

Stronger Neighborhoods

Strong Neighborhoods form the foundation of a vibrant city. They have optimal levels of ownership, engaged neighbors, and strong community organizations that embrace a diverse group of people and lifestyles.

The most important component of a neighborhood is its residents. The City should provide opportunities for leadership training, resources and development to individuals in Chattanooga's neighborhoods. Strong neighborhoods have leaders who can develop and execute community action plans by building or bolstering their neighborhood associations. Vibrant neighborhoods have equally healthy neighborhood associations with members representing the unique diversity of their respective neighborhoods. The City should work to empower neighborhood leaders to advocate for their community and solve difficult problems.

Strong neighborhoods are connected to economic opportunity, retail centers, and other communities. These connections are best accessed through a multitude of transit options, including driving, walking, biking, and mass transit. Research shows neighborhood connectivity can have a large effect on the health of the residents living in the neighborhood. Whether it is providing easy access to fresh healthy food at a nearby grocery store or connecting a neighborhood to walking and cycling options, the City should support neighborhoods by connecting them to financial and retail services, economic opportunity, and green spaces.

Every neighborhood needs a diverse and healthy real estate market that encourages investment. There is no single approach to addressing the unique challenges and opportunities faced by each individual neighborhood. For Chattanooga to be a welcoming community, neighborhoods should be diverse and appeal to people of different ages, races, and incomes. In addition, the City should develop targeted strategies to attack affordability issues.

Total funded: \$45,243,639.00

Total requested: \$46,782,640.00

Total number of offers funded: 15

The following are Funded Offers for the Stronger Neighborhoods Result Area:



Chattanooga Area Regional Transportation Authority

To: The City of Chattanooga
From: Lisa M. Maragnano, Executive Director *LM*
Autumn Jewell, CFO *AJ*
Date: February 21, 2014

Our legal name and address is:

Chattanooga Area Regional Transportation Authority (CARTA)
1617 Wilcox Boulevard
Chattanooga, TN 37406
Phone: 423-629-1411

www.gocarta.org

Contacts:

Lisa Maragnano, Executive Director (lisamaragnano@gocarta.org)

Office-423-629-1411, Ext. 114

Cell-423-260-5629

Autumn Jewell, CFO (autumnjewell@gocarta.org)

Office-423-629-1411, Ext. 119

Cell-423-240-6418

FY 15 Requests from the City of Chattanooga:

Operating Assistance: \$4,964,440 **Stronger Neighborhoods**

Congestion Mitigation and Air Quality (CMAQ) Matching Funds: \$300,000 **Growing Economy**

Capital Matching Funds: \$89,200 **Stronger Neighborhoods**

Mission Statement: To provide a cost effective, efficient and safe multimodal transit system for the citizens, visitors and businesses of the city of Chattanooga, Hamilton County and the surrounding areas.

Vision Statement: CARTA working in partnership with the city and county agencies, community and neighborhood organizations, and businesses to develop a multimodal transit system which includes walking, biking, carpooling and local/regional public transit. Our goals are: to promote economic development, safer and connected neighborhoods, active and healthier citizens, and cleaner and greener communities.

Chattanooga's Driving Force.

1617 Wilcox Boulevard • Chattanooga, Tennessee 37406
Phone (423) 629-1411 • Fax (423) 698-2749 • TDD # (423) 624-4534

CARTA IS AN EQUAL OPPORTUNITY EMPLOYER COMMITTED TO PROVIDING CAREER OPPORTUNITY TO ALL PEOPLE,
WITHOUT REGARD TO RACE, COLOR, GENDER, AGE, NATIONAL ORIGIN OR DISABILITY



Chattanooga Area Regional Transportation Authority

February 21, 2014

City of Chattanooga:

The Chattanooga Area Regional Transportation Authority (CARTA) operates the public transit system within the city of Chattanooga and the surrounding region, providing approximately 3.1 million passenger trips per year. CARTA is comprised of four divisions:

- Fixed bus route service within the city of Chattanooga/neighborhood bus routes
- Complementary demand response paratransit service (Care-A-Van) for citizens with disabilities within the city of Chattanooga
- Downtown electric shuttle and parking system
- Lookout Mountain Incline Railway

In addition, CARTA provides oversight, maintenance, and enforcement for approximately 4,200 surface, on-street and garage parking spaces.

CARTA is pleased to submit two budget offers to the city of Chattanooga for fiscal year 2015.

Offer A-Operating Assistance -\$4,964,440: These requested funds will be used to support CARTA's core operations which are fixed bus route services and paratransit services (Care-A-Van).

CARTA operates 13 fixed bus routes and 3 neighborhood bus routes. Fixed bus routes provide service between downtown Chattanooga and other neighborhoods within the city. The neighborhood routes stay within specific neighborhoods-North Brainerd, East Brainerd, and Eastdale.

CARTA's Care-A-Van service is a complementary paratransit service provided to individuals who, due to their disabilities, are unable to use CARTA's fixed bus route service. This service is mandated under the American with Disabilities Act (ADA).

Offer A-CMAQ-\$300,000: These requested funds will provide the local match to a Congestion Mitigation and Air Quality grant of \$1.5 million for expansion of service to the Enterprise South Industrial Park for a period of 3 years. This grant application became available on February 6th, and CARTA wants to ensure it can provide the 20% local match to secure the additional \$1.2 million (80%) of federal/state funding. Because CARTA is in the beginning stages of this process, the information provided in this offer is **very preliminary**. This application will be finalized prior to the Leadership Team making its final rankings.

Chattanooga's Driving Force.

1617 Wilcox Boulevard • Chattanooga, Tennessee 37406
Phone (423) 629-1411 • Fax (423) 698-2749 • TDD # (423) 624-4534

CARTA IS AN EQUAL OPPORTUNITY EMPLOYER COMMITTED TO PROVIDING CAREER OPPORTUNITY TO ALL PEOPLE,
WITHOUT REGARD TO RACE, COLOR, GENDER, AGE, NATIONAL ORIGIN OR DISABILITY

CARTA is also requesting \$89,200 in capital assistance which will provide the local match to CARTA's fiscal year 2015 state and federal capital funding. These funds will be used to purchase security equipment and bus shelters and allow CARTA to perform necessary maintenance on its equipment and facilities.

Historically, CARTA has provided a copy of its audited annual financial statements to the City Finance Office. CARTA will continue this practice going forward and is happy to submit any further information the city may request. CARTA will also provide a detailed accounting of how funds are utilized and the accomplishments provided. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Lisa Maragnano". The signature is written in black ink and has a long, sweeping horizontal line extending to the right.

Lisa Maragnano, Executive Director

E. Stephen Jett, Chairman
Chambliss, Bahner & Stophel, P.C.
Liberty Tower
605 Chestnut Street, Suite 1700
Chattanooga, TN 37450
sjett@chamblisslaw.com
423-757-0229 Business
423-508-1229 Fax
423-309-1925 Cell
423-886-6951 Home

Joe Ben Hutcherson
8804 Brow Lake Road
Soddy-Daisy, TN 37379
joebenhutch@msn.com
423-332-1205 Home
423-903-5663 Cell

Lavorn Sonny Moore
3711 Fagan Street
Chattanooga, TN 37410
423-265-2100 Home
423-488-7980 Cell

Jade Dodds
Life Care Centers of America
3001 Keith Street, NW
Cleveland, TN 37320
jade@epbfi.com
423-473-5117 Business
423-339-8338 Fax
423-296-6492 Home
423-400-4298 Cell
Home Address
8021 Krijen Court
Chattanooga, TN 37421

Ernest R. Hedgecorth
9309 Wedgewood Lane
Chattanooga, TN 37421
nmsu71@aol.com
423-499-9535 Business
423-894-0676 Home
423-468-0261 Cell

Bill Allen
Moreland Altobelli, Inc.
4520 Pink Heather Trail
Chattanooga, TN 37415
mjabwa@gmail.com
423-305-7842 Business
423-870-2076 Home
423-309-7842 Cell

Mike Feely
618 N. Holly Street
Chattanooga, TN 37404
revfeely@yahoo.com
606-337-3613 Business (ext. 320)
423-316-6503 Home
423-316-6503 Cell

Jill Hindman
4518 Hixson Pike, Apt. L-1
Hixson, TN 37343
jhindman312@aim.com
jhindman312@aol.com
423-877-7247 Home
423-488-7701 Cell

John Lively
263 Garden Road
Chattanooga, TN 37419
jml106@epbfi.com
423-825-1218 Home
423-595-1042 Cell

Napoleon Dawson

Hamilton Co. Juv. Court

1600 E. 3rd street

Chattanooga, TN 37402

napoleondawson@gmail.com

423-209-5196 Business

Home Address

9410 Misty Mountain Trail

Chattanooga, TN 37421

423-899-6459 Home

423-320-4076 Cell



City of Chattanooga

FY15 Offers

OFFER SUMMARY

Offer Name:	CARTA Operating Assistance
Lead Agency:	Chattanooga Area Regional Transportation Authority (CARTA)
Collaborating City Department(s):	Department of Transportation
Contact Name:	Lisa Maragnano
Primary Results Area:	Stronger Neighborhoods
Offer Cost (Funding Request):	\$4,964,440

RESULTS AREAS

1. **Safer Streets** – Safe communities, reduced crime, positive opportunities, and alternate pathways.
2. **Growing Economy** – Growing and supporting local businesses, workforce development, business recruitment and retention, and an environment for innovation.
3. **Stronger Neighborhoods** – Neighborhood leadership, connected communities, healthy residential markets, and rapid re-housing.
4. **Smarter Students, Stronger Families** – Parents and first teachers, community support, and community health.
5. **High Performing Government** – Data-driven decision making, sound operations, outstanding customer service, resource management, and exceptional talent.
6. **Innovation Fund** – Something different – processes, services, technologies, ideas. Shifting the way government operates.

DETAILS

Description: *(What is the service/program? How will it be provided? What innovation & sustainability practice does this leverage? What difference does this offer make and how will we know? Make a compelling case for your offer.)*

An Overview of CARTA

The Chattanooga Area Regional Transportation Authority (CARTA) operates the public transit system within the city of Chattanooga and the surrounding region, providing approximately 3.1 million passenger trips per year. CARTA is comprised of four divisions:

- Fixed bus route service within the city of Chattanooga/neighborhood bus routes
- Complementary demand response paratransit service (Care-A-Van) for citizens with disabilities within the city of Chattanooga
- Downtown electric shuttle and parking system
- Lookout Mountain Incline Railway

In addition, CARTA provides oversight, maintenance, and enforcement for approximately 4,200 surface, on-street and garage parking spaces.



City of Chattanooga FY15 Offers

CARTA leverages funding from multiple sources to provide its array of services to the greater Chattanooga community. In addition to the city of Chattanooga, CARTA leverages funding from the federal government, state of Tennessee, and Hamilton County as well as other CARTA generated revenue (advertising, passenger fares). CARTA’s parking operations and the Lookout Mountain Incline Railway generate revenues that support the CARTA’s operations.

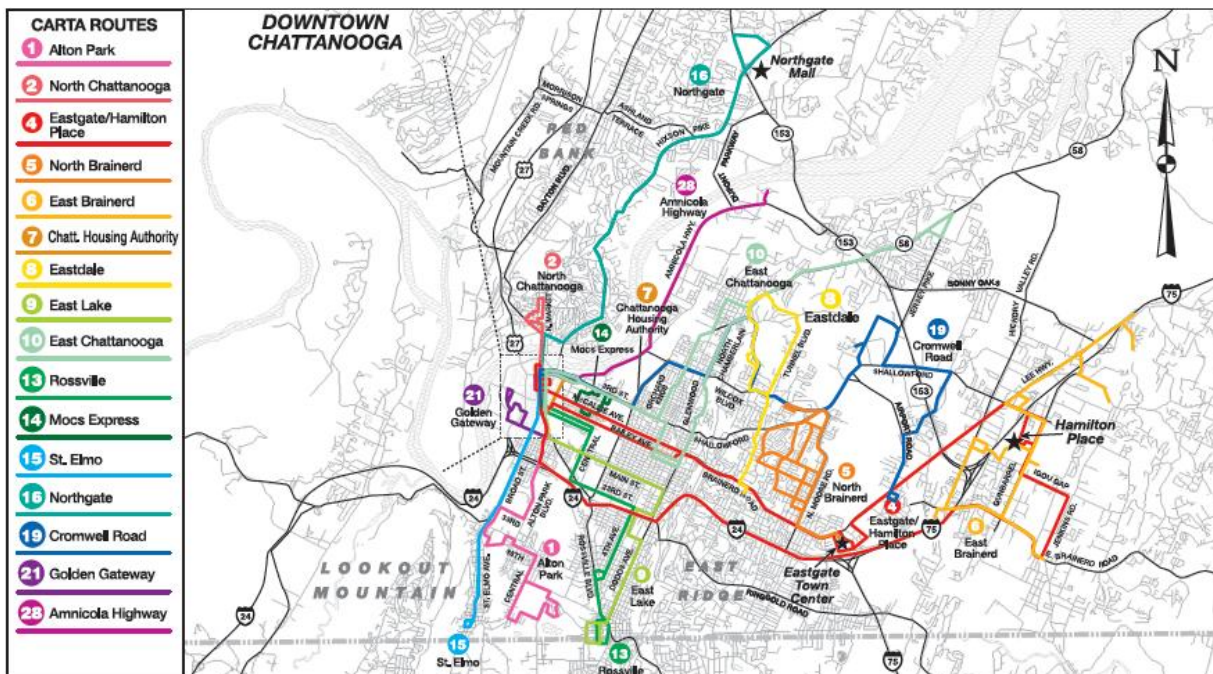
For FY 2015, CARTA is requesting \$4,964,440. Approximately \$2.3 million of this request generates \$5.4 million in federal and state operating funds. The remaining assistance funds CARTA’s core operations – Fixed Route and Care-A-Van Services.

Fixed Route & Care-A-Van Services

CARTA considers its fixed route and Care-A-Van services to be its core operations.

CARTA operates 13 fixed bus routes and 3 neighborhood bus routes. Fixed bus routes provide service between downtown Chattanooga and other neighborhoods within the city limits. Neighborhood bus routes stay within specific neighborhoods (North Brainerd, East Brainerd, and Eastdale) and connect to fixed bus routes through common transfer points but do not service downtown Chattanooga.

CARTA’s fixed bus route services also connect to the free electric shuttle service in downtown Chattanooga, which connects the Shuttle Park North, Shuttle Park South, and Shuttle Park North Shore garage facilities. See below for service map of fixed bus routes and neighborhood bus routes.





City of Chattanooga

FY15 Offers

CARTA's Care-A-Van service is a complementary paratransit service provided to individuals with disabilities. This service is provided to individuals who, due to their disability, are unable to use CARTA's fixed route bus service. CARTA's Care-A-Van service is mandated under the Americans with Disabilities Act (49 CFR Part 37, subpart F).

"...each public entity operating a fixed route system shall provide paratransit or other special service to individuals with disabilities that is comparable to the level of service provided to individuals without disabilities who use the fixed route system."

As this service is meant to complement and support the fixed route service, any changes to fixed bus routes will affect Care-A-Van's paratransit service as well. As these services are linked, they have been combined into one offer for consideration.

