital projects instead of adding new debt.

Financial Reserves of Other Operating Funds

In other operating funds, the City strives to maintain a positive fund balance position to provide sufficient reserves for emergencies and revenue shortfalls.

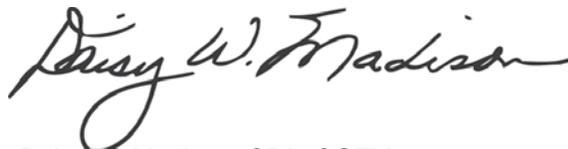
Bond Ratings

The City has maintained a "AA+" rating from Standard & Poor's and "AA+" from Fitch Investor's Service. Both agencies cite sound financial management, fund balance reserves, the debt retirement policy and a history of pay-as-you-go capital financing as justification for the favorable rating.

Conclusion

I want to thank the Mayor and City Council, Citizens and City staff for their participation and support in the development of the City's Financial Plan.

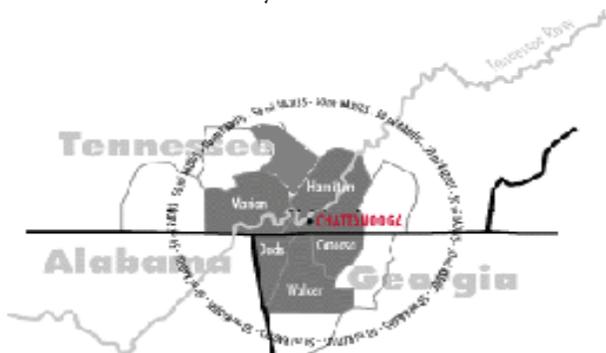
Respectfully submitted,



Daisy W. Madison, CPA, CGFM
City Finance Officer

History & Development

Founded in 1816, by the leader of the Cherokee Indians, Chief John Ross, the City of Chattanooga was created on the site of Ross's Landing trading post. Chattanooga, a Cherokee word for "Rock coming to a point" was incorporated under State of Tennessee Private Acts of 1839. Today the City serves as the County seat of Hamilton County, is commercially and industrially developed and is the center of a six-county



Metropolitan Statistical Area (the "MSA"), which includes Hamilton County and the counties of Marion and Sequatchie, Tennessee and the counties of Catoosa, Dade and Walker, Georgia. Located near the southeastern corner of the state on the Tennessee-Georgia border, the City encompasses an area of 145 square miles and a population of 167,674. The City 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. Over 11 million people live within a 2 to 2½ hour drive of Chattanooga.

Form of Government

Date of Organization: 1839

Form of Government: Mayor/Council

The City operates under a Mayor/Council form of government. The Mayor, elected at-large, serves as the City's Chief Executive Officer and oversees the operation of all City departments. The Mayor does not serve as a member of the Council. 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 and Council are elected to four-year terms.

The City provides a full range of municipal services including, but not limited to, fire and police protection; sanitation services; construction and maintenance of highways, streets and infrastructure; recreation and cultural activities; public library; community development; planning and zoning; neighborhood services; social services; and general administrative services. It also operates a water quality program and a regional sewer and sewage facility system serving southeast Tennessee and northwest Georgia. The City is empowered to levy a property tax on both real and personal property located within its boundaries. It also has the power to extend its corporate limits by annexation in accordance with procedures under an "Urban Growth Plan" agreed to between the City and Hamilton County. Annexation proceedings began in 2009 for selected areas included in the Urban Growth Plan. To date the City has successfully annexed an additional 4.3 square miles including over \$73.4 million of appraised property value. An additional 0.6 square mile will be annexed in late 2012 with \$23.4 million of appraised value.

The City employs approximately 2,588 full-time equivalent employees. The City's Electric Power Board has an additional 499 employees.

Industrial and Economic Development

While the past few years have been a fiscal challenge, both nationally and internationally, the Chattanooga area has performed better than most cities. We are fortunate that a diverse group of companies are either locating here or are expanding operations here. Chattanooga has transformed its reputation in economic development circles to that of a national leader. Dubbed the "undiscovered gem" of Tennessee by the New York Times, Chattanooga's rebirth has enjoyed great recognition on a national scale and has become a model for other cities with regard to urban renewal, demonstrating what occurs when dedicated people have a vision and take the necessary steps to realize that vision.

In the 1960s, Chattanooga was declared the nation's

dirtiest city. Soot from the iron mills stained the air, the river was tainted and its banks were an industrial wasteland. In 2008 Forbes magazine headlined that Chattanooga was, “Back on Track”. During the 1980s the City lost 10% of its population as manufacturing jobs drifted away. However since 2000 the population has rebounded. Due to strategic economic initiatives by federal, state and local leaders, the City is well positioned to navigate the current economic climate. U.S. Bureau of Labor Statistics estimates that the Chattanooga area added 1,800 jobs from June 2011 to June 2012 which accounted for nearly 5% of all the net new jobs in Tennessee in the past year. The rise in Chattanooga jobs over the past 12 months represented a 1% gain.

Over the past five years 130 new and expansion projects have been publicly announced bringing in over 11,338 new jobs and saving 655 additional jobs with a total investment of nearly \$2.2 billion. These projects run the gamut of retirement facilities, hotels, manufacturing, office buildings, retail, professional services, delivery services, customer service, etc.

In February 2011 ATN Hölzel GmbH, a German specialist in glue application and automation technology, announced plans to establish its U.S. presence in Chattanooga. This company is creating family-wage jobs for local residents through an enterprise which has excellent potential for additional expansion.

Amazon.com, Inc. finalized its commitment in December 2010 to establish two fulfillment centers in Tennessee, one at the Enterprise South Industrial Park in Chattanooga and the other in neighboring Bradley County. Amazon plans to invest a combined total of up to \$139 million to construct the two new facilities. The Chattanooga facility currently employs nearly 2,000 workers in addition to thousands of additional seasonal jobs during peak season. The new fulfillment centers were operational before the 2011 holiday season.

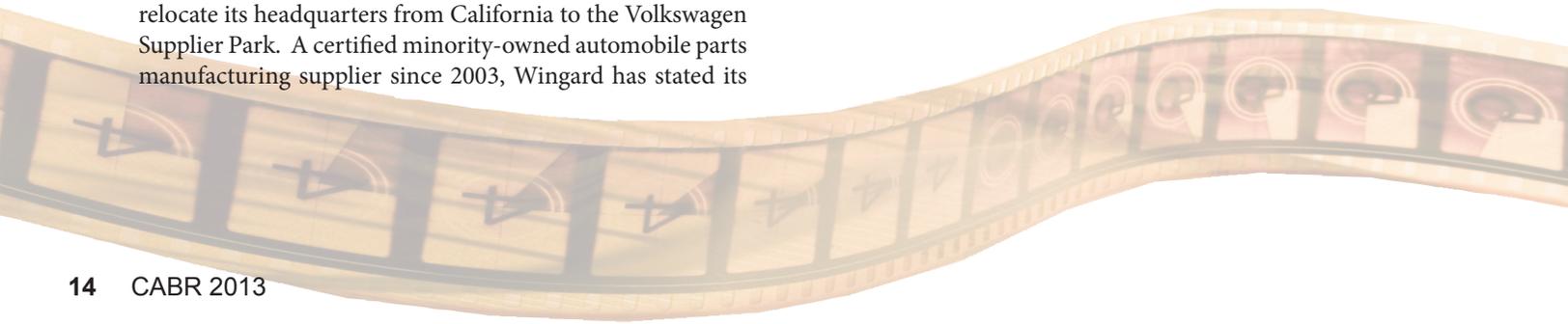
September 2010 was the announcement by IBI Power that it will locate its expansion to the Southeast in Chattanooga. The expansion represents an investment of \$5 million and will create at least 60 new jobs. IBI manufactures metal generator enclosures, metal equipment centers that hold electronic switchgear components and metal battery housings and control buildings, among other products. Important considerations in the decision to locate in Chattanooga include the regions numerous companies in the metal industries, a skilled workforce and a superior transportation network. Wingard Quality Supply announced in August 2010 that it will relocate its headquarters from California to the Volkswagen Supplier Park. A certified minority-owned automobile parts manufacturing supplier since 2003, Wingard has stated its

intention to hire locally.

In April 2010 Volkswagen Group of America announced tenants selected to locate in the on-site supplier park. Suppliers include Faurecia (EMCON), MTEK, and Thyssen Krupp. Magna Seating, an operating group of Magna International, and Hollingsworth International, a leading provider of industrial supply chain management, announced in March 2010 they have formed a joint venture, called Chattanooga Seating Systems, to supply Volkswagen Group of America with complete seat systems. Hollingsworth Logistics Group is a certified minority Native American company which has provided logistics support to the automotive industry for over 25 years.

Key to the growth in the Chattanooga area was the development of Enterprise South Industrial Park (ESIP). Through collaborative efforts of the federal state and local governments, the old Volunteer Army Ammunition Plant site has been developed into this top tier industrial park. The site is now home to Volkswagen Group of America, their supplier park, Amazon.com, Gestamp, TAG Manufacturing and others with an additional 1,400 acres being prepared for use. The Foreign-Trade Zone (FTZ) in the Chattanooga metropolitan area has been expanded by an additional 5,000 acres to include ESIP. This expanded FTZ allows Chattanooga to remain competitive in regional and U.S. markets; it encourages more business and commerce in the southeast Tennessee region and serves as an excellent business recruiting tool. The developable acres at ESIP are surrounded by a 2,800 acre passive recreation area. The site is located within 2 miles of Interstate 75 and is served by a new parkway and interchange.

