

Mayor's State of the City and Budget Address

June 14, 2021

To the Board of Aldermen and citizens of Tullahoma, as former Mayor Lane Curlee would say "It is a great day to be in Tullahoma". I echo his comment. So now it is my opportunity to discuss the economic condition of our city and address some of the achievements that have shaped our community during the past year.

I am pleased to be able to continue to report that our city government enjoys an Aa2 Bond rating, one of the highest in the state. Once again, our city government earned the GFOA Certificate of Achievement for Excellence in Financial Management, as well as the Distinguished Budget Presentation Award, demonstrating excellence in transparency and reporting. These are independent and objective measures of how your tax monies are managed and measured for financial soundness. This budget represents a fiscally conservative approach to manage the fiscal affairs of city government. I appreciate the leadership of City Administrator Jennifer Moody and Finance Director Sue Wilson for their professional approach to managing the fiscal affairs of the city government. All of the city department heads responded well to the budget challenges we faced last year, and their leadership is greatly appreciated.

I am pleased to report that we have successfully met the COVID-19 challenge, the greatest challenge our city and our country has experienced in many years. As of the end of May there were an average of only 3 new cases reported per day (4/30 – 5/27) of COVID-19 in our county and for the past 7 days the positivity rate was 3.5%, The lowest it has been since the earliest days of the pandemic. Regrettably, there have been 125 deaths (1% of deaths statewide) but of the 6,951 reported cases in the county, 6,790 have recovered.

The COVID-19 Virus has not only impacted our community's health and emotional stability, but it had the potential to impact our city's fiscal stability. As you are aware our City Administrator and Finance Director took steps at the beginning of the pandemic last year to minimize any long-term detrimental effects. Due to Federal and State aid combined with a surprising increase in sales tax revenue, we were able to actually restore some of the expenditures that were initially cut from the budget, such as restoring some of the staffing salary increases retroactively to the beginning of the fiscal year and to complete over a \$1 million in sidewalk improvements, street paving, purchase public safety equipment and make repairs to public facilities. For the fiscal year 2021 the sales tax increase over the prior year was 12%

At this point the employment rate in the county has recovered from a low last year of 19.8% to a current rate of 4.5%. The greater challenge for businesses today seems to be finding employees.

Interestingly, while the pandemic resulted in a tremendous reduction in travel, including reduced use of commercial airlines across our nation. Tullahoma's Municipal Airport benefitted from an increased use of chartered and recreational flying, as well as an increased use of our facilities for military exercises, all of which resulted in strong fuel sales to support our operations despite the pandemic. Our Tullahoma airport continues to receive recognition for its strong economic impact in our community. Last year the Tennessee Department of Transportation completed a year-long Statewide Aviation Economic Impact Study reporting that the Tullahoma Airport had a \$21 million economic impact on our area ranking William Northern Field as the second most impactful airport in its region. I am very happy to see the economic impact the airport contributes to Tullahoma, and I look forward to the airport attracting more aviation related businesses at the 100-acre Airport Business Park.

Tullahoma's diverse economy, our strong entrepreneurial sector and quality of life ensure that we will continue to attract both private and public investments. In fact, last year the Heartland Forward Foundation ranked the Tullahoma-Manchester micropolitan area seventh overall nationally. POLICOM Corporation, an independent economic research firm which specializes in analyzing local and state economies, ranked our local area as Number 56 out of 543 Micropolitan areas in the U.S. In Tennessee, only Sevierville ranked higher.

We will continue to build on our heritage as an Aerospace Center of Excellence to attract young families and new businesses.

This annual budget is focused around achieving three priorities: first, restoring operational levels to pre-pandemic levels; second, retaining and recruiting top talent to provide excellent services; and third, supporting job creation, new business development, land development and economic recovery. Based upon the city's projected revenue and expenditures the percent change from FY21 to FY22 will be an increase of 1.96%.

The budget includes no increases to any fees or charges and no proposed property tax increase. In addition, there are no new budgeted positions. Instead, the budget supports a robust and competitive compensation package for city employees that includes a significant cost of living wage adjustment and funding to raise the minimum starting wages for those in the hardest to fill positions in the City's Pay Plan. Additionally, this budget provides funding to expand city-wide training opportunities that will enhance customer service and management skills throughout the organization.

This year, the City will invest time and resources in strategic and long-range planning for the future growth and development of Tullahoma. The development of the "Tullahoma2040" Plan will look out 20-years and rely upon a significant amount of data-driven research, review of best practices and, most significantly, the citizens of Tullahoma's engagement and feedback. The plan will be used as a guidebook for our city leaders and staff as decisions affecting transportation, housing, jobs, schools, parks, and the overall use of lands and investment in

public infrastructure from now through the year 2040. A steering committee for this plan has been formed with its first meeting scheduled for July 6th.

Lastly, this will be another unique year in terms of the availability of significant levels of one-time, Federal, and State funding that will be used to support capital projects and infrastructure. As Mayor, I will work with the City Administrator and Alderman to develop a 5-year Capital Improvement Plan that will prioritize projects for completion in 2021-2026, including the recently announced American Rescue Plan funding.

I encourage all our Tullahoma citizens to become active in our community initiatives. I have asked Alderman Berry to lead the “Get Fit Tullahoma” initiative with the added component of “Get Fit Mentally”. All our Aldermen are actively serving in these community initiatives and their contributions are greatly appreciated. These initiatives are designed to enhance the quality of life in Tullahoma.

The new restaurants and music venues are making our downtown area an exciting place to frequent. The new art displays along Wall Street near the new location of the Bookshelf add a new dimension to that area.

Submitted by:

Ray Knowis, Mayor