CARTA's fixed bus routes and neighborhood bus routes provide a valuable service to Chattanooga's residents, particularly those who do not have a means of traveling any other way. Currently, CARTA is focusing on making the quality of service changes detailed below. **The majority of CARTA's riders, approximately 83%, have no other way to make their trips.**¹

A Collaborative Plan for the Future

With the help and support of its regional partners – including the city of Chattanooga – CARTA is undergoing a comprehensive evaluation of its service delivery. In close partnership with the Chattanooga Department of Transportation (CDOT), the Regional Planning Agency, and the Benwood Foundation, CARTA has launched a planning study for the feasibility of a multi-modal transit center in downtown Chattanooga. This study is already funded, and the planning process is underway – with Chattanooga Department of Transportation/RPA/Economic & Community Development serving as the representatives of the city of Chattanooga. When completed in late 2015, the planning study will chart a new course for public transit in Chattanooga.

A multi-modal transit center has the potential to create a new transportation center and gateway for the Chattanooga Metropolitan area that provides personal transportation choices, enhances the image and effectiveness of public transportation, and serves as a catalyst for economic development. Currently, CARTA's passengers are dispersed throughout the downtown area from 4th Street & Market Street to 12th Street & Market Street for pickups and transfers. A multi-modal transit center would serve as the primary transfer center in downtown Chattanooga for **all modes** of transportation. The creation of a primary transfer center would increase ridership, decrease congestion and vehicle miles traveled, reduce emissions, and better connect neighborhoods. The final study will include an evaluation of existing routes, suggestions for re-routing, as well as a list of possible locations for the multi-

¹ Chattanooga-Hamilton County Regional Planning Agency. "On-Board Transit Survey." Online. 2011 August. [http://www.chcrpa.org/TPO_reorganized/Plans_and_Programs/Multi-Intermodal Land Use and TransPlanning/Transit/On-Board%20Transit%20Survey%20-%20Final%20Report2.pdf](http://www.chcrpa.org/TPO_reorganized/Plans_and_Programs/Multi-Intermodal_Land_Use_and_TransPlanning/Transit/On-Board%20Transit%20Survey%20-%20Final%20Report2.pdf)



City of Chattanooga

FY15 Offers

modal transit center. Chattanooga Department of Transportation has been, and will continue to be, heavily involved in this planning and evaluation process.

As part of this same effort, CARTA is performing a top-to-bottom analysis of all services in order to improve existing service with available resources and strategically plan potential service expansions. For example, CARTA will be adding a bus stop at the airport in May. This decision was made in partnership with Chattanooga Department of Transportation, Tennessee Department of Transportation, and the airport and will provide a missing link in the connectivity to downtown and the neighborhoods. In addition, CARTA is planning on making frequency changes to some of the busier routes and plans on adjusting routes to meet the demand for service and connect UTC to downtown. CARTA will partner with Chattanooga Department of Transportation to evaluate changes or service expansions within the city limits.

Decline in Federal and State Funding

Transit agencies and the communities they serve are confronted with the steady decline in federal funds available for local transit projects. Over the past few years, CARTA has used the maximum allowable amount of federal funds it can use for operating expenses, and by doing so, CARTA has greatly reduced the amount of federal funds available for capital projects. Overall federal funding for CARTA will decrease in FY 2015 due to changes in grant legislation, and CARTA does not anticipate significant increases in federal funding in future years. CARTA is maximizing its use of available resources to maintain current service levels. This situation is not unique to CARTA. As stated in the December 2010 Comprehensive Operational Analysis for IndyGo Transit System, "Over time, there has been a significant funding imbalance caused by the disparity between revenue growth and operating/capital expenditure needs. The system has been operating on a year-to-year basis, cobbling together various funding sources in an attempt to maintain service levels and address capital needs."² This statement epitomizes the current state of most transit agencies.

Identify Which Desired Outcomes This Offer Impacts:

1. More connected neighborhoods through increase in transit ridership-**Stronger Neighborhoods**
2. Increased connectivity to YFD for access to Lexia Reading Program-**Smarter Students & Stronger Families**
3. Increase citizen satisfaction with services-**High Performing Government**
4. Increase access to job opportunities-**A Growing Economy**
5. Increase the sense of safety in the City-**Safer Streets**

² <http://www.indygo.net/pages/transit-planning>



City of Chattanooga

FY15 Offers

BUDGET REQUEST

Summary: (Please complete based on information contained in Attachment F)

Offer Name	Personnel Costs (including Benefits)	Operating Costs	Total Request	FTEs required
CARTA Operating Assistance	\$4,964,440		\$4,964,440	

Capital Budget Impact? Yes No **X**

Financial Offsets: *(Please list other revenues associated with the specific program for which funding is requested)*

Name	Federal	State	Local
State Operating Assistance (50% state/50% local)	N/A	\$1,720,547	\$1,720,547
Preventative Maintenance Funds (80% federal, 10% state, 10% local)	\$1,953,199	\$244,149	\$244,149
Job Access Reverse Commute Funds (50% federal, 25% state, 25% local)	\$352,667	\$176,333	\$176,333
Americans with Disabilities Act (ADA) Funds (80% federal, 10% state, 10% local)	\$370,512	\$46,314	\$46,314
Operating Assistance Funds (50% federal, 25% state, 25% local)	\$217,763	\$108,882	\$108,882
Grant Administrator Funds (80% federal, 10% state, 10% local)	\$63,266	\$7,908	\$7,908
Mobility Management Funds (80% federal, 10% state, 10% local)	\$59,198	\$7,400	\$7,400
Travel Trainer Contract Funds (80% federal, 10% state, 10% local)	\$32,000	\$4,000	\$4,000
Total	\$3,048,605	\$2,315,533	\$2,315,533

PERFORMANCE DATA

CARTA will measure its success by monitoring ridership and operating cost per rider. CARTA expects ridership to increase and operating cost per rider to decrease as a result of its planned service changes and efficiencies in cost management.

Measurement 1: Ridership *Historical Comparison Data?*

Fiscal Year 2013 Fixed Bus Route Ridership	Fiscal Year 2013 Care-A-Van Ridership	Fiscal Year 2015 Goal for Ridership
1,800,870	47,552	Increase 1%-3%

Measurement 2: Operating cost per rider *Historical Comparison Data?*

Fiscal Year 2013 Operating Cost per Fixed Bus Route Passenger	Fiscal Year 2013 Operating Cost per Care-A-Van Passenger	Fiscal Year 2015 Goal for Operating Cost per Passenger
\$4.35	\$22.77	Decrease 1%-3%



City of Chattanooga

FY15 Offers

Return on Investment: *How do citizens benefit?*

Public transit provides citizens with low-cost transportation that connects them to their homes, jobs, medical facilities, and recreational activities. Further, in addition to creating “Stronger Neighborhoods,” public transit provides meaningful contributions to a “Growing Economy” and “Safer Streets.” Consider the following:

- Public transit contributes to stronger neighborhoods by connecting people with places and by fostering “agglomeration” – that is, increasing the proximity of individuals and businesses yields tangible economic benefits.³
- One of the potential benefits of having more people in an area is that there is a wider labor force. That, in turn, means a better chance of matching the needs of a job with the skills of a worker — and, of course, making this match more quickly.³
- CARTA currently has security cameras on board its buses and has frequently coordinated with the Police Department when requested for surveillance information. In addition, CARTA is close to executing a contract to install 19 new bus shelters, with 6 of them located near Youth and Family Development Centers. Security cameras will be available at these locations as well, hidden in a nearby pylon. In continuing the coordination with the Police Department, CARTA believes it will help reduce crime and increase the sense of safety in neighborhoods.

Does this activity leverage other financial resources?

Approximately \$2.3 million of the City’s assistance generates \$5.4 million in federal and state operating funds.

How does this activity decrease costs over time for the City?

One of CARTA’s principal goals is to provide maximum benefit to the public while using its current level of resources. Towards this end, CARTA reduced its operating expenses by approximately \$320,000 between the FY 2014 and FY 2015 budget, without service reductions. Further, since FY 2012, CARTA has experienced significant changes in its management team and has implemented the following changes to cut and streamline costs:

- Decreased the size of its administrative staff (mostly managerial) by 4 positions and combined several positions to provide maximum utilization of its administrative staff. These changes have resulted in a combined savings of close to \$300,000 in wage and fringe benefit expenses annually.

³<http://www.theatlanticcities.com/jobs-and-economy/2013/08/public-transit-worth-way-more-city-you-think/6532/>



City of Chattanooga

FY15 Offers

- Increased its utilization of employees to perform work that was previously performed by external vendors resulting in approximately \$75,000 in cost savings from FY 2012 to FY 2013.
- Replaced all lighting with energy efficient lighting which resulted in approximately \$19,000 in reduced utility costs from FY 2012 to FY 2013.

How can this program become sustainable without City funding?

Due to the nature of CARTA's operations, it is unlikely that the agency can be fully sustainable without City funding. Because CARTA utilizes Federal Transit Administration (FTA) funding for operating expenses, a local match from the city of Chattanooga will continue to be necessary as FTA is prescriptive in the sources of local funding that can be used as local match. The agency can actively work toward reducing the amount of city assistance by (1.) obtaining a dedicated source of funding, (2.) offering a variety of advertising options to increase advertising revenue, (3.) increasing passenger fare revenue by increasing ridership, and (4.) actively pursuing additional sources of operating revenue.



City of Chattanooga

2015 2019

Capital Budget Project Request

mail to :@budget@chattanooga.gov

Project ID:	1	Result Area:	Stronger Neighborhoods
Department:	CARTA	Fund:	4013
Department Priority:	1	Cost Center:	A60121

Division:	CARTA	Project Name:	CARTA Match Funds	Fiscal Year:	2015
Contact Name:	Lisa Maragnano			City Council District:	City-wide
Phone Number:	423-629-1411			Administrator:	None

Project Description	Additional Information	Estimated fiscal impact of project
(\$115,809) Purchase security equipment; (\$46,375) Purchase bus shelters; (\$324,816) Incline Railway repairs and renovations; (\$10,000) Shuttle Park repairs and renovations; (\$35,000) Maintenance shop equipment; (\$250,000) Computer hardware and software upgrades; (\$75,000) Fare Collection Upgrade; (\$30,000) Renovations to admin/maintenance buildings; (\$5,000) Communications equipment.		The total \$89,200 City allocation will match \$89,200 of state funding and \$713,600 of federal funding.

Basis of cost	Grant	Evaluation Criteria #1	Adopted Plan
Estimated Life	15 Years	Evaluation Criteria #2	Systematic Replacement
Project Begin Date	2014	Evaluation Criteria #3	Improvement of Operating Efficiency
Project Fund Balance	\$0.00	Complete	<input type="checkbox"/>
Funds Approved Current Yr	\$0.00	In Progress	<input type="checkbox"/>

Source	2015 Requested	2016 Requested	2017 Requested	2018 Requested	2019 Requested	Future Requested
City Match	\$89,200	\$250,000	\$250,000	\$250,000	\$250,000	\$0
State	\$89,200	\$0	\$0	\$0	\$0	\$0
Federal	\$713,600	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0
Totals:	\$892,000	\$250,000	\$250,000	\$250,000	\$250,000	\$0

Attachment B: Comparative Financial Information

Agency Name: CARTA

This section relates to agency efforts specifically funded by Chattanooga dollars to benefit Chattanooga residents, relative to the dollars given by adjoining governmental entities.

Dollars provided to your organization in FY 2014 by the following entities:	Percent of your total annual operational funding provided by local government	% of Hamilton County Population*
Chattanooga	25%	49.83%
Unincorporated Hamilton County		30.22%
Hamilton County Government's (General funds)	.005%	
Collegedale	0	2.46%
East Ridge	0	6.24%
Lakesite	0	0.54%
Lookout Mountain	0	0.54%
Red Bank	0	3.46%
Ridgeside	0	0.12%
Signal Mountain	0	2.25%
Soddy-Daisy	0	3.78%
Walden	0	0.56%
Other (Outside Hamilton County)	0	
	Above percentages should total 100%	
Percent of Services rendered to residents of:	Estimate, if you do not now track this data.	
Chattanooga	99%	49.83%
Unincorporated Hamilton County	<1%	30.22%
Hamilton County Government's (General funds)	<1%	
Collegedale	0	2.46%
East Ridge	<1%	6.24%
Lakesite	0	0.54%
Lookout Mountain	0	0.54%
Red Bank	<1%	3.46%
Ridgeside	<1%	0.12%
Signal Mountain	<1%	2.25%
Soddy-Daisy	0	3.78%
Walden	0	0.56%
Other (Outside Hamilton County)	0	
	Above percentages should total 100%	

*Population numbers are from 2010 U.S. Census.

Attachment C: Program Beneficiary Statistics

Agency Name: CARTA Program: CARTA

Information below from an on board survey completed in Nov. 2010; new survey will be done in 2015

Program Beneficiary Characteristics Clients/Patients/Recipients/Other	FY 2013	FY 2014 (YTD)	FY 2015 (Projected)
1. Unduplicated Count of Program Beneficiaries TOTAL			
a) Total Continuing From Previous Fiscal Year			
b) Total New for the Year			
c) Total Terminated During the Year			
2. Age Group TOTAL			
a) Infants – Under 5			
b) Between 5 and 12	1%	1%	1%
c) Between 13 and 17	3%	3%	3%
d) Between 18 and 29	38%	38%	38%
e) Between 30 and 64	53%	53%	53%
f) 65 and over			
g) Not Known			
3. Sex TOTAL			
a) Male	43%	43%	43%
b) Female	57%	57%	57%
c) Not Known			
4. Ethnic Background TOTAL			
a) White	25%	25%	25%
b) Black	66%	66%	66%
c) Hispanic	3%	3%	3%
d) Asian	1%	1%	1%
e) Other – Ethnic Minority			
f) Not Known			
5. % Income Level TOTAL			
a) Below 9,999			
b) 10,000 –19,999 10,000-15,000	54%	54%	54%
c) 20,000 – 29,999 15,000-29,999	26%	26%	26%
d) 30,000 and Over	20%	20%	20%
e) Not Known			
6. Location of Residence TOTAL			
a) Chattanooga	100%	100%	100%
b) Outside of Chattanooga			
c) Not Known			