Chattanooga’s central location makes it a perfect distribution 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. Employment in the Chattanooga area is diverse with no single dominating industry. The employment sectors are trades, transportation, and utilities (20.5%), government (15.0%), manufacturing (13.7%), professional and business services (17.1%), educational and health services (13.4%), leisure and hospitality (11.2%) and other (26.4%). Advantages such as ample utilities, an efficient transportation system, abundant natural resources, a trained labor force and centralized location make Chattanooga a diversified and profitable business location. Amid continued concerns about the national economy, Chattanooga is moving forward and is expected to continue the growth trend.



Transportation

Chattanooga has a strong history in the transportation arena. While railroads made Chattanooga prosperous in the 1800s, they also made it a military target during the Civil War. In the twentieth century the area became a major intersection in the Southeast with the advent of the interstate system with excellent north/south access via I-75 and I-59 and east/west access via I-24. Chattanooga is home to more than seventy common and contract carriers, including two of the nation's top transportation companies.

Railroads still play an important role in Chattanooga's transportation with dual-rail transport provided by Norfolk Southern and CSX Transportation. An additional twenty-three miles of track was recently laid linking with both Norfolk Southern and CSX; this new rail connection serves all the companies located at ESIP.

Because of Chattanooga's proximity to the Tennessee River, there is easy access to 16,000 miles of navigable waterways. River navigation has contributed greatly to the economic and industrial development of the Tennessee Valley as a whole and directly to the development of Chattanooga and was recently used to transport the first turbine manufactured at Alstom.

The City is one of the region's major transportation hubs. The Chattanooga Metropolitan Airport, which is easily accessible due to proximity to the intersection of I-24 and I-75, is a full service airport providing facilities for the general aviation sector, as well as the commercial passenger sector for southeast Tennessee and north Georgia.

Air transportation services are provided by Lovell Field, which is operated by the Chattanooga Metropolitan Airport Authority. Currently, Lovell Field is served by Delta Airlines to Atlanta and Detroit, USAirways to Charlotte and Washington, D.C., American Eagle to Chicago and Dallas and Allegiant Air to Orlando and Tampa Bay. The Chattanooga Metropolitan Airport saw 4.33 percent enplanement growth in 2011 with passenger boardings reaching 304,016. Total passenger traffic (enplanements and deplanements) through the Chattanooga Metropolitan Airport in 2011 came to 608,886. Privately owned and operated airport facilities include Collegedale Municipal Airport and Dallas Bay Skypark. All airport facilities are conveniently located from the downtown area of the City and provide such services as aircraft sales, instruction, charter services, fueling and maintenance of aircraft.

In addition to the City's service by three interstate highways, seven U.S. highways and five State highways, there is one

interstate bus line that operates from the City to all other major cities. Local mass transportation service is furnished by the Chattanooga Area Regional Transportation Authority. Multiple daily departures are made via privately operated shuttle service to and from major metropolitan areas surrounding Chattanooga, such as Atlanta and Nashville.

In addition, channelization of the Tennessee River to a nine-foot minimum navigable depth from its junction with the Ohio River at Paducah, Kentucky to Knoxville, Tennessee gives the City the benefits of year round, low-cost water transportation and a port on the nation's 10,000 mile inland waterways system. This system, formed largely by the Mississippi River and its tributaries, effectively links the City with the Great Lakes in the north and the Gulf of Mexico in the south, with cargo passing through the lock with origin or destination in 17 states. Road and bridge relocation, the first step in replacing the Chickamauga Lock, has been completed. When completed, this project will bring the upper Tennessee lock system into conformance with the lower Tennessee lock system and enhance barge traffic in the region.

For several years Chattanooga has been a driving force in the high speed rail initiative connecting Atlanta and Chattanooga. With population growth projections indicating Atlanta and Chattanooga will continue to have significant growth toward one another, it is important we plan now for our future mobility in the region. Chattanooga continues playing a key role in the Atlanta-Chattanooga High Speed Rail corridor project. The Georgia Department of Transportation (GDOT) as the lead agency for the Project has submitted a draft administrative report to the Federal Rail Agency (FRA) on the Tier 1 Environmental Impact Study (EIS) required by FRA. Discussions between FRA and GDOT regarding procedures for moving the project forward are to be completed prior to GDOT's accessing \$13.8 million in Federal Maglev Development Program funds for completion of the EIS requirements. Matching funds in the amount of \$3.3 million have been raised for accessing the federal funds with the Tennessee Department of Transportation (TDOT), City of Chattanooga, City of Atlanta and the State of Georgia participating.

An earlier feasibility study to extend the corridor on to Nashville from Chattanooga was successfully completed by the Arcadis Group under the direction of Chattanooga's Enterprise Center indicating enhanced ridership revenue from Nashville with the connection into Atlanta. Recently, with FRA funding, GDOT contracted with the HNTB Group to examine the feasibility of extending the corridor

on to Louisville. The study was successfully completed with Chattanooga's Enterprise Center and TDOT as participants.

Manufacturing

Manufacturing is a proud part of Chattanooga's past and an essential key to its future. In the early part of the twentieth century, Chattanooga built a foundation of prosperity on a diverse manufacturing base that made every kind of product imaginable, including engines, synthetic silk, furniture and baked goods. Successful economies are always built on existing foundations such as this. Today Chattanooga continues the tradition of innovation as companies locate and expand here to produce products for the new millennium.

Chattanooga's strong manufacturing tradition gives us a head start in creating successful modern manufacturing operations for the 21st Century. The Chattanooga area has a workforce with experience and skill in manufacturing greatly due to local post-secondary programs. Education is targeted toward our manufacturers through Chattanooga State's Industrial Training Programs and the University of Tennessee at Chattanooga's (UTC) Engineering Program. Chattanooga State is in the top tier among schools with similar offerings and has programs that can be customized to meet the needs of individual manufacturers. The National Center for Computational Engineering, located at UTC, is a world-class computer simulation program that has the ability to proto-type new products for manufacture and serves as a magnet for new industrial talent and ideas.

Future Oriented Economic Growth

While Chattanooga has a proud manufacturing heritage and an impressive manufacturing base, many believe future oriented economic growth requires at least a partial shift to producing knowledge and intangible services. In this area Chattanooga is far ahead of almost everyone. Because of Chattanooga's reputation for technological innovation, we joined two other U.S. cities as one of the world's seven smartest cities in 2011 as determined by the Intelligent Community Forum (ICF), a New York-based think tank that studies 21st Century growth within the global community.

Chattanooga has engendered outstanding transformation over the last several years by using innovative technologies to create jobs. We've earned our place on the international map and expect to continue making waves in the global community as we pursue further leadership in 21st Century. Chattanooga was praised for leveraging some of the latest

information and communications technology to spark job creation. Our participation in the ICF intelligent communities' process supported our efforts to communicate Chattanooga's tremendous technology story. Our community has established a national reputation for its quality of life and an international business brand by recruiting world-class companies. Now we're capturing headlines for pioneering the uses of next generation data infrastructure.

The infrastructure for much of this transformation is the smart grid developed by EPB, the city-owned electric utility. Discussion of smart grid technology usually centers on the automated meter infrastructure program. The smart grid developed by EPB goes beyond automated metering to built-in intelligence that reorients itself to find alternative paths for electricity when there are power outages. This is an integral need for the growing manufacturing community. Chattanooga won national recognition with the Cornerstone Award for deploying America's largest and fastest fiber-to-home network at the 2011 Broadband Properties Summit held in Dallas. The award is the latest in a string of national and international awards recognizing Chattanooga's fiber optic network, which is capable of delivering gigabit Internet speeds to every home and business in a 600 square mile area. EPB became the first in the nation to offer this speed of internet service.

The ICF honored the City of Chattanooga for having the Coolest Broadband App for deploying an ultra high-speed wireless network called the mesh network. Access points are being installed throughout the city with plans to cover Chattanooga's entire homeland security district in wireless coverage. The mesh network can be used for enhancing public services ranging from smarter traffic controls to better coordination of police, as well as dozens of other services. Police are experimenting with a device that uses a laser to digitally record every aspect of a crime scene in 3-D, allowing investigators to navigate the scene in 3-D to analyze clues previously missed.

Chattanooga is home to the National Center for Computational Engineering (the SimCenter) at the University of Tennessee at Chattanooga. The SimCenter is a center for integrated research and education whose primary goals are to establish next-generation technologies in computational modeling, simulation and design, to educate a new breed of interdisciplinary computational engineer, and to provide consequent leadership and national impact in critical technology areas. It has established a national reputation for excellence in solving real-world engineering problems in diverse fields such as hydrodynamics, aerodynamics, propulsion, heat transfer, electromagnetics, and computational design optimization. The SimCenter serves as the

focal point for a new university-based technology community which makes Chattanooga a significant part of the Tennessee Valley Technology Corridor and will strengthen the high-technology intellectual base of Chattanooga to stimulate and support ongoing economic development initiatives.

Chattanooga continues to distinguish itself for offering a technology platform that sets us apart from every other community in the U.S. and all but a handful in the world. The high-speed internet is connecting the entrepreneurial community in Chattanooga to the global economy. We are the best place in America for entrepreneurs who are working to define the future of the Internet as everyone else will experience it in five to ten years.

