

RESOLUTION NO. 30489

A RESOLUTION TO ACCEPT THE CURRENT YEAR FINANCIAL REPORT FROM THE CHATTANOOGA BUSINESS IMPROVEMENT DISTRICT (CBID) AND APPROVE THE PROPOSED BUDGET FOR FISCAL YEAR 2021 ACTIVITIES DATED SEPTEMBER 16, 2020, INCLUDING AUTHORIZING THE INTERIM TREASURER TO COLLECT A SPECIAL ASSESSMENT FEE FOR TAX YEAR 2020.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE, that it is hereby accepting the current year financial report from the Chattanooga Business Improvement District (CBID) and approve the proposed budget for Fiscal Year 2021 activities dated September 16, 2020, including authorizing the Interim Treasurer to collect a special assessment fee for tax year 2020.

ADOPTED: September 22, 2020

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September 16, 2020

TO: Chattanooga City Council

FROM: Gordon Stalans, Treasurer
Downtown Chattanooga Alliance

RE: 2021 Budget

Attached is a summary of the Downtown Chattanooga Alliance's ("DCA") 2021 budget along with a report of actual expenditures for the eight months ended August 31 and a forecast for calendar 2020.

Just a few key points to note when comparing the 2020 forecast and the 2021 budget:

- **Assessment revenue is higher in 2020 because it reflect assessments collected in calendar 2019 but not received by DCA till 2020, effectively putting 14 months of collections in 2020 while the 2021 budget represents 12 months of collections.**
- **In 2020 a grant in the amount of \$100,000 was received by DCA to assist with its start-up costs. That grant is not anticipated to be repeated in the 2021 budget.**
- **The Clean and Hospitality program just recently started. Thus, the 2020 forecast includes just a partial year of those costs versus a full year in 2021**
- **The Beautification and Special Projects budget reflects that the DCA is in the process of identifying some areas in the district that have deferred maintenance and beautification issues to be addressed and will address some of those issues in 2021. We have provided \$100,000 in the 2021 budget to address some of the beautification projects that need to be done.**
- **Personnel costs in the 2021 budget reflect a full year's salary and benefit package for the DCA Executive Director versus a partial year in 2020.**
- **Administrative costs in the 2020 forecast include the legal and consulting fees incurred to support the startup of the Alliance. Administrative costs in the 2021 budget include the costs of renting and occupying a space at 407 Broad Street as a base of operations.**
- **Both the 2020 forecast and the 2021 budget include a 2% fee the DCA is paying the City of Chattanooga for the services it is providing to collect and remit the assessments to the DCA.**

- **As a result of receiving a 12+ months of assessments but having a partial year of operations in 2020, the forecast for 2020 anticipates that we will end the year with a fund balance of \$620,000. With a full year of operation in 2021 and addressing \$100,000 of beautification projects we anticipate the fund balance to be reduced by approximately \$40,000 in 2021.**
- **As a measure of financial prudence, our budget also includes a transfer of \$230,000 from our fund balance to a cash reserve fund to ensure financial stability of the organization.**

Respectfully submitted,

Gordon Stalans

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Downtown Chattanooga Alliance 2021 Budget

Revised September 16, 2020

	<u>31-Aug-20</u> <u>Actual</u>	<u>2020</u> <u>Forecast</u>	<u>2021</u> <u>Budget</u>
Revenue			
401 Assessment Fees	\$ 808,086	\$ 915,886	\$ 867,800
402 Contributed Support	100,000	125,000	25,000
Total Revenue	<u>908,086</u>	<u>1,040,886</u>	<u>892,800</u>
Expenditures			
601 Clean and Hospitality Program	-	207,668	623,000
606 Beautification Projects	-	-	100,000
611 Equipment Rental	-	4,000	12,000
701 Salaries and Wages	39,375	74,375	105,000
711 Payroll Taxes	3,201	5,879	8,000
712 Health Insurance	1,510	4,530	10,500
713 Workers Comp Insurance	790	790	800
751 Relocation Expenses	6,491	6,491	-
801 Meeting Notices	1,362	1,777	1,800
811 Equipment Maintenance	1,500	1,500	1,500
901 Assessment Collection Fees	16,162	18,318	17,356
902 Consultant fees and expenses	21,010	23,185	5,000
911 Legal Fees	14,924	16,924	5,000
912 Accounting Software Fees	664	1,193	1,200
913 Audit Fees	-	-	7,500
921 Office Supplies	201	1,001	2,000
926 Printing	-	800	1,200
931 Office Rent	935	2,805	11,910
941 Professional Dues	940	940	1,000
951 Travel and Training	-	-	3,000
951 Property & Liability Insurance	1,783	1,783	1,800
991 Miscellaneous Expenses	1	2,001	5,000
Total Expenditures	<u>110,849</u>	<u>375,960</u>	<u>924,566</u>
Net Operating Revenue	<u>\$ 797,237</u>	<u>\$ 664,926</u>	<u>\$ (31,766)</u>
Capital Expenditures	<u>\$ 42,927</u>	<u>\$ 44,327</u>	<u>\$ 25,000</u>
Net Cash Flow	<u>\$ 754,310</u>	<u>\$ 620,599</u>	<u>\$ (56,766)</u>
Transfer to Establish Cash Reserve			<u>\$ (230,000)</u>
Fund Balance	<u>\$ 754,310</u>	<u>\$ 620,599</u>	<u>\$ 333,833</u>