CARTA Salary Spreadsheet-FY 2015

Title	Name	Part Time	# Years Emp.	Covered by Retirement	# Weeks Emp.	Current		Requested		
						Annual Rate	Budgeted	# Weeks Emp.	Annual Rate	Budgeted
Executive Director	Maragnano, L.		2	Y	52	\$120,000	\$120,000	52	\$120,000	\$120,000
Assistant Exec. Dir.	Position eliminated		34	Y	8	\$20,000	\$20,000		\$0	\$0
Chief Financial Officer	Jewell, A.		3	Y	52	\$94,676	\$94,676	52	\$94,676	\$94,676
Dir. Ops/Maint/Parking	Matthews, B.		3	Y	52	\$85,000	\$85,000	52	\$85,000	\$85,000
Dir. Of Plan/Transp.	Position eliminated		34	Y	52	\$91,000	\$91,000		\$0	\$0
Maint. Manager	See note**			Y	52	\$60,000	\$60,000	52	\$60,000	\$60,000
Mgr Of Sp. Proj/Parking	Position eliminated		6	Y	52	\$60,000	\$60,000		\$0	\$0
Dir. Of Grants and IT	Powell, A.		13	Y	52	\$81,600	\$81,600	52	\$81,600	\$81,600
Dir. Safety and Training	Sparda, M.		2	Y	52	\$72,828	\$72,828	52	\$72,828	\$72,828
Shuttle Maint Manager	Butzer, W.		2	Y	52	\$60,000	\$60,000	52	\$60,000	\$60,000
Operations Mgr	Littles, Q		1	Y	52	\$60,000	\$60,000	52	\$60,000	\$60,000
Dir. SE TN Mobility	Position eliminated		20	Y	52	\$69,655	\$69,655		\$0	\$0
Dir. Human Resources	Smith, J		6	Y	52	\$70,000	\$70,000	52	\$70,000	\$70,000
Training Supervisor	Dawson, L.		43	Y	52	\$57,975	\$57,975	52	\$57,975	\$57,975
Supervisor/Dispatcher	Ovalle, D.		1	Y	52	\$56,814	\$56,814	52	\$48,450	\$48,450
Mgr. Sched/Claims	Stevens, D.		22	Y	52	\$57,500	\$57,500	52	\$57,500	\$57,500
Incline General Manager	Higgins, M.		26	Y	52	\$70,000	\$70,000	52	\$70,000	\$70,000
Supervisor/Dispatcher	Jackson, T.		9	Y	52	\$48,450	\$48,450	52	\$48,450	\$48,450
Supervisor/Dispatcher	Stinson, W.		2	Y	52	\$48,450	\$48,450	52	\$48,450	\$48,450
Supervisor/Dispatcher	Adamovic, Z		13	Y	52	\$48,450	\$48,450	52	\$48,450	\$48,450
Supervisor/Dispatcher	Whitt, T.		25	Y	52	\$49,419	\$49,419	52	\$49,419	\$49,419
General Foreman	Summerrow, B		17	Y	52	\$48,450	\$48,450	52	\$48,450	\$48,450
General Foreman	Dodd, R.		9	Y	52	\$49,419	\$49,419	52	\$49,419	\$49,419
General Foreman	Position eliminated		33	Y	52	\$46,818	\$46,818		\$0	\$0
Supervisor/Dispatcher	Collins, D.		5	Y	52	\$48,450	\$48,450	52	\$48,450	\$48,450
Mgr. of Comm. and Marketing	Peebles, V.		6	Y	52	\$60,000	\$60,000	52	\$60,000	\$60,000
Driving Coach	Russell, R		36	Y	52	\$44,217	\$44,217	52	\$44,217	\$44,217
Mgr of Acct & Grants	Bucharova, J.		5	Y	52	\$45,900	\$45,900	52	\$45,900	\$45,900
Mgr CAV and Mob. Mgmt	Suttles, L.		20	Y	52	\$60,000	\$60,000	52	\$65,000	\$65,000
Mgr. Safety and IT	Bonds, C.		5	Y	52	\$60,000	\$60,000	52	\$60,000	\$60,000
CAV Supervisor	Watson, L.		20	Y	52	\$35,190	\$35,190	52	\$37,000	\$37,000
Mgr Purch and Procurement	Oliver, K.		15	Y	52	\$43,656	\$43,656	52	\$43,656	\$43,656
CAV Supervisor	Lucas, A.		20	Y	52	\$34,170	\$34,170	52	\$37,000	\$37,000
CSR	Ochoa, S		1	Y	52	\$32,640	\$32,640	52	\$32,640	\$32,640
CSR	Doggett, J		1	Y	52	\$0	\$0	52	\$32,640	\$32,640
Senior CSR	Pittman, J.		14	Y	52	\$36,414	\$36,414	52	\$36,414	\$36,414
Accts. Pay/Payroll Admin	Hale, R		1	Y	52	\$40,800	\$40,800	52	\$40,000	\$40,000
Accts. Rec/Benefits Admin	Position to be filled					\$0	\$0	52	\$38,000	\$38,000
Inventory Spec.	Hobbs, J.		1	Y	52	\$31,824	\$31,824	52	\$35,000	\$35,000
Careavan Disp.	Dider, M.		2	Y	52	\$32,232	\$32,232	52	\$35,000	\$35,000
Careavan Disp.	Morton, T.	Y	2	N	52	\$32,232	\$32,232	52	\$32,877	\$32,877
Careavan Disp.	Hodges, H.			Y	52	\$0	\$0	52	\$34,000	\$34,000
Admin. Asst.	Parker, T.	Y	2	N	52	\$29,702	\$29,702	52	\$29,702	\$29,702
IT Assistant	Position eliminated		2	Y	52	\$29,702	\$29,702		\$0	\$0
IT Network Mgr	Position to be filled					\$0	\$0	52	\$60,000	\$60,000
Bldg. Janitorial	See note***	Y	1	N		\$0	\$0	52	\$12.00/hr	\$12.00/hr
Fixed Route Drivers	80 Drivers (2 p/t)	2		Y/N	52	\$13.50-\$19.29/hr	\$13.50-\$19.29/hr	52	\$13.77-\$19.68/hr	\$13.77-\$19.68/hr
Shuttle Drivers	12 Drivers			Y	52	\$14.47-\$17.75/hr	\$14.47-\$17.75/hr	52	\$14.76-\$18.11/hr	\$14.76-\$18.11/hr
Care-a-van Drivers	37 Drivers (32 p/t)	32		Y/N	52	\$11.09-\$14.47/hr	\$11.09-\$14.47/hr	52	\$11.42-\$14.90/hr	\$11.42-\$14.90/hr
Shop Employees	30 employees (1 p/t)	1		Y/N	52	\$12.54-\$21.03/hr	\$12.54-\$21.03/hr	52	\$12.79-\$21.45/hr	\$12.79-\$21.45/hr
Incline Employees	8 employees (1p/t)	1		Y/N	52	\$12.54-\$20.25/hr	\$12.54-\$20.25/hr	52	\$12.79-\$20.66/hr	\$12.79-\$20.66/hr

**Temporarily being filled by contract employee.

***Cancelled contract with outside vendor/brought PT position in house.

Attachment E: Major Sources of Funding for the Past Five Years

Agency Name: Chattanooga Area Regional Transportation Authority

Program/Project Title	Name of Funding Source	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 (Projected)
CARTA GRANT	HAMILTON COUNTY	105,200	105,200	105,200	105,200	105,200	105,200
CARTA GRANT	CHATTANOOGA	3,851,000	4,231,000	4,676,000	4,772,000	4,867,440	4,964,440
TDOT ASSISTANCE	STATE OF TENNESSEE	2,343,200	2,343,200	2,343,200	2,909,000	2,873,484	2,796,543
FTA	FEDERAL GOVERNMENT	2,024,600	3,032,500	2,524,000	2,810,000	3,999,104	3,671,907
Subtotal, Major Funding Sources		8,324,000	9,711,900	9,648,400	10,596,200	11,845,228	11,538,090
Total, All Revenue Sources		15,588,000	16,688,000	16,688,600	19,251,700	19,794,446	19,473,723

Attachment F: Budget Format	Agency Name:		Chattanooga Area Regional Transportation Authority				
CITY OF CHATTANOOGA							
FY 2015 Agency Funding Financial Form							
Account Category	Actual FY 2011	Actual FY 2012	Actual FY 2013	Budget FY 2014	Request FY 2015	Incr (Decr) Request vs. FY 14 Budget	% Change Request vs FY 14 Budget
REVENUES							
Contributions							
Individuals/Private						\$ -	N/A
Corporate/Organizations/Churches						\$ -	N/A
Fees/Grants from Governmental Agencies							
Federal	\$ 3,032,500	\$ 2,524,000	\$ 2,810,000	\$ 3,999,104	\$ 3,671,907	\$ (327,197)	-8.2%
State	\$ 2,343,200	\$ 2,343,200	\$ 2,909,000	\$ 2,873,484	\$ 2,796,543	\$ (76,941)	-2.7%
Hamilton County	\$ 105,200	\$ 105,200	\$ 105,200	\$ 105,200	\$ 105,200	\$ -	0.0%
City of Chattanooga	\$ 4,231,000	\$ 4,676,000	\$ 4,772,000	\$ 4,867,440	\$ 4,964,440	\$ 97,000	2.0%
Other Cities (Please list)						\$ -	N/A
United Way							
Foundations (including grants)						\$ -	N/A
Gross Proceeds Special Events						\$ -	N/A
Other UWs/Federations						\$ -	N/A
CFC/Designations received thru UWGC						\$ -	N/A
UWGC Program Allocation						\$ -	N/A
UWGC Special Funding						\$ -	N/A
Membership Dues						\$ -	N/A
Parking Revenues	\$ 1,942,500	\$ 1,845,700	\$ 2,725,000	\$ 2,922,700	\$ 3,020,655	\$ 97,955	3.4%
Program Income						\$ -	N/A
Governmental Insurance						\$ -	N/A
Private Insurance						\$ -	N/A
Contracted Services						\$ -	N/A
Incline & Transit Fares	\$ 4,064,600	\$ 4,012,200	\$ 4,484,000	\$ 4,415,100	\$ 4,390,398	\$ (24,702)	-0.6%
Incline Auxilliary Funding	\$ 367,100	\$ 389,700	\$ 167,500	\$ 167,500	\$ 167,500	\$ -	0.0%
Fee for Services						\$ -	N/A
Other Federal and State Grants	\$ 601,900	\$ 792,600	\$ 881,000			\$ -	N/A
Other Program Income						\$ -	N/A
Sales to Public						\$ -	N/A
Investment Income						\$ -	N/A
Miscellaneous						\$ -	N/A
Other Revenues (Please list separately any major item)						\$ -	N/A
Advertising Revenue			\$ 292,000	\$ 300,850	\$ 278,000	\$ (22,850)	-7.6%
Rent revenue & miscellaneous revenue			\$ 106,000	\$ 143,068	\$ 79,080	\$ (63,988)	-44.7%
Transfers in from other internal budgets						\$ -	N/A
Income from Previous Year						\$ -	N/A
TOTAL REVENUES	\$ 16,688,000	\$ 16,688,600	\$ 19,251,700	\$ 19,794,446	\$ 19,473,723	\$ (320,723)	-1.6%
OPERATIONS							
Personnel Expenses							

Attachment F: Budget Format		Agency Name: Chattanooga Area Regional Transportation Authority						
CITY OF CHATTANOOGA								
FY 2015 Agency Funding Financial Form								
Account Category	Actual FY 2011	Actual FY 2012	Actual FY 2013	Budget FY 2014	Request FY 2015	Incr (Decr) Request vs. FY 14 Budget	% Change Request vs FY 14 Budget	
REVENUES								
Contributions								
Individuals/Private						\$ -	N/A	
Corporate/Organizations/Churches						\$ -	N/A	
Fees/Grants from Governmental Agencies								
Federal					\$ 1,200,000	\$ 1,200,000	N/A	
State						\$ -	N/A	
Hamilton County						\$ -	N/A	
City of Chattanooga					\$ 300,000	\$ 300,000	N/A	
Other Cities (Please list)						\$ -	N/A	
United Way								
Foundations (including grants)						\$ -	N/A	
Gross Proceeds Special Events						\$ -	N/A	
Other UWs/Federations						\$ -	N/A	
CFC/Designations received thru UWGC						\$ -	N/A	
UWGC Program Allocation						\$ -	N/A	
UWGC Special Funding						\$ -	N/A	
Membership Dues						\$ -	N/A	
Program Income						\$ -	N/A	
Governmental Insurance						\$ -	N/A	
Private Insurance						\$ -	N/A	
Contracted Services						\$ -	N/A	
Fee for Services						\$ -	N/A	
Other Program Income						\$ -	N/A	
Sales to Public						\$ -	N/A	
Investment Income						\$ -	N/A	
Miscellaneous						\$ -	N/A	
Other Revenues (Please list separately any major item)						\$ -	N/A	
Transfers in from other internal budgets						\$ -	N/A	
Income from Previous Year						\$ -	N/A	
TOTAL REVENUES	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000	\$ 1,500,000	N/A	
OPERATIONS								
Personnel Expenses								
Salaries					\$ 630,000	\$ 630,000	N/A	
Fringe Benefits						\$ -	N/A	



City of Chattanooga

FY15 Offers

OFFER SUMMARY

Offer Name: **Increasing Transitional Housing**

Lead Agency: **Chattanooga Room in the Inn**

Collaborating City Department(s): **Economic and Community Development**

Contact Name: **Erin Creal**

Primary Results Area: **Stronger Neighborhoods**

Offer Cost (Funding Request): **\$100,000**

RESULTS AREAS

1. **Safer Streets** – Safe communities, reduced crime, positive opportunities, and alternate pathways.
2. **Growing Economy** – Growing and supporting local businesses, workforce development, business recruitment and retention, and an environment for innovation.
3. **Stronger Neighborhoods** – Neighborhood leadership, connected communities, healthy residential markets, and rapid re-housing.
4. **Smarter Students, Stronger Families** – Parents and first teachers, community support, and community health.
5. **High Performing Government** – Data-driven decision making, sound operations, outstanding customer service, resource management, and exceptional talent.
6. **Innovation Fund** – Something different – processes, services, technologies, ideas. Shifting the way government operates.

DETAILS

Description: *(What is the service/program? How will it be provided? What innovation & sustainability practice does this leverage? What difference does this offer make and how will we know? Make a compelling case for your offer.)*

Chattanooga Room in the Inn (CRITI) is a hybrid of shelter and transitional housing for homeless women and children. Single women and mothers with children are admitted for an initial 30 days of shelter and stabilization. Contingent on what takes place during the initial 30 day period, residents can apply to be rolled into the transitional program and stay for up to an additional eight months in order to achieve objectives that are identified in their Individualized Self-Sufficiency Plan (ISSP) that encompasses five general areas of focus: Education, Employment, Finances, Health and Housing. Graduates of CRITI's program achieve at least 80% of the objectives outlined in their ISSP and move into permanent housing. The program is completely voluntary and provided at no cost to the residents. Residents are only allowed to remain in the program if they are continuously working on their ISSP activities and objectives. As the area's only agency of its kind, operating 24/7 so residents do not have to vacate, clients are taught how not to be homeless.

Residents are supported by all the staff at CRITI through Case Management, Coaching, Children's Enrichment and 24/7/365 staffing utilizing the Trauma Informed care (TIC) model. Trauma-informed organizations, programs, and services are based on an understanding of the vulnerabilities or triggers of trauma survivors that traditional service delivery approaches may exacerbate, so that these services and programs can be more supportive and avoid re-traumatization. CRITI adopted this model in October of 2012 to address a high turnover rate and discovered that 92% of homeless mothers have experienced severe physical and/or sexual abuse in their lifetime. They also have three times the rate of PTSD and twice the rate of drug and alcohol dependence.



City of Chattanooga

FY15 Offers

No one is immune to the impact of trauma. Trauma affects the individual, families, and communities by disrupting healthy development, adversely affecting relationships, and contributing to mental health issues including substance abuse, domestic violence, and child abuse. Everyone pays the price when a community produces multi-generations of people with untreated trauma by an increase in crime, loss of wages, and threat to the stability of the family. In fact, by age 12, 83% of homeless children have been exposed to at least one serious violent event which leads to a higher likelihood of aggressive and antisocial behavior and a greater acceptance of violence as a means of resolving conflict.

Becoming "trauma-informed" means recognizing that people often have many different types of trauma in their lives. People who have been traumatized need support and understanding from those around them. Often, trauma survivors can be re-traumatized by well-meaning caregivers and community service providers.