Another technology project is the North Shore street light project. Induction lights and LED street lights are being installed to replace outdated high pressure sodium lights with radio controls. The use of radio controlled lights offers operators point-to-point real time communication with individual light data. They can quickly spot and correct malfunctions as well have control over a full range of safety and emergency settings such as brightness and strobe settings. This point-to-point communication allows safety personnel to easily identify emergency locations and quickly program the lights to aid in evacuation efforts including a sequential pulse to indicate a disaster evacuation route or to lead emergency vehicles to the scene of an accident. Energy efficient lights are expected to reduce energy consumption 64% and create positive effects for our environment. Also because LED and induction lights have a longer life span than traditional lights, the City anticipates savings in maintenance costs. This pilot project could be a first step to replacing all of the street lights in the city.

Downtown Development

Chattanooga's Waterfront has been heralded as a model of urban renewal. Southern Living in July 2007 said: "An utterly inspiring turnaround. Chattanooga proves that a vision, a plan, and a community that cooperates can make big dreams happen." The key to Chattanooga's renaissance, which began in the mid 1980's, was the realization of the importance of our downtown. The Moccasin Bend Task Force was appointed by local governments to lead the community in an inclusive planning process to outline future development plans for the river corridor between the Chickamauga Dam and the Marion County line. The visionary plan which grew out of the task force has reconnected the City to the magnificent Tennessee River. It has resulted in the City making over its image, founding new

sources of pride for its citizens and fueling the engine for central economic development.

The first phase of this development resulted in the Tennessee Aquarium, the Tennessee Riverpark, the Walnut Street Pedestrian Bridge and Coolidge Park. Hundreds of millions of dollars were invested in this necklace of recreation, historical exhibits, new housing, museums, working industry, hotels, shopping and tourist attractions along the banks of the river. The next phase of the plan began during the late 1990's in the Southside Redevelopment District, a large former industrial area south of the central business district. This phase of the plan provided an opportunity to create a model community by rebuilding the district's job base and revitalizing housing opportunities. In the heart of the district is a convention center and conference center complex. The final step of the master plan was completed in 2005 with the 21st Century Waterfront Development. The \$120 million, 129-acre vision, capitalizing on the public/private partnerships that have made Chattanooga a model for urban revitalization, transforms the downtown riverfront with a careful combination of development, preservation and enhancement that honors the history and beauty of the area. The waterfront development included expansion of the Tennessee Aquarium and the Hunter Museum of American Art, renovation of the Creative Discovery Museum, enhanced public spaces along both shores of the Tennessee River, and a dramatic underground passageway to the river marking the beginning of the Trail of Tears. The City's share was approximately \$70 million. Now it is time for the next great master plan.

The seal of Chattanooga depicts a large bend of the Tennessee River as seen from Lookout Mountain. This area of the river is called Moccasin Bend and has distinct geographical attributes which have made it of strategic importance as a crossroads within the North American continent throughout the centuries. As a result, the area contains a unique array of contiguous prehistoric and historic sites which chronicle important aspects of human history. Because of the extraordinary density, complexity and integrity of sites which include Native American villages, the remains of Civil War earthworks and other sites of national significance, in 2003 approximately 755 acres were designated as the Moccasin Bend National Archeological District, a unit of the National Park System.

An integrated conceptual plan is in design for the next phase of downtown development for the gateway to the new Moccasin Bend National Archeological District. This integrated plan will help guide future development, identify and design high



quality public spaces, identify potential connections and protect the integrity of our natural and cultural resources. We have much to look forward to as we work with the Friends of Moccasin Bend National Park to construct a cultural/visitor center on Moccasin Bend. This new facility, along with other interpretive features, will allow Chattanooga to showcase the history of this special place for the benefit of both the American public and international audiences. With evidence of over 12,000 years of human occupation, overlaid by the Trail of Tears and Civil War artillery emplacements, and complemented by outstanding views of the Tennessee River and surrounding mountains, Moccasin Bend provides a unique experience for visitors to downtown Chattanooga.

Our downtown renaissance is a monumental turnaround. Most of the vital attractions, stores and restaurants in the downtown core are either housed in former railroad and warehouse infrastructure or are built on top of industrial sites, which was all part of the plan to bring people back to downtown. The heart of Chattanooga is now a popular tourism, entertainment and residential place, as well as the business hub of the region.

One of the new and exciting projects underway is Cameron Harbor, a mixed-use development on the Tennessee River opposite Moccasin Bend National Park that sits on a 9-acre former industrial tract. Cameron Harbor will be an extension of the city's waterfront project, creating a resort atmosphere on the river in the heart of downtown. The mixed-use development consists of townhouses, a hotel, a restaurant, and a marina. The Townhomes at Cameron Harbor will be assorted styles of architecture with a touch of coastal ambiance, dubbed "Tennessee coastal". Prices will range from \$1 million to \$1.8 million with 2,500 to 4,200 square feet per unit. The townhouses will be LEED certified and will have broad porches with views of the river. The hotel is the first built on the city's downtown waterfront. Most rooms will feature magnificent river views; the hotel will have about 3,000 square feet of meeting space and will include a visually stunning piazza overlooking the river. A world-class restaurant, also planned on the water, will share the piazza of the hotel and will be built predominately of glass to maximize river views. The city is expanding the marina at Ross's Landing by 65 boat slips providing the townhomes convenient access to the Tennessee River as well as providing rental and transient boat slips. The Riverwalk will be extended from the 21st Century Waterfront Project at nearby Ross's Landing and will eventually connect to Alstom Power further downstream.

Impact of Tourism On the Economy

Chattanooga is a source of pride for its citizens and a hub for activity, whether in the Southside, on the NorthShore or at the waterfront. The reclamation of the riverfront for public use was recognized by the CBS Morning Show and has made Chattanooga a model eco town and tourist hotspot. American Style Magazine ranked Chattanooga as the number two mid-sized city arts destination. Outdoor Magazine and Runner's World have featured the outdoor activities that help attract millions of visitors to Chattanooga each year. National Geographic has included the area in one of only 15 geotourism mapguides in the world, spotlighting this region as one of the treasured natural places on the globe.

Top sporting events recently held in Chattanooga were the Head of the Hooch, Amateur Softball Association (ASA) national championships and the National Softball Association (NSA) World Series. Head of the Hooch is a rowing regatta that features teams from across the country and around the world and is held in November. This two-day event is the second largest rowing event in the country. The ASA Girls' Class "A" 16-Under Fast Pitch national championships were held at Frost Stadium and Summit of Softball, both city-owned complexes. This was the most attended recruiting tournament in the nation and drew players from all 50 states and Canada with over 170 teams participating and 300 college coaches present. The NSA Girls' Glass "A" fast-pitch world series for ages 10, 12, 14, 16 and 18 brought over 150 teams to Chattanooga.

Events like these bring an influx of visitors. According to the Chattanooga Area Convention and Visitors Bureau, Chattanooga attracts 3 million visitors annually. This translates into upwards of \$762 million and employs over 7,500 people. The impact of tourism has a bottom-line impact on the City of Chattanooga's budget; for fiscal year 2012 hotel-motel tax revenues rose over 5 percent.

Quality of Life

Chattanooga has done its share of "big project" strategies, such as the waterfront expansion, but city leaders have also paid attention to less conspicuous things that enhance the quality of life for all citizens. Chattanooga has electric buses with routes that run every five minutes on major downtown streets and is the first city in the nation to have a one gigabit per second Internet service available to the entire community. Surrounded by the breathtaking natural beauty of the Tennessee Mountains, Chattanooga has been named as one of America's most livable cities by national publications.

Recreation and Arts

Chattanooga has undergone an amazing transformation over the last twenty years and has received numerous accolades. National Public Radio Morning Edition acclaimed Chattanooga's strong sense of community, beautiful natural landscapes, civic pride and the ability to solve problems. Chattanooga has twice been designated by Outside Magazine a top city to "Live Big, Play Hard, and Work (if you must)" because of the unlimited options for climbing, caving, biking, hiking, paddling and an expansive park system.

The Wall Street Journal featured Chattanooga in a special section about U.S. cities who are benefiting from the expansion of arts and cultural venues. American Style magazine placed Chattanooga near the top for mid-size cities for the arts. Chattanooga's commitment to the arts has helped draw artists and art lovers to take up residence here. As a result art is everywhere from the side of a walking path to downtown sculptures; even distance on the Riverwalk is marked by colorful metal sculptures.

The Bluff View Art District is a historic neighborhood with restaurants, a coffee house, art gallery, historic bed and breakfast and plazas. Master gardeners tend to the dramatic landscaping features, including the award-winning River Gallery Sculpture Garden, noted by the Smithsonian in its Archive of American Gardens. The Southside, with its historic buildings, industrial architecture and revitalized community, has become a hub to experience boutique shopping, an array of cuisine, public art, working studios and fine galleries.

State and Local Economy

We've raised Chattanooga in the national consciousness; major publications are including us at the top of their lists for quality living and economic potential and our community has recruited a number of companies with world-wide name recognition. This is reflected in the unemployment rate for Chattanooga. Unemployment within the Chattanooga MSA as of June 2012 was at 8.2%, compared with 8.1% for the State of Tennessee and 8.2% for the nation.

The City's two largest local revenue sources are sales and property taxes. The local option sales tax rate is 2.25 percent county-wide. By state law, 50% of the county-wide local option sales tax is dedicated to schools. The City earmarks .25 percent of its share of the local option sales tax for economic development. In 2010 the property tax rate was lowered to \$1.939 per \$100 of assessed valuation due to reappraisal of all property in Hamilton County to 100 percent market value. This was the lowest tax rate for the City since 1958 largely due

to growth in the economic base. The current property tax rate, increased in FY2011, is \$2.309 per \$100 of assessed value.