Trauma Informed Care emphasizes physical, psychological and emotional safety for both consumers and providers, and helps survivors rebuild a sense of control and empowerment. Since adopting this model, the average length of stay has increased from 51 days to 77 days.

Meanwhile, CRITI does not duplicate services that are available in the community. CRITI provides transportation assistance and refers clients to the appropriate agencies that specialize in the areas for which the client needs. CRITI works closely with the AIM Center, Hamilton County Health Department, Fortwood and Johnson Mental Health Centers, Chattanooga State, Partnership's Crisis Services and many other agencies. Furthermore, CRITI provides the support services to fill in gaps. Life skills and tutoring are provided on-site along with Children's Enrichment Activities that provide an educational and therapeutic environment for the children CRITI serves. Staff provides case management for each youth to ensure services are delivered and improve school readiness and prevent emotional problems that are common for children experiencing homelessness.

In 2013, CRITI was able to serve only 10% of the women referred and 15% of the children accompanying them. This offer proposes to use requested funding to use as a match for HUD's HOME funds administered through the City's Department of Economic and Community Development and increase CRITI's capacity by 10-15 bed spaces. It is strictly contingent on the award of HOME funds.

Identify Which Desired Outcomes This Offer Impacts:

1. Affordable housing
2. Employment opportunities for all
3. Reduced crime

BUDGET REQUEST

Summary: (Please complete based on information contained in Attachment F)

Offer Name	Personnel Costs (including Benefits)	Operating Costs	Total Request	FTEs required
Transitional Housing		\$100,000	\$100,000	0

Capital Budget Impact? Yes No Amount \$200,000

Financial Offsets: (Please list other revenues associated with the specific program for which funding is requested)

Name	Amount
HOME funds through City's Dept. of ECD	\$100,000
Community Foundation of Greater Chattanooga	\$ 20,000 (soft costs)



City of Chattanooga

FY15 Offers

PERFORMANCE DATA

Measurement 1: 80% of CRITI graduates remain in permanent and affordable housing for at least five years.

Historical Comparison Data? Each year, CRITI consistently has a success rate of 80% or more of graduates remaining in permanent housing for at least six months (HUD's standard). To date, CRITI has only tracked graduates for three years. Out of the CRITI graduates for the last three calendar years, 88% remain stably housed to date.

Measurement 2: 60% of employable women become employed or better employed and remain employed for at least one year.

Historical Comparison Data? 37% of the women served in 2013 improved their employment circumstances. Barriers such as child care exist that can profoundly impact whether a woman can work. This offer is to mitigate the barriers they face.

Measurement 3: 90% of children will be at or above their age appropriate reading level.

Historical Comparison Data? In 2013, 92% of the children with adequate documentation improved developmentally and/or educationally. Some families don't remain in the program long enough to measure or the mothers don't provide the documentation to staff.

Return on Investment:

How do citizens benefit?

- Once clients are stably housed, their reliance on crisis services (emergency shelters, domestic violence shelters, ER's, police, etc.) decreases thereby allowing those who need them better access. 80% of emergency room visits made by people struggling with homelessness is for an illness that could have been treated with preventative care.
- When children are stably housed, they are better prepared to learn in school and less disruptive to the classroom. There are clear differences in school readiness between children who experience housing instability and those who are stably housed. Homeless children exhibit externalizing and internalizing behaviors and attention problems at higher rates than their stably housed peers. Children who experience homelessness also score lower on cognitive development tests than those who are stably housed. Children's early life experiences have profound impacts over the course of their lives. That homeless children enter school less ready to learn than their peers has long-term implications extending beyond academic achievement.
- When women are employed, they are receiving less in the way of financial assistance from the government such as TANF, food stamps and housing subsidies, all paid for by taxpaying citizens.

Does this activity leverage other financial resources? This activity leverages more than just financial resources.

- CRITI has diversified funding streams including foundations, events, individuals, corporations,



City of Chattanooga

FY15 Offers

churches and United Way that fund operations and programming. A small percentage (insert % here) of CRITI's funding comes from local or federal governments.

- CRITI owns its facility and van which lowers the bar for operations.
- Many donors contribute in-kind items such as hygiene and housekeeping items and every evening meal is provided by volunteers.
- CRITI acquired three houses with six rental units through the City's HomeAgain program by way of HUD HOME funds. This is an extension of CRITI's program and provides affordable, safe and permanent housing to CRITI graduates who want supportive services upon moving out of the transitional program.

How does this activity decrease costs over time for the City?

- Taking someone who is homeless and getting them housed saves taxpayers anywhere from \$35,000 to \$150,000 per year per individual.
- The government estimates the number of future beds needed in prison based on the number of children reading at their grade level by the fourth grade. It costs the city county \$20,320 to house an inmate in the county jail for one year.

How can this program become sustainable without City funding?

Since CRITI's inception in 1988 we have depended on local or federal government revenue for less than 10% of our funding. During that 25 year period we have served approximately 3,000 women with many going to a safe, stably housed life – a savings to the community of between \$35,000 and \$150,000 per year per homeless individual. This is an enormous (\$5M+) savings to the taxpayers over the last 25 years!

CRITI's Board of Directors and staff is finalizing its strategic plan for the next five (5) to ten (10) years. A great deal of time was devoted to the areas of fiscal planning and long-term sustainability. As a result, emphasis is being placed on funding, including general operations, capital improvements, reserves and an endowment for future operations. Funding from the City will allow undesignated public contributions to be allocated to each of these areas. Once the Board feels that these categories are more adequately supported, particularly the endowment fund, CRITI will become less reliant on government funding for operations and programming.

This is a one-time offer to the city to leverage federal dollars to increase CRITI's capacity to serve homeless women and children in transitional housing.

Attachment F: Budget Format		Agency Name:		Chattanooga Room in the Inn				
				Budgets based on calendar years				
CITY OF CHATTANOOGA								
FY 2015 Agency Funding Financial Form								
Account Category	Actual FY 2011	Actual FY 2012	Actual FY 2013	Budget FY 2014	Request FY 2015	Incr (Decr) Request vs. FY 14 Budget	% Change Request vs FY 14 Budget	
REVENUES								
Contributions								
Individuals/Private	\$ 90,969	\$ 99,857	\$ 128,645	\$ 146,000		\$ (146,000)	-100.0%	
Corporate/Organizations/Churches	\$ 36,944	\$ 23,776	\$ 29,092	\$ 26,500		\$ (26,500)	-100.0%	
Fees/Grants from Governmental Agencies								
Federal	\$ 10,787	\$ 8,382	\$ 29,261	\$ 52,000		\$ (52,000)	-100.0%	
State	\$ -	\$ -	\$ 4,884	\$ -		\$ -	N/A	
Hamilton County	\$ -	\$ -	\$ -	\$ -		\$ -	N/A	
City of Chattanooga	\$ 45,453	\$ 16,480	\$ 10,286	\$ 10,000	\$ 100,000	\$ 90,000	900.0%	
Other Cities (Please list)	\$ -	\$ -	\$ -	\$ -		\$ -	N/A	
Foundations (including grants)	\$ 61,050	\$ 49,700	\$ 50,750	\$ 45,000		\$ (45,000)	-100.0%	
Gross Proceeds Special Events	\$ 104,344	\$ 126,326	\$ 67,583	\$ 76,000		\$ (76,000)	-100.0%	
United Way								
Other UWs/Federations	\$ 18,023	\$ 2,208	\$ 3,154	\$ 2,500		\$ (2,500)	-100.0%	
CFC/Designations received thru UWGC	\$ 63,293	\$ 67,461	\$ 64,442	\$ 67,500		\$ (67,500)	-100.0%	
UWGC Program Allocation	\$ 834	\$ 1,797	\$ 6,339	\$ 6,000		\$ (6,000)	-100.0%	
UWGC Special Funding	\$ -	\$ -	\$ -	\$ -		\$ -	N/A	
Membership Dues	\$ -	\$ -	\$ -	\$ -		\$ -	N/A	
Program Income	\$ -	\$ -	\$ -	\$ -		\$ -	N/A	
Governmental Insurance	\$ -	\$ -	\$ -	\$ -		\$ -	N/A	
Private Insurance	\$ -	\$ -	\$ -	\$ -		\$ -	N/A	
Contracted Services	\$ -	\$ -	\$ -	\$ -		\$ -	N/A	
Fee for Services	\$ -	\$ -	\$ -	\$ -		\$ -	N/A	
Other Program Income - rental home income	\$ 28,966	\$ 21,679	\$ 30,520	\$ 25,000		\$ (25,000)	-100.0%	
Sales to Public	\$ -	\$ -	\$ -	\$ -		\$ -	N/A	
Investment Income	\$ -	\$ -	\$ -	\$ -		\$ -	N/A	
Miscellaneous - In-Kind	\$ 24,000	\$ 24,000	\$ 24,200	\$ 24,000		\$ (24,000)	-100.0%	
Other Revenues (Please list separately any major item)	\$ -	\$ -	\$ -	\$ -		\$ -	N/A	
Transfers in from other internal budgets	\$ -	\$ -	\$ -	\$ -		\$ -	N/A	
Income from Previous Year	\$ -	\$ -	\$ -	\$ -		\$ -	N/A	
TOTAL REVENUES	\$ 484,663	\$ 441,666	\$ 449,156	\$ 480,500	\$ 100,000	\$ (380,500)	-79.2%	
OPERATIONS								
Personnel Expenses								
Salaries	\$ 237,616	\$ 221,271	\$ 231,587	\$ 235,537		\$ (235,537)	-100.0%	

Attachment F: Budget Format	Agency Name:	Chattanooga Room in the Inn						
Fringe Benefits	\$ -	\$ -	\$ -	\$ -		\$ -	N/A	
Employee Health	\$ 5,710	\$ 6,686	\$ 5,436	\$ 14,850		\$ (14,850)	-100.0%	
Pension/Retirement	\$ -	\$ -	\$ -	\$ -		\$ -	N/A	
Payroll Taxes, etc.	\$ 17,250	\$ 12,700	\$ 16,703	\$ 18,019		\$ (18,019)	-100.0%	
Other (unemployment, life insurance, etc)	\$ -	\$ -		\$ -		\$ -	N/A	
Total Personnel Expenses	\$ 260,576	\$ 240,657	\$ 253,726	\$ 268,406		\$ (268,406)	-100.0%	
OPERATING EXPENSES								
Administration								
Professional Fee & Contract service	\$ 7,945	\$ 8,072	\$ 9,101	\$ 9,570		\$ (9,570)	-100.0%	
Utilities	\$ -	\$ -	\$ -	\$ -		\$ -	N/A	
Other	\$ -	\$ -	\$ -	\$ -		\$ -	N/A	
Rent	\$ -	\$ -	\$ -	\$ -		\$ -	N/A	
Travel/Transportation	\$ 2,804	\$ 4,106	\$ 3,589	\$ 5,325		\$ (5,325)	-100.0%	
Insurance (not employee health)	\$ 21,429	\$ 22,070	\$ 20,855	\$ 22,000		\$ (22,000)	-100.0%	
Materials & Supplies	\$ 5,751	\$ 6,294	\$ 4,444	\$ 4,325		\$ (4,325)	-100.0%	
Telephone, Fax, ISP	\$ 3,969	\$ 3,578	\$ 3,330	\$ 3,612		\$ (3,612)	-100.0%	
Postage and Shipping	\$ 1,240	\$ 1,487	\$ 1,630	\$ 1,624		\$ (1,624)	-100.0%	
Occupancy/Building/Utilities	\$ 20,574	\$ 21,270	\$ 19,211	\$ 19,780		\$ (19,780)	-100.0%	
Equipment Rental and Maintenance (including contracts)	\$ 3,858	\$ 6,023	\$ 8,837	\$ 6,155		\$ (6,155)	-100.0%	
Outside Printing, Art Work, etc.	\$ -	\$ 1,126	\$ 287	\$ 250		\$ (250)	-100.0%	
Conferences, Conventions, etc.	\$ -	\$ -	\$ -	\$ -		\$ -	N/A	
Special Assistance to Individuals	\$ 17,556	\$ 7,960	\$ 7,200	\$ 31,250		\$ (31,250)	-100.0%	
National Dues/Support Payments	\$ -	\$ -	\$ -	\$ -		\$ -	N/A	
Organization Dues (other than above)	\$ 630	\$ 1,030	\$ 1,241	\$ 1,175		\$ (1,175)	-100.0%	
Awards and Grants	\$ -	\$ -	\$ -	\$ -		\$ -	N/A	
Fund Raising/Self-Support Activities	\$ 63,227	\$ 50,680	\$ 36,336	\$ 28,674		\$ (28,674)	-100.0%	
Miscellaneous	\$ 1,260	\$ 1,380	\$ 1,649	\$ 1,900		\$ (1,900)	-100.0%	
Equipment Purchases (incl. capital expenses)	\$ 376	\$ 546	\$ 3,928	\$ 2,000	\$ 100,000	\$ 98,000	4900.0%	
Depreciation	\$ 28,402	\$ 24,000	\$ 24,000	\$ 24,000		\$ (24,000)	-100.0%	
Other Expenses (Please list separately any major item)	\$ 54,327	\$ 49,349	\$ 50,503	\$ 48,215		\$ (48,215)	-100.0%	
(rental homes expenses, in-kind)						\$ -	N/A	
Operating Expenses Total	\$ 233,348	\$ 208,971	\$ 196,141	\$ 209,855	\$ 100,000	\$ (109,855)	-52.3%	
TOTAL OPERATIONS	\$ 493,924	\$ 449,628	\$ 449,867	\$ 478,261	\$ 100,000	\$ (378,261)	-79.1%	
REVENUE OVER/ (UNDER) OPERATIONS	\$ (9,261)	\$ (7,962)	\$ (711)	\$ 2,239	\$ -	\$ (2,239)	-100.0%	

February 21, 2014

To Whom It May Concern:

Enclosed, please find three (3) funding offers to the City of Chattanooga.

The mission of Chattanooga Neighborhood Enterprise is to build and sustain livable Chattanooga neighborhoods by:

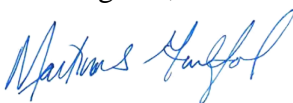
- Providing homeownership education and counseling;
- Providing affordable loans;
- Encouraging neighborhood engagement;
- Working in partnership with like-missioned organizations.

We are submitting offers for the following:

- Stronger Neighborhoods: \$580,675
- High Performing Government: \$319,325
- Innovation Fund: \$100,000

CNE is very excited to have the opportunity to outline the measurable outcomes it will have in helping the Mayor advance his vision for the next year. Thank you in advance for your consideration of our offers.

Best regards,



Martina Guilfoil
CEO

Enclosures

EXECUTIVE SUMMARY

Chattanooga Neighborhood Enterprise, Inc., was established in 1986 following a study by the Enterprise Foundation to find an effective way to address the housing needs of the city. CNE and the City of Chattanooga have partnered for community impact since that time. CNE was created to extend the City's ability to remediate blighted housing, create new affordable housing through homeownership and rentals, and build stronger neighborhoods by leading the market through investment activities and engaging residents in the community. CNE has invested over \$510 million into Chattanooga neighborhoods and made over 6000 loans to families, individuals and small businesses.

Our three offers, enclosed, provide for our core operating costs (Stronger Neighborhoods), the loan servicing portfolio which we manage on behalf of the City (High Performing Government) and a year-long visionary exploration of how we can implement the community impact model here in Chattanooga in order to create systemic, measurable change in strengthening our families and neighborhoods (Innovation Fund).

The Stronger Neighborhoods offer aligns with the Mayor's vision of Building Stronger Neighborhoods/Residential Markets with the specific outcomes of increasing housing affordability and reducing blight in the city of Chattanooga. \$580,675 in funding will purchase 11 FTE's and the following services:

Affordable Housing:

- Homeownership. Homeownership is an important tool in promoting neighborhood stabilization and housing affordability. CNE promotes homeownership through its down payment assistance loan program and pre-purchase education and counseling.
- Home improvement. CNE helps maintain housing affordability for existing low income homeowners through the home improvement loan program. The program enables the most vulnerable in our community to remain in their homes by undertaking critical home repairs that create safe and healthy homes and reduces blighted housing conditions in neighborhoods. TBy managing the contracting process for the homeowner, CNE also takes the complexity and risk out of the process.
- Pre-purchase education. Pre-purchase counseling provides financial counseling that has been shown to have a positive impact on improving financial capabilities through budget management, saving, credit, the loan process, shopping for a home, working with lenders and realtors as well as post-purchase information on preserving and maintaining your investment.
- Foreclosure prevention counseling. Preventing a foreclosure is critical to stabilizing both families and neighborhoods. Foreclosed and vacant homes have a debilitating effect on neighborhoods resulting in blight, neighborhood decay and reduced property values.. Our foreclosure prevention program helps homeowners at risk of foreclosure obtain loan modifications or refinancing, which results in increased affordability by removing disadvantageous terms and payments.
- Rental housing. CNE currently owns 28 income-restricted affordable rental units in Chattanooga. Recognizing that there is a huge need for more affordable rental housing and more affordable housing developers in the marketplace, CNE will become more aggressive to meet this unmet need.

Blight Removal: Going back to its roots of transforming neighborhoods, CNE is currently leading an effort to transform 32 vacant and/or dilapidated properties surrounding Tennessee Temple into mixed income (both affordable and market rate) housing.

EXECUTIVE SUMMARY

Neighborhood Leadership: In FY15 CNE will continue its active partnerships with the Highland Park and Ridgedale neighborhood associations. CNE will send 10 resident leaders to attend the nationally acclaimed Community Leadership Institute (CLI), available exclusively through CNE as a member of the NeighborWorks® network. CNE will continue to build strategic partnerships and work closely with the City's Civic Engagement Coordinators and neighborhood residents to develop a plan for the development of the parcels and area surrounding the Tennessee Temple.

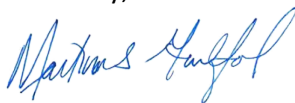
The High Performing Government offer provides for the management and servicing of the 1752 loans owned by the City, worth \$15.7 million and covers all administrative (personnel and non-personnel) costs, including four and a quarter(4.25) FTE's. Loans in the portfolio are originated to low income Chattanoogaans under the home improvement and down payment assistance programs that CNE operates using CDBG and HOME funds. CNE's outcomes toward meeting the objectives include meeting all of the required regulatory requirements involving the consumer, increase revenue by increasing loan collectability, reduce loan delinquencies, and improve the overall health of the loan portfolio. It will cost **\$319,325** to purchase these results.

The Innovation Fund offer will purchase the process of adopting an innovative and impactful community development model designed to fundamentally change how community development is undertaken in Chattanooga through a collective impact effort. In FY15, CNE will serve as the quarterback, i.e., the convening entity to spearhead Chattanooga's effort to align efforts to create collective impact that will move the needle in strengthening families and building stronger neighborhoods. This effort will cost \$100,000.

We will provide a detailed accounting of how and for what purpose municipal funds were spent by CNE prior to the close of the City of Chattanooga's fiscal budget year and at the close of each succeeding fiscal budget year until all municipal funds have been spent by CNE; along with the list of accomplishments scheduled by use of the municipal funding. Additionally, CNE will provide the City of Chattanooga with copies of annual audits or reviews (satisfactory to the council's fiscal advisor) of CNE for each year that it spends funds appropriated to it by the City of Chattanooga.

Thank you for your consideration of our offers.

Sincerely,



Martina Guilfoil
President & CEO

Attachment F:CNE OVERALL BUDGET		Agency Name:		Chattanooga Neighborhood Enterprise				
CITY OF CHATTANOOGA								
FY 2015 Agency Funding Financial Form								
Account Category	Actual FY 2011	Actual FY 2012	Actual FY 2013	Budget FY 2014	Request FY 2015	Incr (Decr) Request vs. FY 14 Budget	% Change Request vs FY 14 Budget	
REVENUES								
Contributions								
Individuals/Private	\$ 23,957		\$ 12,547	\$ 28,400	\$ 28,400	\$ -	0.0%	
Corporate/Organizations/Churches				\$ 38,050	\$ 60,000	\$ 21,950	57.7%	
Fees/Grants from Governmental Agencies								
Federal	\$ 1,527,233	\$ 444,039	\$ 105,302	\$ 44,559	\$ 92,059	\$ 47,500	106.6%	
State			\$ 21,787	\$ 522,000	\$ 141,000	\$ (381,000)	-73.0%	
Hamilton County						\$ -	N/A	
City of Chattanooga	\$ 1,000,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 1,000,000	\$ 100,000	11.1%	
Other Cities (Please list)						\$ -	N/A	
United Way								
Foundations (including grants)				\$ 30,000	\$ 150,000	\$ 120,000	400.0%	
Gross Proceeds Special Events						\$ -	N/A	
Other UWs/Federations						\$ -	N/A	
CFC/Designations received thru UWGC						\$ -	N/A	
UWGC Program Allocation						\$ -	N/A	
UWGC Special Funding						\$ -	N/A	
Membership Dues			\$ 24,600			\$ -	N/A	
Program Income	\$ 1,486,439	\$ 224,474	\$ 876,717	\$ 170,901	\$ 66,000	\$ (104,901)	-61.4%	
Governmental Insurance						\$ -	N/A	
Private Insurance						\$ -	N/A	
Contracted Services						\$ -	N/A	
Fee for Services				\$ 122,476	\$ 169,350	\$ 46,874	38.3%	
Other Program Income						\$ -	N/A	
Sales to Public						\$ -	N/A	
Investment Income	\$ 22,979		\$ 54,000	\$ 125,000	\$ 125,000	\$ -	0.0%	
Miscellaneous	\$ 2,220	\$ 14,798	\$ 140,148			\$ -	N/A	
Other Revenues (Please list separately any major item)	\$ 155,209	\$ 401,576				\$ -	N/A	
Transfers in from other internal budgets						\$ -	N/A	
Income from Previous Year						\$ -	N/A	
TOTAL REVENUES	\$ 4,218,037	\$ 1,984,887	\$ 2,135,101	\$ 1,981,386	\$ 1,831,809	\$ (149,577)	-7.5%	
OPERATIONS								
Personnel Expenses								
Salaries	\$ 1,244,542	\$ 1,188,066	\$ 1,076,377	\$ 846,658	\$ 933,945	\$ 87,287	10.3%	
Fringe Benefits	\$ 3,696	\$ 3,529	\$ 3,626			\$ -	N/A	
Employee Health	\$ 116,387	\$ 111,105	\$ 78,209	\$ 98,963	\$ 74,095	\$ (24,868)	-25.1%	
Pension/Retirement	\$ 78,496	\$ 74,934	\$ 68,809	\$ 66,197	\$ 67,772	\$ 1,575	2.4%	
Payroll Taxes, etc.	\$ 109,596	\$ 104,623	\$ 103,023	\$ 79,501	\$ 84,067	\$ 4,566	5.7%	

State of Tennessee



Department of State

Certificate

The undersigned, as Secretary of State of the State of Tennessee, hereby certifies that the attached document was received for filing on behalf of

CHATTANOOGA NEIGHBORHOODS, INC.

was duly executed in accordance with the Tennessee General Corporation Act, was found to conform to law and was filed by the undersigned, as Secretary of State, on the date noted on the document.

Therefore, the undersigned, as Secretary of State, and by virtue of the authority vested in him by law, hereby issues this certificate and attaches hereto the document which was duly filed on December 12th, 19 86.

12/23/86 MISC 5.00 **5.00 2

Hentry Crowell
Secretary of State

by Carolyn Pison



DEC 23 8 49 AM '86
SARAH P. DE FRIESE
REGISTER
HAMILTON COUNTY
STATE OF TENNESSEE

IDENTIFICATION
REFERENCE

F 0 4 5 8

Attn: G. C. Cooper
37422

SECRETARY OF STATE

1986 DEC 12 PM 4: 26

CHARTER
OF
CHATTANOOGA NEIGHBORHOODS, INC.

The undersigned natural person, having capacity to contract and acting as the Incorporator of a corporation not for profit under the Tennessee General Corporation Act, adopts the following charter for the corporation:

1. Name. The name of the corporation is:
Chattanooga Neighborhoods, Inc.
2. Duration. The duration of the corporation is perpetual.
3. Address of Principal Office. The address of the principal office of the corporation in the State of Tennessee is:

Fourth Floor, First Tennessee Building
701 Market Street
Chattanooga, Hamilton County, Tennessee 37402
4. Not For Profit. The corporation is not for profit.
5. Purposes. The corporation is organized for all lawful purposes, including, without limitation the following general purposes:

To preserve, rehabilitate and prevent further deterioration of rental and home ownership units, including the encouragement of home ownership and rehabilitation through below market rate loans, the construction of new housing units, the development of a program for training in home maintenance and repair, the weatherization of all housing units, the requirement of concentrated code enforcement, and the promotion of neighborhood beautification and self-improvement projects such as paint-up campaigns and community gardening projects;

To eliminate substandard housing, and to make all housing in Chattanooga fit and livable;

The corporation shall not carry on any other activities not permitted to be carried on (1) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue law) or (2) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue law);

The entire income and principal of the assets of the corporation shall be held and distributed

SECRET
1986 DEC 12 PM 4:26

solely for charitable purposes. No part of the net earnings of the corporation shall inure to the benefit of any individual; no substantial part of its activities shall be the carrying on of propaganda or otherwise attempting to influence legislation; and it shall not participate in nor intervene in (including the publishing or distributing of statements) any political campaign on behalf of any candidate for public office or any referendum;


In the event this corporation is in any one year a "private foundation" as defined by Section 509(a) of the Internal Revenue Code of 1986 (or a successor statute of similar import), it shall be required to distribute its income for such taxable year at such time and in such manner as not to subject the foundation to taxation under Section 4942 of the Internal Revenue Code of 1986 (or a successor statute of similar import); and further shall be prohibited from: any act of "self dealing" as defined in Section 4941(d) of the Internal Revenue Code of 1986 (or a successor statute of similar import); from retaining any "excess business holdings" as defined by Section 4943(c) of the Internal Revenue Code of 1986 (or a successor statute of similar import); and from making any investments in such manner as to subject the corporation to taxation under Section 4944 of the Internal Revenue Code of 1986 (or a successor statute of similar import);

Subject always to the purposes and limitations described above, the corporation shall have all the rights, powers, privileges and benefits conferred upon corporations by the laws of the State of Tennessee; and

To do any or all of the things herein set forth, and all things, usual, necessary or proper in furtherance thereof or incidental thereto, to the same extent as natural persons might or could do, as principals, agents, contractors, trustees or otherwise, and either alone or in company with others.

6. Members. The corporation is to have no members.
7. Asset Distribution Upon Dissolution. In the event of the liquidation, dissolution or winding-up of the corporation, whether voluntary, involuntary or by operation of law, no distribution of assets of the corporation shall be made to any officer or director of the corporation, and all assets of the corporation shall be turned over to an organization recognized as tax exempt under Sections 501(c)(3) and 170(c)(2) of the Internal Revenue Code of 1986 (as amended) or the corresponding provisions of any future Internal Revenue Service Code or to the federal, state, or local government for exclusively public purposes.

Dated: December 10, 1986


Robert P. Corker, Jr., Incorporator

State of Tennessee



Department of State

Certificate

The undersigned, as Secretary of State of the State of Tennessee, hereby certifies that the attached document was received for filing on behalf of

CHATTANOOGA NEIGHBORHOODS, INC. NAME CHANGED TO
CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC.

was duly executed in accordance with the Tennessee General Corporation Act, was found to conform to law and was filed by the undersigned, as Secretary of State, on the date noted on the document.

05/07/87 MISC 5.00 **5.00 C

Therefore, the undersigned, as Secretary of State, and by virtue of the authority vested in him by law, hereby issues this certificate and attaches hereto the document which was duly filed on April 28th, 19 87.



Hentry Crowell
Secretary of State
by Carolyn Pison

IDENTIFICATION
REFERENCE
MAY 7 8 39 AM '87
SARAH P. DE FRIESE
REGISTER
HAMILTON COUNTY
STATE OF TENNESSEE

H. 2. 3. 9. 0

4th Floor, First Tennessee Bldg,
Chatt., Tenn., 37402

FILED
SECRETARY OF STATE

1987 APR 28 PM 3:25

ARTICLES OF AMENDMENT TO THE CHARTEROFCHATTANOOGA NEIGHBORHOODS, INC.

The undersigned, an existing corporation organized under the laws of the State of Tennessee, adopts the following Articles of Amendment to its Charter:

1. Name. The name of the corporation is:
Chattanooga Neighborhoods, Inc.
2. Amendment. The amendment adopted is: That the Charter of Chattanooga Neighborhoods, Inc. be amended to delete therefrom Paragraph 1 in its entirety and insert the following in lieu thereof:
 1. Name. The name of the corporation is:
Chattanooga Neighborhood Enterprise, Inc.
3. Amendment Adopted By Directors. The amendment was duly adopted at a meeting of the board of directors on April 23, 1987.
4. Effective Date. The amendment shall be effective upon the filing of these articles of amendment with the Tennessee Secretary of State.

Dated: April 23, 1987.

CHATTANOOGA NEIGHBORHOODS, INC.

By 
L. Matthew Powell, President

Corporations Section

James K. Polk Building, Suite 1800
Nashville, Tennessee 37243-0306

DATE: 08/09/90
REQUEST NUMBER: 1882-0413
TELEPHONE CONTACT: (615) 741-0537
FILE DATE/TIME: 08/09/90 1041
EFFECTIVE DATE/TIME: 08/09/90 1041
CONTROL NUMBER: 0181853

Mail
ANT, KONVALINKA & GRUBBS, ATTYS
JOHN W. GRANT, JR.
3 CHESTNUT ST, 9TH
ATTANOOGA, TN 37450

HATTANOOGA NEIGHBORHOOD ENTERPRISE, INC.
HARTER AMENDMENT

THIS OFFICE WILL ACKNOWLEDGE THE FILING OF THE ENCLOSED DOCUMENT ON THE DATE
GIVEN ABOVE TO BE EFFECTIVE AS INDICATED.

PLEASE BE ADVISED THAT THIS DOCUMENT MUST ALSO BE FILED IN THE OFFICE OF
THE REGISTER OF DEEDS IN THE COUNTY WHEREIN A CORPORATION HAS ITS
PRINCIPAL OFFICE IF SUCH PRINCIPAL OFFICE IS IN TENNESSEE.

FOR INFORMATION CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING,
PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE.