Hamilton Place Mall, Tennessee's largest shopping destination has brought in many tourists and locals with its mix of new and familiar stores and restaurants. The 1.2 million-square-foot mall, which opened in 1987 and was renovated in 2011, has over 200 stores and 30 restaurants. CBL and Associates, the mall's owner and developer of major retail space nationwide, maintains their national headquarters on a multi-acre site on the south perimeter of the mall.

The City's capital initiatives reflect its continual commitment to economic development and long-term sustainability of the City. In addition to the operating budget, over \$96 million was appropriated for major initiatives in fiscal year 2013. Major projects include \$23.3 million for public infrastructure such as paving, road improvements, and sidewalks; \$1.9 million for technology upgrades; an additional \$7.4 million for a Regional Intelligent Traffic System; \$2.0 million for a Health & Wellness Center; \$2 million for fleet replacement; \$2.6 million for various parks and recreation projects; \$3.2 million in public safety projects such as a new firing range; \$0.3 million for building repair; \$8 million for riverfront repairs; \$38.5 million for Interceptor Sewer; \$5.7 million to update water quality/storm water infrastructure, and \$1.1 million for other capital projects.

Revitalization of Neighborhoods

The Southside area of Chattanooga that once flourished with the railroads and industry was home to hotels, business and the famed "Chattanooga Choo-Choo". Main Street has new life and a strong sense of community. Many artists are choosing to live and work here and developers are committed to using the historical buildings for new purposes while preserving greenspaces. A grant from National Endowment for the Arts, along with local private dollars, will be used to create the Main Terrain, a new urban park in the Southside. The grant was awarded to communities that have created public-private partnerships designed to improve the arts while impacting the social, physical and economic characters of their neighborhoods, towns, cities and regions. The park will feature interactive sculptures that encourage physical play and fitness.

Chattanooga's Renewal Community Program, which began in 2002 and expanded in 2006, creates jobs by providing federal tax savings to individuals who invest in, conduct business in, and/or hire residents from the designated renewal community areas. The program advances the creation of livable and vibrant communities through public-private partnerships that

encourage affordable housing development, support school improvements, and foster economic growth where families can flourish. One of the recent expansions mentioned earlier, Designed Alloy Products, is a result of the renewal community program in the Alton Park community.

The NorthShore is neighborhood beautifully situated on the Tennessee River that has resurged as a result of downtown development. This neighborhood, perhaps Chattanooga's most eclectic, boasts Victorian-style houses and small bungalows along with luxury condominiums. Here you will find boutiques, restaurants, coffeehouses, galleries, salons and day spas, and even dance steps on the sidewalk. The Chattanooga Theatre Centre, Coolidge Park and the Walnut Street Pedestrian Bridge are all within walking distance. Chattanooga Neighborhood Enterprise (CNE) has a mission to eliminate substandard housing and promote homeownership. Built on the premise that homeownership is the key to stable neighborhoods, CNE has moved into neighborhoods often overlooked by conventional banks to offer many different programs and services such as home buying assistance, home improvement assistance, weatherization programs and loan assistance. CNE, which has touched almost every neighborhood in the city, is currently focusing on the Orchard Knob area to rebuild 100-year old dwellings. They are adding energy-efficiencies while retaining original wood and wrought-iron features where possible. Emphasis on sustainability

Chattanooga is a national example of how good business practices and good environmental practices can go hand in hand. Chattanooga pioneered sustainable building practices in signature developments such as the Development Resource Center, The Chattanooga Convention Center and EPB's headquarters and is competing on a global basis for investments in clean technology. This existing culture of environmental awareness has made sustainability a standard operating procedure.

Chattanooga boasts one of the nation's top-ten green convention centers. The Chattanooga Convention Center was the first in the nation to incorporate a farm-to-table program, providing fresh produce, bread, meats, cheese and coffee from local and in-state purveyors. Station Seven at Enterprise South received LEED Gold and Station Three in Tiftonia is completed and under review for LEED certification.

BlueCross BlueShield of Tennessee committed to achieve gold certification for their recently completed headquarters on Cameron Hill. Today they are the largest LEED gold-certified corporate campus in the state and the second largest in the nation. Alstom followed LEED guidelines during construction of their expansion to achieve the largest gold certified manufacturing sites in US and is an exemplary leader as a non-impacting facility on the environment. Volkswagen, who was LEED aggressive in building the assembly plant, was awarded the 2011 Governor's Environmental Stewardship Award for Building Green.

The list of LEED certified building includes the only gold-certified shopping center in the region located in the NorthShore, the City's Outdoor Chattanooga headquarters, a private school's new residence hall, multiple banks, a cinema, business offices and condos. Other businesses have recognized the benefits of solar projects including restaurants, museums, manufacturers, grocers, and professional service groups. As of mid-2012, there were twenty-four LEED, solar and green roof projects either competed or underway in Chattanooga. All of these recognize the need to be thoughtful stewards of the environment, both to protect our natural resources and to reduce energy costs.

The City of Chattanooga participates in the Tennessee Stormwater Excellence Program, an initiative designed to educate and coordinate engineers, buildings and regulators in building approaches that help limit pollution from water running off parking lots and buildings following heavy rains. This is a pioneering new partnership between business and government.

A growing movement committed to increasing the production and consumption of local food in the Chattanooga region was launched in 2010. Production and consumption of local food bolsters the economy, helps conserve the environment, promotes good health and builds community. Food artisans, farmers markets, grocers, restaurants and community gardens all participate in the program.

Chattanooga was chosen as one of seventeen cities to be part of the ECOTality program launched by the U.S. Department of Energy. Since most of the participating cities are located among the west coast, this is indeed an honor. Currently there is a free charging station at one of the downtown hotels with plans to expand to tourist destinations on Lookout Mountain as part of the program.

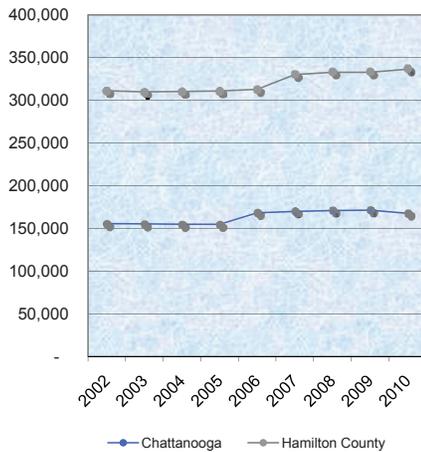


Demographics

Population		
	Chattanooga	Hamilton County
2002	155,582	311,178
2003	155,289	309,956
2004	154,853	310,371
2005	154,762	310,935
2006	168,293	312,905
2007	169,884	330,168
2008	170,880	332,848
2009	171,349	332,848
2010	167,674	336,463

Source: U.S. Census Bureau

During 2002 thru 2010, the population for Chattanooga increased 7.8 percent and Hamilton County showed an increase of approximately 8.1 percent.



Land Area and Usage

Area in Square Miles

1950.....	28.0
1960.....	36.7
1970.....	52.5
1980.....	126.9
1990.....	126.9
2000.....	144.1
2010.....	144.9

The county's land use is predominately agricultural woodland with approximately 587 square miles or 21.2% having been developed.

Miles of Streets (Inside City).....	1,151
Miles of Streets (County-wide).....	2,829

Elections (County-wide):

Registered Voters.....	217,312
Votes Cast in Last Major Election (Aug 2012).....	50,562
Registered Voters Voting.....	23.41%

Racial Composition

Hamilton County, Tennessee	Hamilton County	Tennessee
White persons, percent, 2010 (a)	73.9%	77.6%
Black persons, percent, 2010 (a)	20.2%	16.7%
American Indian and Alaska Native persons, percent, 2010 (a)	0.3%	0.3%
Asian persons, percent, 2010 (a)	1.8%	1.4%
Native Hawaiian and Other Pacific Islander, percent, 2010 (a)	0.1%	0.1%
Persons reporting two or more races, percent, 2010	1.7%	1.7%
Persons of Hispanic or Latino origin, percent, 2010 (b)	4.5%	4.6%
White persons not Hispanic, persons, 2010	72.0%	75.6%

(a) Includes persons reporting only one race.

(b) Hispanics may be of any race, so also are included in applicable race categories.

Source: US Census Bureau State & County QuickFacts, June 2011

Housing Costs

Year	Median Sale Prices
2007	\$130,900
2008	\$131,870
2009	\$122,600
2010	\$121,400
2011	\$121,400

Source: Chamber of Commerce Community Profile July 2012

Service Statistics

Education

There are 77 public schools in the Hamilton County School System. The type and number of schools in the County are as follows: Elementary (44); Middle (12); High (21). Based on the 20th Day Enrollment Report for the 2012-2013 school year, a total of 42,705 students are served by this system.

There are 41 private and parochial schools in the Chattanooga area with combined enrollment of 11,720 students.

Facilities

Convention & Meeting Facilities (Capacity)

Soldiers and Sailors Memorial Auditorium (4,843); Chattanooga-Hamilton County Convention & Trade Center

(312,000 sq. ft.); Tivoli Theater (1,800); McKenzie Arena (12,000); Engel Stadium (7,000); Finley Stadium (20,000); The Chattanooga (25,000 sq. ft.); AT&T Field (6,300).

Cultural Activities & Facilities

Hunter Museum of American Art, Houston Museum of Decorative Arts, Bluff View Art District, Chattanooga Ballet, Chattanooga Theatre Center, UTC Fine Arts Center, Chattanooga Symphony and Opera Association, Arts & Education Council, Chattanooga Boys Choir, Chattanooga Girls Choir, Bessie Smith Performance Hall, African-American Museum, Oak Street Playhouse, Creative Discovery Museum, Regional History Center, Tennessee Valley Railroad Museum.

City-County Recreational Facilities

- 98 Parks
- 13 Private/11 Public Golf Courses
- 8 Country Clubs
- 17 Community Centers
- 140 Hotels and Motels (9,000+ total rooms)

Customer Services

Electric Power Board:
 Electric Customers.....172,439
 Electric Rate for residential.....\$0.1022/kw-hr

Public Works:
 Solid Waste Accepted at Landfill (tons).....68,336
 Miles of Pavement Markings (Center line).....500 miles
 Signalized Intersections.....320

Interceptor Sewer System:
 Net Assets.....258 million

- Volumes:**
- ◆ Approx. 69.7 MGD or 25 billion gallons per year
 - ◆ 55 mil lbs/yr BOD removed at 95.1% efficiency
 - ◆ 74.6 mil lbs/year TSS removed at 94.2% efficiency
 - ◆ 71,762 tons/yr biosolids land applied
 - ◆ 4.5 million gallons of septage per year

- Waste Load Distribution:**
- ◆ 50% Domestic Waste approx. 220,000 persons
 - ◆ 50% Industrial Waste 79 permitted industries

Areas Served other than city.....11

Sewer and Pump Stations:
 Miles of sewer.....1,263
 Diameter.....2 to 96 inches
 Major Pump Stations.....8
 Minor Pump Stations.....62
 Residential/Grinder Stations.....195
 Combined sewer overflows.....9

Police Protection:
 Sworn Officers.....475
 Crime Index (CY11).....12,037
 Crime rate (per 1,000 pop.-CY11).....72.78
 Parking Violations (CY11).....34,969
 Moving Violations (CY11).....67,098
 Calls for Service (CY11).....218,408

Fire Protection:
 Sworn Officers.....429
 Fire Stations.....19
 Front Line Ladder Trucks.....2
 Front Line Fire Engines.....11
 Front Line Quints (Engine/Truck Combination).....13
 Fire Responses.....8,545
 EMS Responses.....7,857
 Average Response Time (minutes).....5:11

Economic

Bond Ratings
 Fitch.....AA+
 Standard & Poor's.....AA+

Building Permits Issued & Value

2002.....2,330.....	\$287,929,751
2003.....2,596.....	\$345,528,832
2004.....2,500.....	\$347,658,477
2005.....2,678.....	\$388,424,847
2006.....2,667.....	\$415,215,320
2007.....2,387.....	\$673,609,683
2008.....1,186.....	\$347,269,516
2009.....1,360.....	\$435,957,827
2010.....1,896.....	\$266,466,115
2011.....2,105.....	\$392,043,677

Values are based on the current industry averages as published by the Southern Building Code Congress International (SBCCI).

Source: Land Development Office

Largest Employers in the Chattanooga Area

The largest employers within the Chattanooga area in the manufacturing and non-manufacturing sectors in 2012 were:

TOP NON-MANUFACTURERS

<u>Employer</u>	<u>Number of Employees</u>	<u>Type of Service</u>
Hamilton County Dept. of Education	6,075	Elementary & Secondary Schools
BlueCross BlueShield of Tennessee	4,376	Health Care Financing
Tennessee Valley Authority	4,222	Utility - Electric Service
Erlanger Health System	3,863	Hospital
Memorial Health Care System	3,766	Health Care
Unum	2,800	Insurance
City of Chattanooga	2,693	Government
Hamilton County Government	1,942	Government
CIGNA HealthCare	1,375	Health Services
Amazon.com.dedc LLC	1,207	Fulfillment Center

TOP MANUFACTURERS

<u>Employer</u>	<u>Number of Employees</u>	<u>Type of Service</u>
McKee Foods Corporation	2,950	Cakes & Cookies
Volkswagen Chattanooga	2,487	Automobiles
Pilgrim's Pride Corporation	1,700	Poultry Producer, Processor
Astec Industries, Inc.	1,335	Asphalt & Construction Equipment
Roper Corporation	1,200	Cooking Products
Chattem, Inc.	637	Health & Beauty Aids
Koch Foods, LLC	592	Poultry Producer, Processor
Chattanooga Coca-Cola Bottling Co.	485	Soft Drinks
INVISTA	444	Nylon Fiber
Komatsu America Corp.	440	Heavy Construction Equipment

Source: Chattanooga Chamber of Commerce Major Employers List -2012. Includes part-time employees.

City Officials as of July 1, 2012

Mayor: Ron Littlefield
Chief of Staff: L. Dan Johnson
City Council:

Deborah Scott	District 1	Carol Berz	District 6
Sally L. Robinson	District 2	Manuel Rico	District 7
Pam Ladd*	District 3	Andrae McGary	District 8
W. Jack Benson, Sr.	District 4	Peter Murphy**	District 9
Russell Gilbert	District 5		

*Chairman

**Vice-Chairman

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

Legal: Michael McMahan, City Attorney

City Court: Russell Bean, City Court Judge
 Sherry Paty, City Court Judge



Department Administrators and Directors:

Finance & Administration:

Daisy W. Madison, CPA, Administrator
 Vickie C. Haley, CPA, Deputy Finance Officer

Police:

Bobby Dodd, Chief
 Tommy Kennedy, Deputy Chief

Fire:

Randall Parker, Chief
 Lamar Flint, Deputy Chief

Public Works:

Steven C. Leach, Administrator
 Donald L. Norris, Deputy Administrator

Parks & Recreation:

Larry Zehnder, Administrator

Human Services:

Ron Swafford, Administrator
 Donna Stone, Assistant Administrator

Personnel:

Donna Kelley, Administrator
 Susan Dubose, Deputy Administrator

Neighborhood Services:

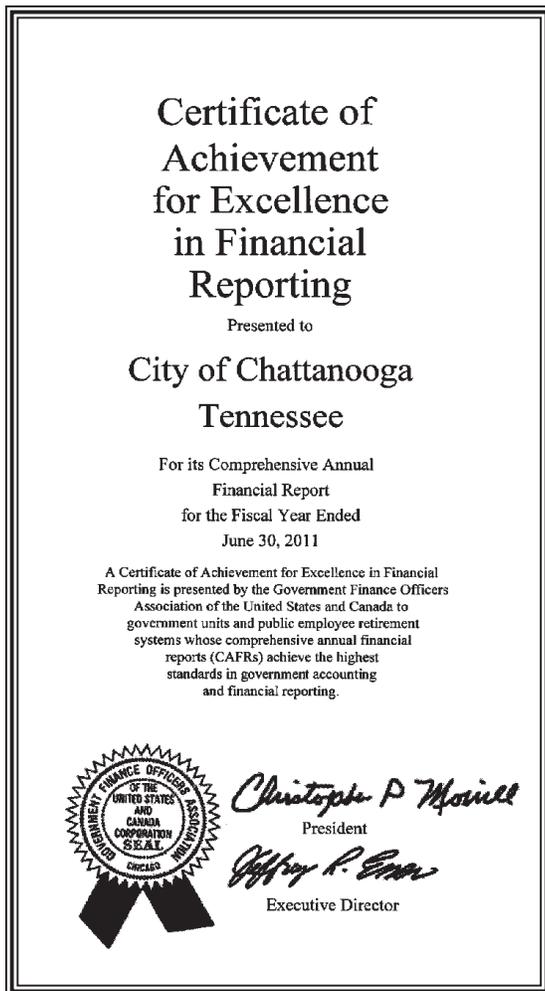
Beverly P. Johnson, Administrator
 Anthony O. Sammons, Assistant Administrator

Education, Arts & Culture:

Missy Crutchfield, Administrator
 Thad Oliver, Deputy Administrator

Awards of Achievement

We are honored to have received, for the past nineteen years, the Certificate of Achievement for Excellence in Financial Reporting for the City's Comprehensive Annual Financial Report (CAFR). The Fiscal Year 2012 CAFR is currently being submitted for review.



The New York Times (September 13, 2006) says, "NOT too small and not too big, Chattanooga is really the undiscovered gem of Tennessee, where old-school Southern manners and grand Victorian mansions meet a thoroughly modern, eco-friendly Tennessee riverfront."