RE: CHARTER AMENDMENT

RECEIVED: \$10.00

ON DATE: 08/09/90

FROM:
ANT, KONVALINKA AND GRUBBS (REPUBLIC C
REPUBLIC CENTRE
4 FL 633 CHESTNUT
ATTANOOGA, TN 37450

RECEIPT NUMBER: 00001104923
ACCOUNT NUMBER: 00000440



Bryant Millsaps

BRYANT MILLSAPS
SECRETARY OF STATE

90 AUG -9 2:10:41

ARTICLES OF AMENDMENT TO THE CHARTER

OF

SECRETARY OF STATE CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC.

Pursuant to the provisions of Section 48-60-105 of the Tennessee Nonprofit Corporation Act, the undersigned corporation adopts the following articles of amendment to its charter:

1. The name of the corporation is:

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC.

2. The text of each amendment adopted is:

Address of Principal Office. The address of the principal office of the corporation in the State of Tennessee is:

Ninth Floor, Republic Centre
633 Chestnut Street
Chattanooga, Tennessee 37450
County of Hamilton

Address of Registered Office and Name of Registered Agent.

(a) The street address and zip code of the corporation's registered office in the State of Tennessee is:

Ninth Floor, Republic Centre
633 Chestnut Street
Chattanooga, Tennessee 37450
County of Hamilton

(b) The name of the registered agent to be located at the registered office address is Maurice R. Bowen, Jr.

3. The corporation is a nonprofit corporation.

4. The amendment was duly adopted on July 25, 1990 by the Board of Directors without members' approval, as such was not required.

5. Additional approval for the amendment (as permitted by Section 48-60-301 of the Tennessee Nonprofit Corporation Act) was not required.

6. The amendment is to be effective when these articles are filed by the Secretary of State.

Dated as of this 31st day of JULY, 1990.

08/14/90

5.00

**5.00

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC.

By: Robert Sheh

Title: CHAIRMAN

REGISTRATION

06 AM 07 1 1990

SECRETARY OF STATE

U 6 2 1 8

ARTICLES OF AMENDMENT TO THE CHARTER
OF
CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC.

Pursuant to the provisions of Section 48-60-105 of the Tennessee Nonprofit Corporation Act, the undersigned corporation adopts the following articles of amendment to its charter:

1. Name. The name of the corporation is:

Chattanooga Neighborhood Enterprise, Inc.

2. Amendments. The amendments adopted are:

That the charter of Chattanooga Neighborhood Enterprise, Inc. be amended to add the following thereto as Paragraph 8:

8. Liability of Directors. To the fullest extent permitted by the Tennessee Nonprofit Corporation Act, as the same exists or may hereafter be amended, a director of this corporation shall not be personally liable to the corporation for monetary damages for breach of a fiduciary duty as a director.

That the charter of Chattanooga Neighborhood Enterprise, Inc. be amended to delete therefrom Paragraph 3 in its entirety and insert the following in lieu thereof:

3. Address of Principal Office. The address of the principal office of the corporation in the State of Tennessee is:

615 Lindsay Street
Chattanooga, Hamilton County, Tennessee 37402

3. Address of Registered Office and Name of Registered Agent. The street address and zip code of the corporation's registered office in the State of Tennessee is:

Suite 500, First Tennessee Building
701 Market Street
Chattanooga, Hamilton County, Tennessee 37402

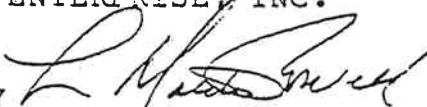
The name of the registered agent at that office is:

Brian P. Mickles

4. Not for Profit. The corporation is a not-for-profit corporation.
5. Amendments Adopted. The amendments were duly adopted on February 18, 1988 by the board of directors without member approval, as the corporation has no members.
6. Effective Date. The amendments shall be effective upon the filing of these articles of amendment with the Tennessee Secretary of State.

Dated: February 24, 1988

CHATTANOOGA NEIGHBORHOOD
ENTERPRISE, INC.

By 
L. Matthew Powell, President



Department of the Treasury
Internal Revenue Service

P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248162365
Jan. 20, 2012 LTR 4168C E0
62-1300726 000000 00

00013922
BODC: TE

CHATTANOOGA NEIGHBORHOOD ENTERPRISE
INC
% DAWN SCATES
1301 MARKET ST STE 100
CHATTANOOGA TN 37402-4455



018669

Employer Identification Number: 62-1300726
Person to Contact: Robert C Voss
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your Jan. 11, 2012, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in July 1987.

Our records also indicate that you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Please refer to our website www.irs.gov/eo for information regarding filing requirements. Specifically, section 6033(j) of the Code provides that failure to file an annual information return for three consecutive years results in revocation of tax-exempt status as of the filing due date of the third return for organizations required to file. We will publish a list of organizations whose tax-exempt status was revoked under section 6033(j) of the Code on our website beginning in early 2011.

0248162365
Jan. 20, 2012 LTR 4168C E0
62-1300726 000000 00
00013923

CHATTANOOGA NEIGHBORHOOD ENTERPRISE
INC
% DAWN SCATES
1301 MARKET ST STE 100
CHATTANOOGA TN 37402-4455

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,



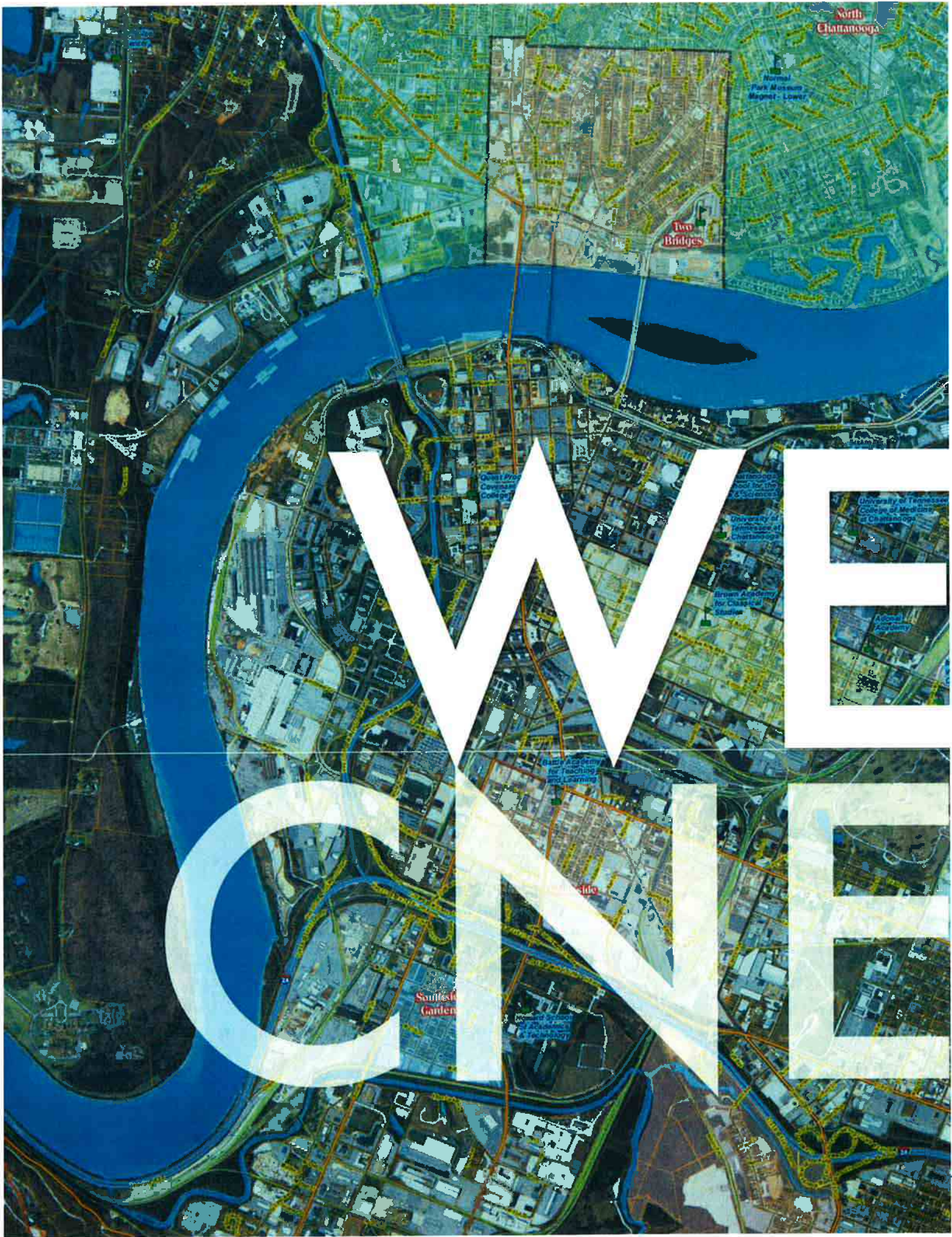
S. A. Martin, Operations Manager
Accounts Management Operations

CNE

CHATTANOOGA NEIGHBORHOOD ENTERPRISE

BUILDING & SUSTAINING LIVABLE NEIGHBORHOODS
2012 Annual Report





North
Chattanooga

Normal
Park Museum
Magnet - Lower

Two
Bridges

Over
Covington
College

Chattanooga
Food for the
World

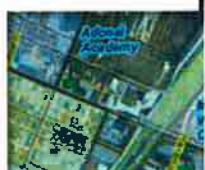
University of Tennessee
College of Medicine
at Chattanooga


Brown
Academy
for Classical
Studies

Chattanooga
Public Library

Southside
Garden

Chattanooga
Public School
of Science & Technology





BUILD AND SUSTAIN LIVABLE NEIGHBORHOODS.

A driving force behind Chattanooga's renaissance over the past 25 years, CNE builds and sustains livable neighborhoods by promoting and preserving homeownership, making affordable loans, and encouraging neighborhood engagement and revitalization.





LIGHTS, CAMERA, TAKE ACTION.

CNE CHATTA

A NEIGHBORHOOD ENTERPRISE

We're on a Mission

HELPING YOU RENOVATE YOUR HOME

WORRIED ABOUT LOSING YOUR HOME?

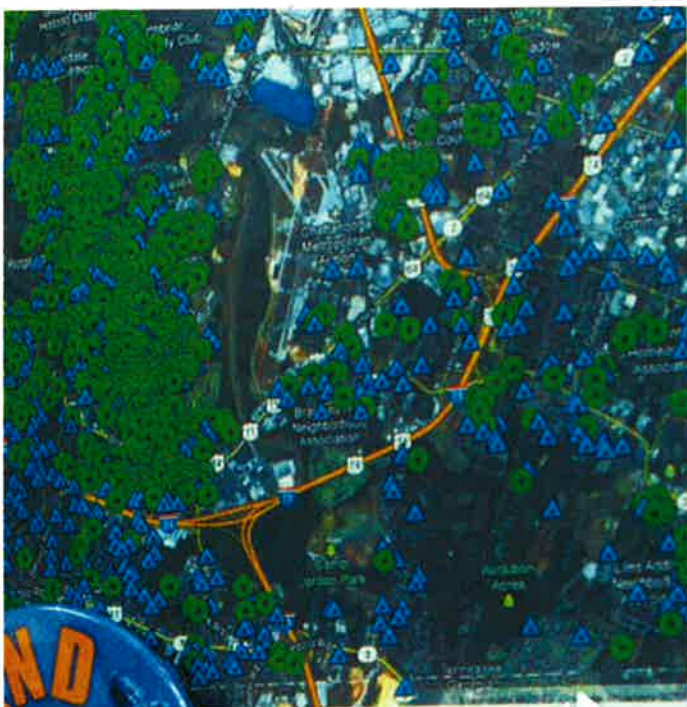
ACING FORECLOSURE IN THE TENNESSEE VALLEY?

PROJECT TRACK

CPSC Grant	Neighborhood Repair	Normal all Proposal
POST PUBLISH		

Get in touch
 NS
 Offer
 about to
 miss to
 world for
 I would
 be glad
 to
 - media
 - CNE
 - CNE
 - CNE





NO FOR URBAN NEIGHBORHOODS

we're a mission to BUILD AND...
LIVABLE NEIGHBORHOODS.
new, affordable, energy-efficient homes
highest quality design
convenient and historic neighborhoods. Take a look at
HOMES FOR SALE & JOIN US!

*Celebrating 25
years of Chattanooga neighbor...*

HONORING THE PAST...

- We gathered current and former members of CNE's Board, staff and others at the...

SEAST

better built

LYNDHURST FOUNDATION

CNE

1301 Market Street, Suite 100 • Chattanooga, TN 37402 • 423-786-6201

One of the proudest moments in life is being presented with the keys to a home you now own. Maybe that's why they call it the American dream.

The joy of homeownership is a feeling everyone should have the opportunity to experience. For more than 25 years, Chattanooga Neighborhood Enterprise has been making the American dream come true for families in our community.

Develop & Strengthen Partnerships

Communicate CNE's Mission & Results

PLANNING FOR THE FUTURE

- We launched our 25th anniversary fundraising campaign.
- We developed a strategic plan...

Campaign for CHATTOOGA'S NEIGHBORHOODS

3,600

More homeowners:

3,600 families have purchased homes through CNE.

3,800

More renovations:

3,800 families have received home improvement loans and repair assistance through CNE.

2,500

Fewer foreclosures:

2,500 families have worked with CNE who were at risk of foreclosure.

CNE CHATTANOOGA

CNE works hard to ensure that construction of affordable housing doesn't skimp on quality; that families are offered the opportunity to purchase or improve their homes; and that everything possible is done to prevent foreclosure.

By providing the right tools and opportunity, CNE enables Chattanoogaans to improve their own housing situation — and make an investment in themselves. Empowering families not only helps create successful, lifelong homeowners but it also builds better neighborhoods. CNE programs target both the unique needs of the individual homeowners, as well as focus on the bigger picture of restoring and growing Chattanooga's neighborhoods.

In fact, CNE's mission is to build and sustain livable neighborhoods by providing homeownership education and counseling, making affordable home loans, home improvement loans and small business loans, and engaging residents and community partners — because creating healthy neighborhoods not only improves the quality of life for our homeowners, but for all Chattanoogaans.

25 years and counting

CNE is a non-profit organization created in 1986 as part of Vision 2000 — a plan for Chattanooga's future that included comprehensive neighborhood revitalization at the center of its vision for improving housing conditions.

CNE invests in Chattanooga

We do it by building and sustaining livable neighborhoods through affordable residential and small business loans, new home construction, homeownership counseling and community engagement.

Award winning 2012

In addition to topping \$510 million in community investment over the last 25 years, CNE recently received Tennessee Housing Development Agency's Excellence in Partnership Award for our work building homes in Bushtown and Orchard Knob.

= 22%

Nearly 1/4 of all Chattanooga homeowners have been assisted in some way by CNE.

ONE NEIGH





BORHOOD

Ensuring quality, affordable, new home construction and providing the programs necessary for families to own, maintain and keep a home is a very large part of what CNE does every day. However, the core of our mission also includes going a step further to promote and perpetuate the communities individual homeowners create as a whole.

We call this "**Neighborhoods 2.0,**" and it includes building healthier neighborhoods by helping finance small businesses in underserved areas and bringing neighbors together through innovative community building efforts.





prouder

CNE homeowner:
Reginald Smith
in Bushtown

"As a first time homebuyer I had no idea what I was getting myself into," Smith said. "CNE not only taught me what to do, but in the end helped me do it as well. I love this high-quality, high-efficiency home in a part of town I believe in."