The City of Chattanooga has also been recognized by:

- *U.S. News & World Report* as one of the "Cities that Work."
- In 2012, the *Wall Street Journal* calls Chattanooga home to "one of the nation's strongest local economies."
- *New York Times*, January 2012: Named Chattanooga one of 45 cities worldwide (and one of only four U.S. cities) to visit in 2012.
- *Family Fun Magazine* as one of America's 10 most family-friendly cities to visit.
- In July 2012, *Chattanooga Times Free Press* reported "Chattanooga's population growth outpaces other [Tennessee] cities."
- *Utne Reader* magazine as one of the 10 "Most Enlightened Cities".
- *Walking Magazine* as one of "America's Best Walking Cities".
- *New York Times* article entitled "Smaller U. S. Airports Are Increasingly Popular".
- *National Geographic* established the "Tennessee River Valley" Geotourism website, which features the Tennessee River Valley region in one of only 15 such projects in the world, and the only river region in the world to be featured.
- *Forbes Magazine* says "technology makes Chattanooga great place for business"
- *Outside Magazine*, October 2011: Named Chattanooga "Best Town Ever" based on reader votes.
- *MSN Money* calls Chattanooga a "New Hot Retirement Spot...where the amenities include hiking and biking trails, an aquarium and a thriving local arts scene".
- *Business Facilities Magazine* ranked Chattanooga #1 among all American metros for "Economic Growth Potential" and among the top 10 for best cost of living in 2010.
- *CNNMoney.com* included Chattanooga in their "8 Cities that Want Your Business!" in 2010.
- *Where to Retire* magazine selected Chattanooga to profile as a top retirement town in the March/April 2011 issue.
- *IFC's* Top 7 Intelligent Community of the year in 2011



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Chattanooga
Tennessee**

For the Fiscal Year Beginning

July 1, 2011

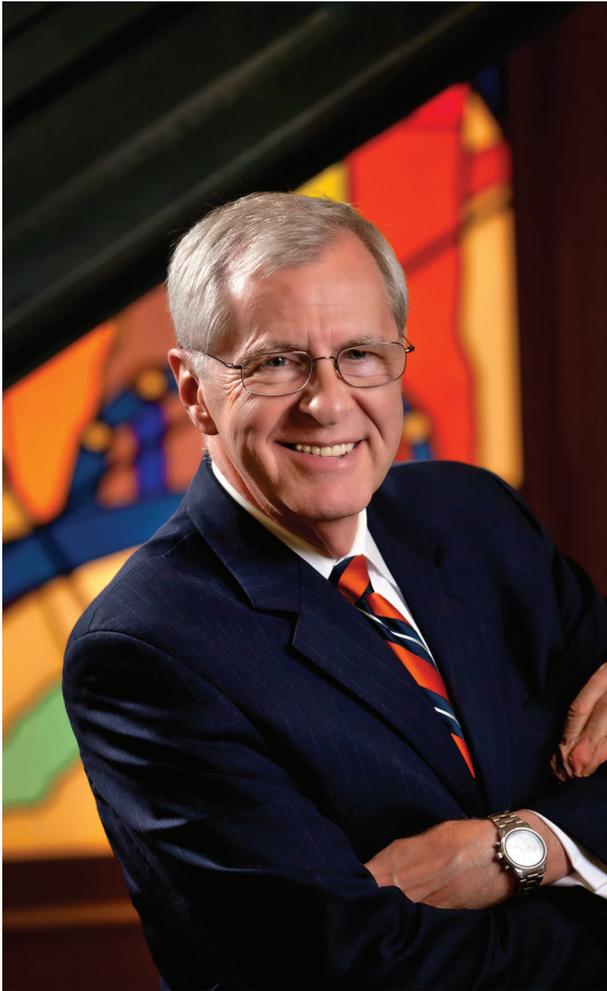
Linda C. Danton *Jeffrey R. Egan*

President

Executive Director

For sixteen years, the City of Chattanooga has received the Distinguished Budget Presentation Award. 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 2013 budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.





Mayor Ron Littlefield

Mayor Littlefield was sworn into his second term as Mayor on April 20, 2009. He brought with him many years of experience in City Government and urban planning. Under the guidance of Mayor Littlefield, Chattanooga has experienced a manufacturing rebirth with the announcement that Volkswagen would locate their North American Manufacturing facility at the Enterprise South Industrial Park. Volkswagen's \$1 billion investment in the community has resulted in over 2000 direct jobs and another 9,500 indirect jobs. Alstom Power has also invested over \$300 million in a new facility and has employed over 300 people. Working closely with Hamilton

County officials, our United States congressional delegation, state and local officials, Mayor Littlefield has been instrumental in attracting thousands of new jobs to our region in the past seven years.

Mayor Littlefield's dedication to Chattanooga's neighborhoods has resulted in more sidewalk construction than any previous administration. Coupled with his dedication to neighborhoods and support of increased involvement from community leaders, Chattanooga has seen a resurgence of neighborhood pride and neighbors coming together to fight blight and crime. Under his direction, the Department of Neighborhood Services has been at the forefront of re-establishing itself as premier resource that citizens can rely upon for direction in reclaiming and strengthening neighborhoods.

Mayor Littlefield recognizes that neighborhoods are integral to the success of our city. During his neighborhood meetings, which began in 2006, he was able to hear directly from citizens in each of the city's nine unique districts. Numerous matters are resolved immediately and others are given individualized attention. Neighborhoods are stronger as a result. Residents are able to speak directly with the Mayor and gain a better understanding of the City of Chattanooga.

Since 2005, approximately 198 miles of roads have been repaved, replaced, and improved in the city. This creative use of scarce resources, along with a life time of working with State and Federal officials, has helped improve the city's infrastructure and has positioned Chattanooga as a potential recipient of funding which will allow the continuation of this much needed work.

As a community planner in the 1970's, Ron Littlefield was instrumental in establishing the Brainerd Levee as the City's first Greenway and as Mayor, he has extended and improved the City's Greenway system. Under the leadership of Mayor Littlefield, Warner Park has undergone a dramatic transformation which has been a key component in reestablishing Chattanooga as a Soft Ball Tournament destination. Along with a new entrance to the Chattanooga Zoo, Warner Park is now a first-class facility able to once again host softball tournament play. Combined with the new Summit of Softball, Chattanooga can once again

host regional and national events which will have an estimated economic impact of \$25 million within the next five years for our community.

The McKamey Animal Center is the culmination of a decades long dream for the city of Chattanooga. McKamey is employing national best practices; setting a higher standard in animal welfare; and helping to inspire and educate our citizens toward an awareness and compassion for all living beings. The pursuit of excellence has translated into many awards and recognitions in the Center's short history, just a few of which are: The BBB Torch Award for Marketplace Ethics; Finalist for the Kruesi Spirit of Innovation award; selection as one of Humane Strategies (Rescue Waggin) Regional Training Centers for the U.S.; and, the Executive Director's appointment to the Tennessee State Board of Veterinary Medical Examiners and as a 2012 Chattanooga Woman of Distinction.

In 2006 Mayor Littlefield joined 235 other communities when he signed the US Conference of Mayors Climate Protection Agreement. Creating a sustainable city is a long term journey and requires commitment. In 2007, Mayor Littlefield appointed the Chattanooga Green Committee to advise and assist in moving Chattanooga toward the long-sought goal of sustainability. The committee is working diligently towards this goal.

Mayor Littlefield has and continues to be committed to completing the transformation of Chattanooga. From urban renewal to planned growth in the region, he has lead with experience and knowledge.

The installation of cameras in high traffic areas continues to deter speeding and dangerous driving habits resulting in a safer Chattanooga. The supplemental use of cameras to help fight crime has been unprecedented. Police officers are now equipped with state of the art surveillance equipment helping reduce their workload and their ability to fight crime more effectively. The innovative use of technology continues to be high on the city's agenda for Mayor Littlefield.

Mayor Littlefield's commitment to providing better access to services for those less fortunate continues to be a priority. The resources to effectively address homelessness and those at risk of becoming

homeless already exist in our city. All we need is an efficient delivery system. Once in place, it will help to provide better access to housing, employment, and services. Work continues towards this goal.

During Mayor Littlefield's administration, the City established a WellAdvantage Wellness Program which consists of two on-site clinics, pharmacy, a fitness center, and an employee wellness incentive program. A new Wellness Complex is scheduled to open January 2013, will combine the City's clinics, fitness center, and pharmacy. Additionally, Mayor Littlefield began longevity pay for employees with five or more years of employment, a career track program for sworn personnel, and continued competitive pay for civilian employees.

Though his license is now retired, Mayor Littlefield was a Realtor, specializing in Commercial and Industrial Development, in both Tennessee and Georgia from 2000 to 2005. He has been an instructor at the University of Tennessee at Chattanooga, as well, teaching a summer postgraduate course on metropolitan politics and policies.

In private life, Mayor Littlefield and his wife Lanis have been married over 40 years. They grew up in the same community and even attended the same elementary school. The couple dated in high school and married during Ron's senior year at Auburn University, where he earned a Bachelor of Science degree in Business Administration in 1968.

After college, the couple moved to Chattanooga in 1968. For more than 30 years, the Littlefield's have lived in the same home in the Glendon Place neighborhood in Brainerd. They have two grown sons.

Mayor & Mrs. Littlefield are active members of Calvary Chapel where they have participated in the recent building program for the church. They also lead a small group Bible study.

Deborah Scott, District 1

Councilwoman Scott is a native of Alabama, but has been a District 1 resident of Chattanooga for 26 years. Prior to running for City Council, she retired from a career in education and nursing. She received her Bachelor's Degree in Education from the University of Alabama, as well as two Master's Degrees, in Counseling & Guidance and in Communications. While teaching high school in Birmingham she attended UAB, earning a Bachelor of Science of Nursing. After moving to Chattanooga she received a Master's Degree in Nursing with specialization as a Family Nurse Practitioner from UTC.

Councilwoman Scott and Wayne, her husband of 33 years, reside on Mountain Creek Road. They are members of Red Bank Church of Christ.

Councilwoman Scott's philosophy of governance is predicated on 3 main goals: fiscal responsibility, transparency and accountability. She believes fiscal policy should be prioritized according to resident needs, with the most important needs being safety and infrastructure. She believes the most effective governments promote full disclosure and that elected officials have a duty to inform and educate residents about administrative problems, government actions, and issues that impact them. "When residents know more, government accountability will follow."

Councilwoman Scott is Chair of the Personnel, Performance and Audit Review Committee.

District 1 consists of the following precincts: Hixson 1; Lookout Valley 1; Moccasin Bend; Mountain Creek 1 & 3; Northwoods 2.

Sally L. Robinson, District 2

Councilwoman Robinson has been involved in downtown revitalization and riverfront development in Chattanooga since 1980. Councilwoman Robinson was a founding member of the Riverbend Festival, and has volunteered through the years on the Moccasin Bend Task Force, Walnut Street Bridge Restoration, Cornerstones Historic Preservation and Friends of Moccasin Bend National Park. She is past

executive director of the Arts & Education Council where she worked to establish the Chattanooga Conference on Southern Literature.

Councilwoman Robinson is past executive director of Chattanooga Downtown Partnership where she expanded the Nightfall Concerts, established the Downtown Business and Merchants Roundtable Association, and developed seasonal activities promoting downtown year-round. She has served on the board of the International Downtown Association, and was elected to City Council in 2001.

She attended the University of North Carolina and graduated from the University of Tennessee-Chattanooga. Councilwoman Robinson is a member of St. Paul's Episcopal Church. She is married to attorney Sam Robinson. They have four children and five grandchildren.

Councilwoman Robinson is currently serving as Chair of the Housing and Neighborhood Services Committee.

District 2 consists of the following precincts: Lupton City; North Chattanooga 1 & 2; Northgate 1 & 2; Riverview; and Stuart Heights.

Pam Ladd, District 3, Chairman

Councilwoman Ladd grew up in the Hixson area of District 3 and is a graduate of Hixson High School. She is a current resident of Murray Hills where she served as President of her neighborhood association for 2 years. She has been active in several civic organizations in her district and throughout Chattanooga. She is a graduate of Chattanooga Leadership and the City of Chattanooga Neighborhood Leadership Institute.

Councilwoman Ladd was first elected Council Chair for the 2011-12 legislative year and then re-elected by her colleagues for a second term in 2012-13. Councilwoman Ladd has a Master of Science Degree in Industrial Organizational Psychology from UTC. She was previously Assistant Vice President of Corporate Properties at Unum-Provident, leaving there to establish her own company, Custom Custodial, Inc. She operated the firm for over 15 years; when she sold it in 2011 it had grown to 140 part-time and 6 full-time employees.

District 3 consists of the following precincts: Dupont; Hixson 2 & 3; Murray Hills 1 & 2; Northwoods 1.

W. Jack Benson, Sr., District 4

Councilman Benson received a B.S. from Peabody at Vanderbilt, a M. Ed. from The University of Chattanooga, and completed Post Graduate work at The University of Tennessee at Knoxville. Mr. Benson served for 35 years in the Chattanooga Public School System as an elementary and junior high teacher and then as principal of two elementary schools and two junior high schools. He then moved to a system-wide position at the administrative office where he served as Director of Curriculum and as the Assistant to the Superintendent.

After retirement from the school system Mr. Benson served as the Executive Director of the Chattanooga Big Brothers/Big Sisters Association. Mr. Benson is a Past-President of the Association of United Way Agency Directors. He has also served on the boards of the National Education Association; Tennessee Education Association; Southern Association of College and Secondary Schools; Chattanooga/Hamilton County Planning Commission; Tele-scripps Cable Access; Council of Alcohol and Drug Abuse Services; Chattanooga Education Association; United Way Allocation Panel; Armed Forces Committee; Camp Ocoee; and Boy Scouts Exposition.

This year Councilman Benson is serving as Chairman of the Economic Development and Sustainability Committee.

District 4 consists of the following precincts: Concord 2, 4, 5, & 7; East Brainerd 1 & 2; Summit 4.

Russell Gilbert, District 5

Councilman Gilbert is a Food Service Director at Parkridge Valley Hospital. He's also an entrepreneur whose non-profit organization, "Angels in Flight", provides industrial and arts training to area children. Councilman Gilbert has also worked to revitalize the Washington Hills Recreation Center and football field. These areas provide a safe haven for community children to spend time and play. He also coordinates the McKenzie Football Camp for Kids and is the coordinator of the Highway 58 Neighborhood Association Coalition, a group of over 3,000 households working together to

improve their neighborhoods in Murray Hills, Lakes Hills, Washington Hills, Mimosa Circle, Chickamauga and Bal Harbour.

Councilman Gilbert serves as Chairman of the Parks and Recreation/Education, Arts and Culture Committee.

District 5 consists of the following precincts: Bonny Oaks; Dalewood; Eastgate 1 & 2; Kingspoint 1, 2 & 3; Lake Hills; Woodmore 1 & 2.

Carol B. Berz, District 6

Carol Berz is the Chief Executive Officer of Private Dispute Resolution Services, LLC, a mediation services and training organization headquartered in downtown Chattanooga. In addition, Dr. Berz does extensive teaching in both the private and public sectors in the areas of mediation, mediation advocacy, mediation ethics and employment and labor/management matters relative to the costs of corporate conflict.

Dr. Berz studied liberal arts at Emory University and human service administration at the University of Tennessee, Chattanooga. Her master's degree in social policy was completed at the University of Tennessee, Knoxville; her law degree was completed at the Nashville School of Law; and her doctorate in social policy was completed at the University of Tennessee, Knoxville, in cooperation with Bryn Mawr College in Philadelphia, Pennsylvania. In addition Dr. Berz is certified by the Aquatic Exercise Association (AEA) as an Instructor and by the YMCA/USA as an Instructor and Trainer in Aquatics, where she specializes in aquatic kick-boxing. Dr. Berz is a graduate of the Program on Negotiation at Harvard Law School's 2005 and 2006 Insight Initiative Summer Learning Forums.

Councilwoman Berz is Chair of the Budget and Finance Committee.

District 6 consists of the following precincts: Airport; Brainerd; Brainerd Hills; Concord 1, 3 & 6; Ooltewah 3; Summit 1; Tyner 1 & 2.

Manuel Rico, District 7

Councilman Rico first entered public service roughly twenty years ago as a member of the Downtown Sertoma Club where he served as President. At about

the same time he was asked to become chairman of the board of WTCI; since that time he has served numerous other boards including Blood Assurance, the American Red Cross, Goodwill Industries, Moccasin Bend, Mental Health Association, Hamilton County Health Council, Boy Scouts, the Homeless Coalition, Southeast Tennessee Development Board, T.P.O. Board, Chattanooga Community Housing Development Organization, and was a past Chairman of the Human Rights Commission.

Councilman Rico enjoys working with young people and also serves on the Metro YMCA board as well as Y-CAP. While he has never had any problem working hard with any group that in need of help, he particularly enjoys his spot on the board of the "Friends of the Festival" and the Riverbend celebration each year.

Councilman Rico is currently Chairman of the Public Works, Codes and Standards Committee.

District 7 consists of the following precincts: Alton Park 1 & 2; Downtown 1 & 2; East Lake; St. Elmo 1.

Andraé McGary, District 8

Councilman Andraé McGary is originally from Dallas, Texas, but has lived in Chattanooga since 2002. Councilman McGary has a B.A. from Carver Bible College in Atlanta, a Master's in Divinity from Covenant Theological Seminary, and is working on a doctorate in sociology of religion at Oxford Graduate School. Councilman McGary and his wife have been married for 10 years and are the parents of Imani, Zion, Elijah, and Isaiah.

Key issues for Councilman McGary: Helping growth and development along Main Street and M.L. King Boulevard; seeing if incentives can be used to improve participation in our recycling program; making government more transparent.

Councilman McGary chairs the Health, Human Services and Multi-cultural Affairs Committee.

District 8 consists of the following precincts: Amnicola; Avondale; Bushtown; Courthouse 1 & 2; Eastside 1 & 2.

Peter Murphy, District 9, Vice-Chairman

Councilman Peter Murphy is a native of New York and the youngest of seven children. He attended public schools there and earned scholarships in Track and Cross Country and an Academic pre-law scholarship to Canisius College, in Buffalo, New York, graduating with a B.A. in Political Science and Communication.

Prior to law school, he was a Program Assistant with the Congressional Economic Leadership Institute in Washington, D.C.

He received his Juris Doctor in 1997 from Washington & Lee University Law School where he was a member of the Law School Rugby team and (by personal invitation) a member of the Black Law Student's Association.

He is married to Etelka Murphy and the father of two sons. In addition to his work for our City, Councilman Murphy practices civil litigation in State and Federal Courts in and around Chattanooga.