CNE NEIGHBORHOOD

homeownership

Owning a home is more than just a mortgage. Homeownership instills a sense of pride and financial stability that CNE knows directly correlates to improved health, increased political involvement and increased educational achievement.

CNE's nationally acclaimed homeownership program offers loan options with fair terms and below-market rates to low- and moderate-income borrowers seeking to purchase a home within some of Chattanooga's most historic neighborhoods.

Through a project called "3 East Tomorrow," CNE has joined forces with an array of partners to develop infill housing in three classic Chattanooga neighborhoods — Bushtown, Glenwood and Orchard Knob. This unique collection of resurging neighborhoods needed an extra push toward high quality new construction and renovation. Serving as a pilot partner for greenspaces' Better Built Program, CNE is committed to constructing affordable, energy efficient homes — 24 and counting — in these three vital neighborhoods.

Homeownership Impact 2012



CNE counseled **465** families and made **27** down payment loans and grants totaling **\$547,000** leveraging **\$2,007,000** in first mortgage investment.

GeekMove



Our newest program provides computer programmers and developers living outside of Chattanooga an opportunity to receive a forgivable loan to help offset the initial costs of relocating and purchasing a home in one of eight emerging neighborhoods. Designed to catalyze Chattanooga's reputation as a haven for technological entrepreneurship, GeekMove also helps Chattanooga take better advantage of its innovative, award-winning Gigabit Internet network.

Young and ambitious, Reginald Smith's dream of owning a home seemed like just that — a dream. Working for the school system, it was hard for Smith to save up for a down payment, let alone afford a house payment. But Smith never gave up. He discovered and successfully completed CNE's homeownership program, which provides counseling and financial advice to those aspiring to purchase a home. And, when the time was right, Smith purchased not only his dream home in Bushtown, but also a home that CNE developed.

CNE NEIGHBORHOOD

home improvement

Purchasing a home is only the first step of homeownership. This financial commitment also includes ongoing maintenance to protect and enhance a homeowner's investment. CNE offers a wide variety of loans and grants that enable homeowners to maintain their homes and improve energy efficiency.

Over the past 25 years, CNE has invested more than \$20 million toward home renovations and energy retrofits. A CNE Home Improvement Loan can be used for a variety of uses including fixing code violations or improving health and safety. Experience shows that an average investment of just \$15,000 per home has the power not only to renovate that one home, but can also increase surrounding property values, helping revitalize an entire neighborhood as well.

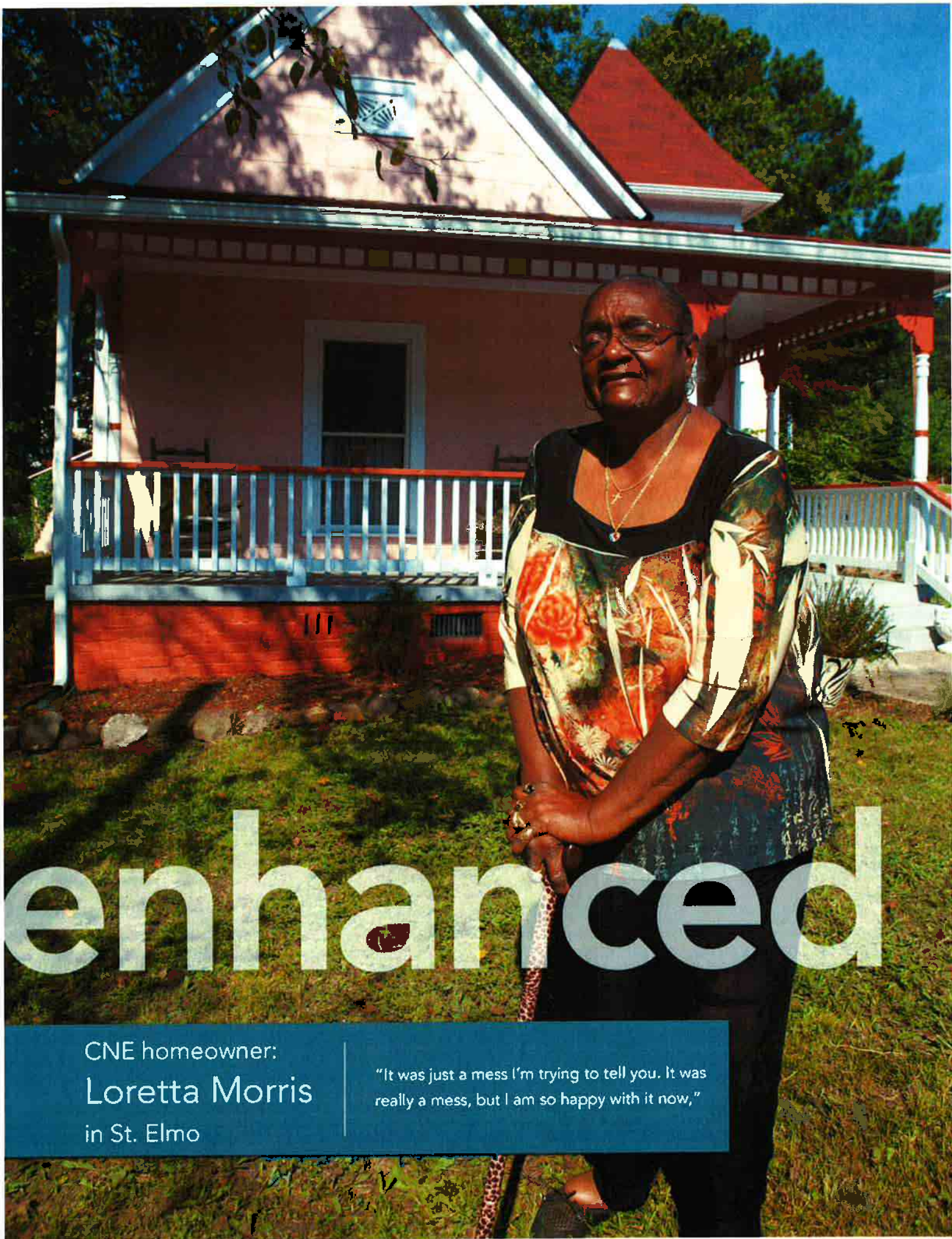
Through our creative partnership with the City of Chattanooga and the Department of Housing and Urban Development, CNE makes low interest loans to low- and moderate-income homeowners for repairs to their homes. More than 729 homeowners city-wide have taken advantage of the program, not only improving our vital communities, but recycling loan payments paid back into the city's coffers for a responsible, innovative and sustainable use of taxpayer dollars.



Home Renovation Impact – 2012

Last year, CNE made **17** rehab loans totaling **\$438,000** and provided grant funding for **75** weatherization jobs totaling **\$407,000**.

Loretta Morris received \$56,000 in loan assistance thanks to CNE's re:NOVATE program, which provides funds for needed renovations, weatherization and beautification to low-and moderate-income families. In Morris' case, this 2% interest loan with very low monthly payments was also used to abate the presence of harmful lead in her historic home.



enhanced

CNE homeowner:
Loretta Morris
in St. Elmo

"It was just a mess I'm trying to tell you. It was really a mess, but I am so happy with it now,"



CNE homeowner:
Wendy Gibbs
in Ooltewah

"This assistance allowed me to keep my home for myself and my 3 beautiful children. I have worked hard all my life and it was a relief your program was in place. I could never tell you what you mean to me. But I pray God will bless you, as you have me."

CNE NEIGHBORHOOD

foreclosure prevention

CNE believes that for many neighborhoods preserving an investment can be just as important as making a new one. Foreclosures not only affect the individual homeowner, but they also drag property values down, negatively impacting the entire neighborhood. Since the housing market crash, this phenomenon has affected neighborhoods throughout the area, including historically stable neighborhoods like North Chattanooga and East Brainerd.

CNE's Homeownership Center professionals work hard to utilize their 70 years of combined mortgage lending experience to assist families facing foreclosure retain and sustain their investment. As a chartered member of NeighborWorks America, CNE has programs and resources to apply a wealth of options for resolving dire situations and to keep the dream of homeownership alive and well.

CNE also administers government programs such as Keep My Tennessee Home, which has helped many families facing foreclosure and succeeded in decreasing Hamilton County's foreclosure rate by 30 percent in just the first nine months of 2012.



Foreclosure Prevention Impact – 2012

CNE counseled **620** clients and made **\$4.5** million in forgivable loans through the Keep My Tennessee Home program.

Losing 30 percent of your income makes it hard to keep up mortgage payments. And that's just what happened to Wendy Gibbs. But thanks to CNE, Gibbs was able to receive a forgivable loan that helped cover her mortgage payments for 18 months while she got back on her feet.



LIGHTS, CAMERA, TAKE ACTION.

inspire

Neighborhood Cheerleader:
Linda Richards
in East Lake

"We'll be able to use our winnings from the video contest to create a bilingual newsletter, purchase street sign toppers and file for non-profit status in order to apply for more funds throughout the year."

Last year's winner of the "My Neighborhood Rocks" video contest was the East Lake Neighborhood Association, who collaborated with East Lake residents Drew Belz and Kelly Lacy, as well as local poet Jonathon Cate to create "There's a fire down here," an impactful two minute video that was awarded the grand prize of \$5,000 for the neighborhood association's budget.

CNE NEIGHBORHOOD

neighborhood engagement

Building healthy, vibrant communities is an ongoing process. Assisting with mortgages and home improvement loans and preventing foreclosures helps build communities, but strengthening them comes from engaging homeowners in making their neighborhoods friendly, safe, inviting places to live.

CNE has developed a number of programs designed to inspire neighbors to come together and celebrate the places they call home. From picnics and block parties that enable homeowners to meet and get to know one another, to contests and programs that instill neighborhood pride, CNE takes building healthy neighborhoods to a whole new level.

Engagement activities in 2012 included well-attended **block parties** in newly developed Southside neighborhoods such as Jefferson Heights and Cowart Place, building the **Glenwood Neighborhood Park**, celebrating Chattanooga's diverse neighborhoods through **NeighborGood Week**, partnering with River City Company to expand their downtown "**Clean & Green**" program into residential neighborhoods, launching our "**My Neighborhood Rocks**" video contest, sustaining the **City Share** lecture series, and supporting the creation of **Glass House Collective** in East Chattanooga.



CNE

NeighborGood Week


CLEAN & GREEN
KEEPING DOWNTOWN BEAUTIFUL



CNE NEIGHBORHOOD

small business loans

dream

A healthy neighborhood also includes shops, restaurants and grocers that enhance residential life, as well as provide convenience. Commerce in a community also delivers patrons to places they may not have ventured to before, which helps promote all of the unique areas Chattanooga has to offer.

In addition to helping finance homeownership, CNE provides loans to small businesses that can benefit formerly underserved neighborhoods. As of 2012, CNE's commercial loan funds have made **\$5.3 million in loans** to 58 small and minority businesses.

Banking the unbanked

There are a million great ideas out there, and even more talented entrepreneurs ready to take on the challenge of implementing them. But a small business, no matter how needed it may be, requires funding that often eludes many entrepreneurs.



Healthier Neighborhoods



CNE has invested more than \$5.3 million in small business loans and built 3 parks and playgrounds.

30-A, Salon Owner:
Lauren Hollingsworth
in Martin Luther King

"CNE believed in my dream, and knew that MLK Boulevard was a place where that dream needed to come true," Hollingsworth said. "Now I serve my friends and neighbors with the best salon in Chattanooga!"

An aerial photograph of a three-story red brick building with a white portico entrance. The building is situated on a street corner with trees and a sidewalk. A large white text overlay reads "CONVENT CENTER".

CONVENT CENTER

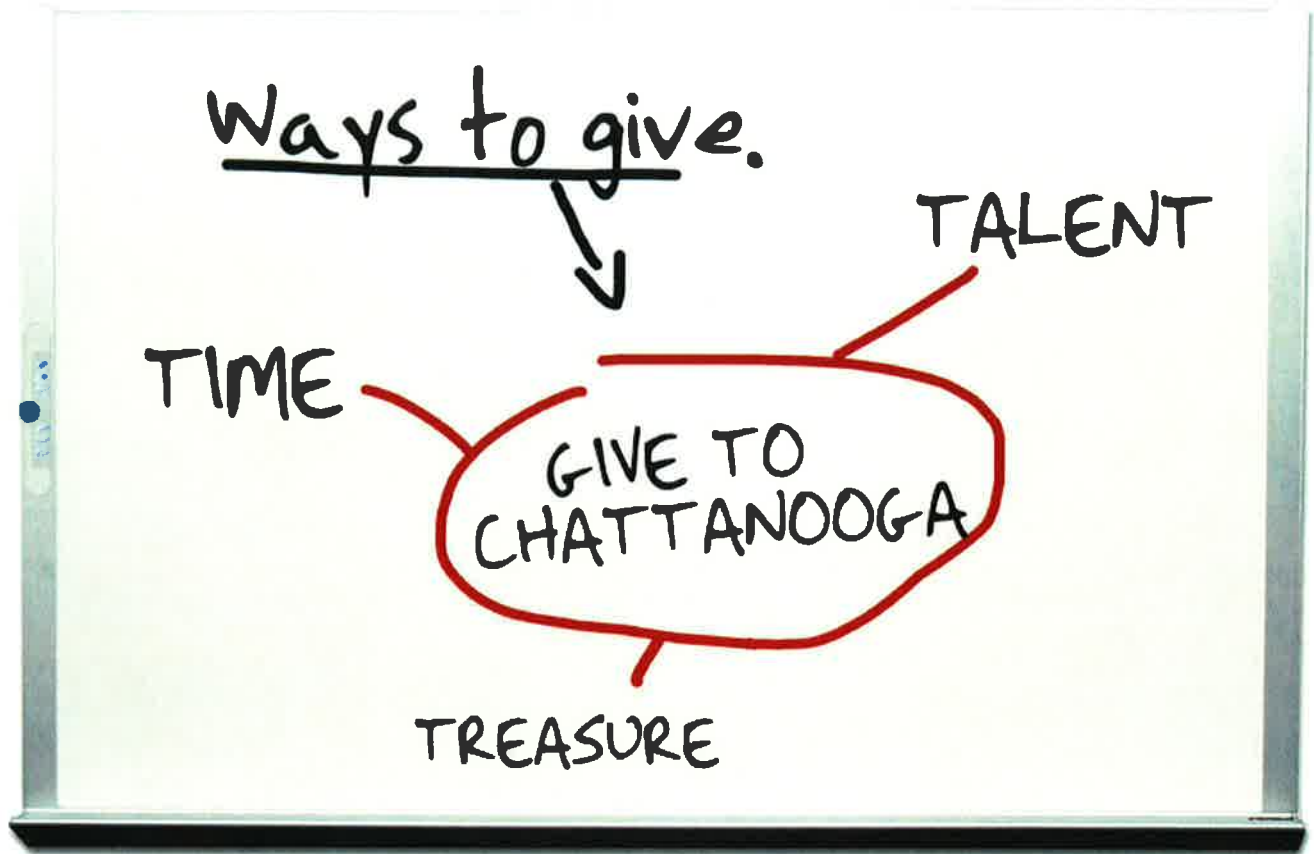
W. KING ST.



PRISE

CNE's focus is on lending rather than just giving away. We help people become part of the modern economy, building assets and wealth through loan programs. By investing in people, CNE is investing in Chattanooga.