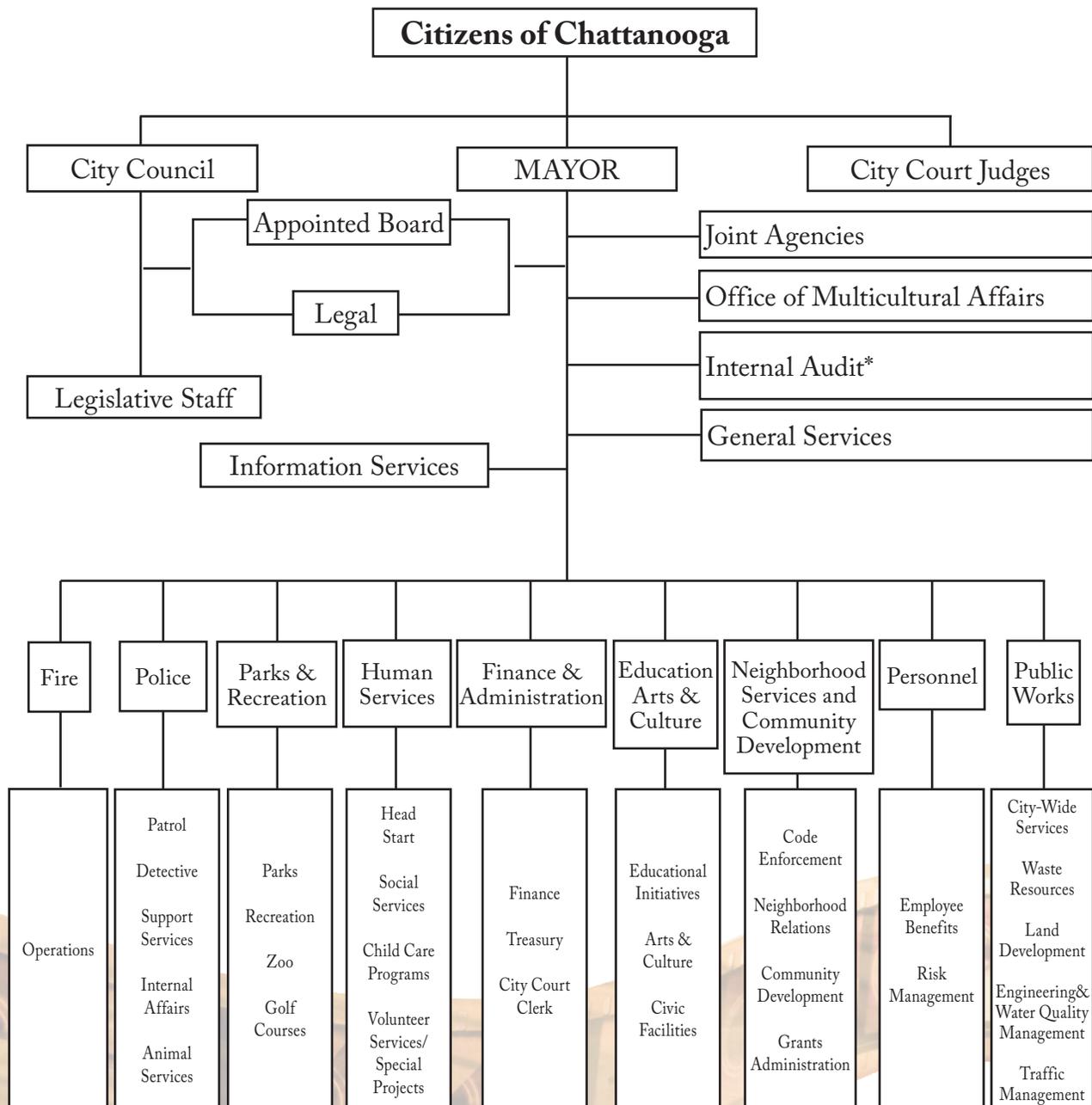
His civic and community activities have included Chattanooga City Council, District Nine and Chair of Chattanooga City Council Legal and Legislative Committee since 2009. He is on the Board of Directors for The Industrial Development Board of Hamilton County since 2007. Mr. Murphy is the Arbitrator for the Chattanooga Bar Association, Fee Dispute Panel. He serves as Legal Advisor and past Treasurer for the Missionary Ridge Neighborhood Association. He is a past and present member of the YMCA of Greater Chattanooga, the Chattanooga Track Club, Friends of the Park, The Historical Society of the US District Court for the Eastern District of Tennessee.

Councilman Murphy was chosen by his fellow Council members to serve as Vice-Chair of the Council for the 2012-13 legislative year. He also serves as Chairman of the Legal, Legislative, & Safety Committee for the Council.

District 9 consists of the following precincts: East Chattanooga 1 & 2; Eastdale; Glenwood; Missionary Ridge; Ridgedale 1 & 2.

Council Chair and Vice Chair are elected each year in April. Councilmembers are elected for four-year term. Current term expires April 2013.

Organizational Chart



* Ordinance 12566, dated January 24, 2012 proposed an amendment to the Charter of the City of Chattanooga so as to (1) establish an independent Office of Internal Audit; an Audit Committee and City Auditor. The ordinance was certified to the Hamilton County Election Commission to be placed on the ballot in the general county election held on August 2, 2012. The proposed amendment was approved by referendum.

City Council



Deborah Scott
District 1



Sally Robinson
District 2



Pam Ladd
Chairman
District 3



Jack Benson, Sr.
District 4



Russell Gilbert, Sr.
District 5



Carol Berz
District 6



Manuel Rico
District 7



Andraé McGary
District 8



Peter Murphy
Vice - Chair
District 9

**Daisy W. Madison, CPA, CGFM,
City Finance Officer**

Daisy W. Madison was hired as Deputy Finance Officer in 1992 and appointed to the position of City Finance Officer by Mayor Ron Littlefield in 2005. She is a Certified Public Accountant with over 22 years of experience in financial accounting and auditing which include 10 years as staff auditor for the U.S. General Accounting Office, Arthur Anderson & Company and audit manager for the internal audit division of Hamilton County government. Prior to coming to the City, she served as Director of Financial Management for Hamilton County government for over 10 years. Mrs. Madison initiated the first successful attempt by the City to obtain the GFOA certificate of achievement in financial reporting and the first GFOA Budget Award which was instrumental in the city's achieving an upgraded bond rating. She is past president of the Tennessee Government Finance Officers Association and serves on the GFOA standing committee on Debt Management and is a member and past president of the Association of Government Accountants. She is involved in numerous community and civic organization which promote a better quality of life in Chattanooga. Daisy and her husband of 36 years, Sam, are the proud parents of four children and three grandchildren. **Office Phone: 757-5232**

**Vickie C. Haley, CPA, CGFM
Deputy Administrator**

Vickie Haley, who was appointed as Deputy Administrator in 2006 began her service with the City in 1993 as an accountant. She obtained a Bachelor of Science in Business Administration from Old Dominion University in Norfolk, VA. As a CPA she has worked as an auditor in regional CPA firms in Norfolk and in Chattanooga. She has served on the Special Review Committee for GFOA's certificate of achievement in financial reporting, as an officer of the Chattanooga chapter of the Tennessee Society of Certified Public Accountants and the Chattanooga chapter of the Association of Government Accountants. She has two children and four grandchildren. **Office Phone: 757-4912.**

**Fredia Forshee Kitchen, CPA, CGFM
Director of Management & Budget Analysis**

Fredia Kitchen was promoted to Budget Officer in March, 2000. She holds a Bachelor of Science degree from Austin Peay State University located in Clarksville, TN. She has obtained certificates for Certified Public Accountancy and the Certified Government Financial Manager issued by the Association of Government Accountants. Prior to her appointment to the position of Budget Officer, her career with the City began in 1980 where she started out in Payroll, moving to Budget in 1984 as a Budget Analyst, then gaining promotion to Senior Budget Analyst. In addition to major budget duties, she monitors all City Investments, performs Revenue and Bond Analysis, including gathering data for official statement preparation. **Office Phone: 757-0524**

**Simone M. White,
Management & Budget Analyst 2**

Simone White joined the City in March 1993 as a Budget Analyst. In November 2000 she was promoted to her current position. She handles budgets for Finance, Police, and ISS. Prior to joining the City, she was a Business Analyst for the City of Charleston (South Carolina). Simone holds a Bachelor of Science in Accounting from Clemson University. She has been a reviewer for the GFOA's Distinguished Budget Awards Program for over 11 years. Her other activities include serving as past president of the Chattanooga Chapter Association of Government Accountants, Daisy Girl Scout Leader, member of Delta Sigma Theta Sorority, and other church/community activities. Simone and her husband, Jerrold, are busy parents of triplets. **Office Phone: 757-0534**

**Christy Creel
Management & Budget Analyst 2**

Christy Creel was hired by the City in 2008 and joined the Budget Department in 2009. In August 2011 she was promoted to her current position. Prior to working with the City she worked as a Staff Accountant for Chattanooga Neighborhood Enterprise. Christy holds a Bachelor of Business Administration in Accounting from Shorter College. She handles budgets for the General Services, Human Services, and Education, Arts, and Culture. She is a Member of the Chattanooga Chapter Association of Government Accountants. Christy and her husband, Stephen, have two children. **Office Phone: 425-7874**

**Ulystean J. Oates, Jr.,
Management & Budget Analyst 1**

Ulystean was hired by the City in January, 2008. He has over 19 years experience in the accounting and finance profession which includes governmental accounting, corporate finance, internal audit and supply chain management. He holds a Bachelor of Science with double majors in Finance and Economics from the University of North Alabama, Florence. His areas of responsibility include, Air Pollution, Personnel, including Employee Benefits, City Attorney, City Council, City Court, Fire Department, Internal Audit, Regional Planning. He is married to Shana and they have two boys. **Office Phone: 757-4751**

**Misty O'Malley
Management & Budget Analyst 1**

Misty was hired by the City in November 2011. Prior to joining the City, she was a Credit Analyst for a local community bank. Misty holds a Bachelor of Business Finance and Masters of Business Administration from the University of Tennessee at Chattanooga. She handles budgets for the Parks and Recreation, Neighborhood Services and Community Development, and Executive departments. She is a member of the Chattanooga Chapter Association of Government Accountants. Misty and her husband, Steven, are expecting their first child. **Office Phone: 757-0520**