Like all non-profits, CNE relies on the generosity of supporters to cover much of the cost of carrying out our mission of building and sustaining livable Chattanooga neighborhoods. CNE relies on contributions and investments from individuals; financial, corporate and philanthropic institutions; as well as government agencies. Investor support funds a variety of loan programs that have enabled CNE to provide millions in financial support to thousands of borrowers in the Chattanooga area.



Donate

CNE relies on gifts of **time**, **talent** and **treasure** to carry out our mission. CNE also receives contributions from donors interested in supporting various revolving loans funds, creating virtually permanent funding sources for many of the lending tools used to spur the revitalization of Chattanooga. And like many non-profits, CNE is fortunate to have supporters who contribute to capital projects – at CNE that includes building houses and acquiring abandoned lots.

Annual Fund

Contributions to CNE's annual fund enable the organization to cover basic day-to-day costs and expenses needed to build great Chattanooga neighborhoods.

Sponsorships

Through sponsorships, CNE is able to underwrite the costs of our NeighborGood Mixer series, My Neighborhood Rocks Video Contest, block parties and other innovative resident engagement opportunities.

CNE Gift Loan Fund

A revolving loan fund set up in 2000, the Gift Loan Fund serves as an unrestricted funding source for lending.



Invest

As a Community Development Financial Institution, or CDFI, CNE is also fortunate to have investors who are willing to put their resources where their hearts are, all the while making a return on their investment. Through investments in CNE, stakeholders are able to put their money to work financing home construction, home improvement loans, home purchase down payment loans, as well as commercial loans often overlooked by banks and other financial institutions. At CNE, we call it **Impact Investing**.

Homeownership Fund

This fund enables CNE to offer loans for down payment assistance and home improvement in target neighborhoods.

Employer Home Purchase Fund

Funded by local employers, these funds allow companies to invest in their employees while also providing stability and economic growth in the surrounding neighborhood.

Small Business Lending Fund

This fund enables CNE to make below market rate loans to entrepreneurs, spurring commercial development in areas undergoing revitalization.



To learn more about how you can make an Impact Investment in Chattanooga's neighborhoods through your **time, talent** and **treasure**, please visit cneinc.org/invest.

Financial snapshot

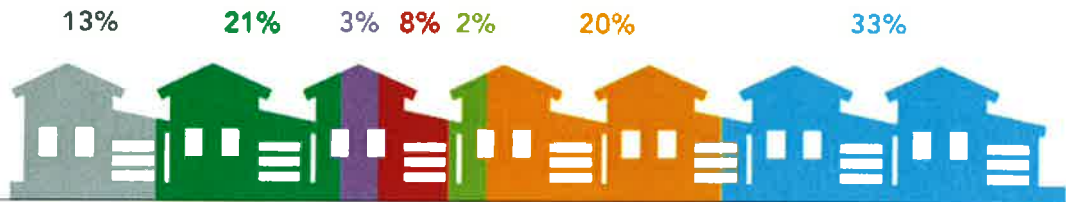
BALANCE SHEET

Assets	\$ 11,008,491
Liabilities	\$ 3,624,863
Net Assets	\$ 7,383,628
Total Liabilities & Net Assets	\$ 11,008,491



2012 REVENUE / \$2,059,083

\$ 144,000	7%	Individuals
\$ 123,545	6%	Foundations
\$ 423,407	21%	Fees & Earned Income
\$ 1,358,995	66%	Government



2012 EXPENSES / \$2,038,954

\$ 265,064	13%	Program: Homeownership Promotion
\$ 428,180	21%	Program: Homeownership Preservation
\$ 61,168	3%	Program: Community Based Economic Development
\$ 163,116	8%	Program: Portfolio & Asset Management
\$ 40,779	2%	Program: Neighborhood Engagement
\$ 407,790	20%	Program: Real Estate Development
\$ 672,854	33%	Operations



2012 ASSETS UNDER MANAGEMENT / \$27,607,331

\$ 7,112,041	26%	CNE Owned Loans
\$ 20,495,290	74%	CNE Managed Loans (outside owner)

2012 by the numbers

Home purchase:

465

27

Home improvement:

75

17

Foreclosure prevention:

620

4.5 million

Real Estate Development:

\$812,000

7

homeowners counseled

down payment loans and grants totaling \$547,000 leveraging \$2,007,000 in first mortgage investment

weatherization jobs totaling \$407,000

rehab loans totaling \$438,000

clients counseled

Keep My Tennessee Home Funds

invested

homes completed

Special thanks to our donors

Ted Alling Angel Amin David Barlew Martin Barns Megan Bell Benwood Foundation
Perry Birger Llew Boyd John Bridger Mary A. Brock Garth Brown Roger G. Brown
Ben Brychta Hacker Caldwell CapitalMark Bank Amanda Carmichael
Carter Distributing Company City of Chattanooga City of Chattanooga,
Department of Neighborhood Services Paul Chapman Chattanooga Coca-Cola Bottling
Company Chattanooga Pergola Community Foundation of Greater Chattanooga, Inc.
Community Impact of Chattanooga Beverly Cosley Jeremy and Laura Cothem
Sam and Katherine Currin Allan Davis Kenneth C. Dyer Ric Ebersole David Elliott
Stephen Fairley Trip L. Farmer First Title Insurance Company Kelly Fitzgerald
Jeremy Fitzsimmons John Foy Grace Frank Henry T. Franklin Ben and Abby Garrison
Connie Garrison Jared Gilley Laura Grady Grant Konvalinka & Harrison
John and Wendy Gunn Christopher and Elizabeth Hammitt Japho Hardin
Ken and Ellen Hays John Healy Luke Holcomb Jennifer Holder Mai Bell Hurley
David and Sharon Johnson Stephen E. Johnson Heather Jones Susan Kent
Adam and Monica Kinsey Craig Kronenberg and Heidi Hefferlin Lamp Post Group
Joseph Ledbetter Lyndhurst Foundation Sumner McCallie Bob McNutt Kurtis Montgomery
Becca Murphy Peter Murphy NeighborWorks America Maria Noel Jose Ocando
Jenny Park Nancy & Boyd Patterson Andy Perez Eddie Piper Playcore Jen Politano
Jessica Presley Lori Quillen Bill Reason Manuel Rico Sally Robinson
Tiffanie C. Robinson Rock City S. R. Ruff Tavis Salazar Charles Sanford
Michael M. Sarvis Laura B. Schleifer Deborah Scott William Shealy Angela Sherlin
Audrey Smith Courtney Smith Mark Song Mallie Stout Jack and Caitlin Studer
Jim and Rhea Studer Tennessee Housing Development Agency Teal Thibaud
Joda Thongnopnua Megan Toms Top Flight, Inc. U.S. Department of Housing and Urban
Development, HOME Investment Partnerships Program U.S. Department of Housing and Urban
Development, Community Development Block Grant Program Wamp Strategy
Michelle Warren Waterhouse Public Relations Nicholas A. Wilkinson Ralph Woodard



CNE Board Members

Stephen Johnson
Chair

Trip Farmer
Vice Chair

David Elliott
Treasurer

John Bridger
Secretary

John Bilderback

Ben Brychta

Beverly Cosley

Richard Ebersole

Mai Bell Hurley

Sumner McCallie

Peter Murphy

LaMonte Vaughn

Ralph Woodard

SOUTHSIDE
COWART PLACE

18TH ST
100

Williams ST
1800

Chattanooga Neighborhood Enterprise, Inc.
1301 Market Street, Suite 100
Chattanooga, TN 37402
www.cneinc.org




CHARTERED MEMBER

**CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC.
AND SUBSIDIARIES**
CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2012 and 2011
with
Report of Independent Auditors



TABLE OF CONTENTS

	PAGE
Report of Independent Auditors	1
Consolidated Financial Statements:	
Consolidated Statements of Financial Position – with Consolidating Details	2-3
Consolidated Statements of Revenues, Expenses, and Other Changes in Net Assets – with Consolidating Details	4-5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7-21
Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22-23
Report of Independent Auditors on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control over Compliance in Accordance With OMB Circular A-133	24-25
Schedule of Findings and Questioned Costs	26
Schedule of Prior Audit Findings	27
Supplementary Information:	
CARE Balance Sheets	29-30
Operating Partnerships Balance Sheets	31-32
Operating Partnerships Statements of Operations	33-34
Schedules of Expenditures of Federal Financial Awards	35-36
Note to the Schedules of Expenditures of Federal Financial Awards	37

Report of Independent Auditors

To the Board of Directors of
Chattanooga Neighborhood Enterprise, Inc.:

We have audited the accompanying consolidated statements of financial position of Chattanooga Neighborhood Enterprise, Inc. and subsidiaries as of June 30, 2012 and 2011, and the related consolidated statements of revenues, expenses, and other changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Chattanooga Neighborhood Enterprise, Inc. and subsidiaries as of June 30, 2012 and 2011, and their changes in net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2013, on our consideration of Chattanooga Neighborhood Enterprise, Inc. and subsidiaries internal control over financial reporting and our tests of their compliance with certain provisions of laws, regulations, contracts and grants. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report and the report for the year ended June 30, 2011 in considering the results of our audits.

Our audits were performed for the purpose of forming an opinion on the basic consolidated financial statements of Chattanooga Neighborhood Enterprise, Inc. and subsidiaries taken as a whole. The accompanying schedules of expenditures of federal awards, which are presented for purposes of additional analysis as required by U.S. Office Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the other supplementary information as outlined in the Table of Contents are not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.


March 15, 2013

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - WITH CONSOLIDATING DETAILS
June 30, 2012

ASSETS	CNE	Operating Partnerships	Consolidation Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 46,588	\$ 96,024	\$ -	\$ 142,612
Restricted cash	476,253	123,233	-	599,486
Accounts receivable	-	125,127	(12,712)	112,415
Grants receivable	776,093	-	-	776,093
Due from affiliates	-	22,425	(22,425)	-
Due from Operating Partnerships	-	1,124,242	(1,124,242)	-
Prepaid expenses	-	16,853	-	16,853
Total current assets	1,298,934	1,507,904	(1,159,379)	1,647,459
NONCURRENT ASSETS				
Other receivables, net of doubtful collections of \$1,145,909	175,143	-	-	175,143
Affiliated organizations receivable, net of doubtful collections of \$2,703,503	1,348,673	-	(282,893)	1,065,780
Loans receivable:				
Unrestricted loans, net of allowances for loan losses of \$381,490	3,093,164	-	-	3,093,164
Restricted loans	2,421,226	-	-	2,421,226
Forgivable loans, net of loan reserves of \$1,968,979	-	-	-	-
Investments in Operating Partnerships	-	153,334	(153,334)	-
Property and equipment at cost:				
Land	-	177,374	-	177,374
Property held for sale	1,517,435	-	-	1,517,435
Rental property	-	2,604,483	-	2,604,483
Furniture and fixtures	869,926	-	-	869,926
Less accumulated depreciation	(924,037)	(529,033)	-	(1,453,070)
Property and equipment, net	1,463,324	2,252,824	-	3,716,148
Other assets, net	24,684	23,473	-	48,157
Total noncurrent assets	8,526,214	2,429,631	(436,227)	10,519,618
Total assets	\$ 9,825,148	\$ 3,937,535	\$ (1,595,606)	\$ 12,167,077
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 365,226	\$ 223,436	\$ (2,340)	\$ 586,322
Accounts payable, affiliates	-	1,521,749	(1,521,749)	-
Loan servicing payables	571,005	-	-	571,005
Escrow and contractual obligations	183,170	65,369	-	248,539
Prepaid rent	-	3,642	-	3,642
Current portion of long-term debt	-	1,577,298	-	1,577,298
Total current liabilities	1,119,401	3,391,494	(1,524,089)	2,986,806
NONCURRENT LIABILITIES				
Notes payable, affiliates	-	1,241,271	(1,241,271)	-
Obligations to operating partnerships	502,696	2,831,083	(3,333,779)	-
Interest rate swap obligation	-	12,705	-	12,705
Grant liabilities	928,307	-	-	928,307
Long-term debt	2,242,936	1,150,960	13,086	3,406,982
Total noncurrent liabilities	3,673,939	5,236,019	(4,561,964)	4,347,994
Total liabilities	4,793,340	8,627,513	(6,086,053)	7,334,800
Net assets:				
Unrestricted net assets	(1,397,215)	-	-	(1,397,215)
Temporarily restricted net assets	4,939,182	-	-	4,939,182
Permanently restricted net assets	1,489,841	-	-	1,489,841
Total net assets	5,031,808	-	-	5,031,808
Outside equity:				
Interests in Operating Partnerships	-	-	(199,531)	(199,531)
Paid-in capital surplus	-	-	-	-
Capital stock	-	1,277,999	(1,277,999)	-
Unappropriated retained earnings	-	(4,811,402)	4,811,402	-
Total outside equity	-	(3,533,403)	3,533,403	(199,531)
Partners' outside equity	-	(1,156,575)	1,156,575	-
Total liabilities and net assets	\$ 9,825,148	\$ 3,937,535	\$ (1,595,606)	\$ 12,167,077

See notes to consolidated financial statements

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - WITH CONSOLIDATING DETAILS
June 30, 2011

	CNE	Operating Partnerships	Consolidation Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 743,008	\$ 129,313	\$ -	\$ 872,321
Restricted cash	594,226	176,824	-	771,050
Accounts receivable	-	116,188	-	116,188
Grants receivable	590,211	-	-	590,211
Due from affiliates	-	22,425	(22,425)	-
Due from Operating Partnerships	-	1,124,242	(1,124,242)	-
Prepaid expenses	-	12,996	-	12,996
Total current assets	1,927,445	1,581,988	(1,146,667)	2,362,766
NONCURRENT ASSETS				
Other receivables, net of doubtful collections of \$1,145,909	492,555	-	-	492,555
Affiliated organizations receivable, net of doubtful collections of \$2,357,852	1,120,616	-	-	1,120,616
Loans receivable:				
Unrestricted loans, net of allowances for loan losses of \$623,986	4,419,269	-	-	4,419,269
Restricted loans	856,393	-	-	856,393
Forgivable loans, net of loan reserves of \$726,276	1,600,017	-	-	1,600,017
Investments in Operating Partnerships	-	152,878	(152,878)	-
Property and equipment at cost:				
Land	-	177,374	-	177,374
Property held for sale	1,370,722	-	-	1,370,722
Property held for development	-	-	-	-
Rental property	-	2,604,483	-	2,604,483
Furniture and fixtures	938,769	-	-	938,769
Less accumulated depreciation	(941,961)	(435,493)	-	(1,377,454)
Property and equipment, net	1,367,530	2,346,364	-	3,713,894
Other assets, net	34,488	33,358	-	67,846
Total noncurrent assets	9,890,868	2,532,600	(152,878)	12,270,590
Total assets	<u>\$ 11,818,313</u>	<u>\$ 4,114,588</u>	<u>\$ (1,299,545)</u>	<u>\$ 14,633,356</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 484,406	\$ 199,796	\$ (89,190)	\$ 595,012
Accounts payable, affiliates	-	1,466,369	(1,067,710)	398,659
Loan servicing payables	669,547	-	-	669,547
Escrow and contractual obligations	98,152	66,982	-	165,134
Prepaid rent	-	9,851	-	9,851
Deferred revenues	-	152,427	-	152,427
Current portion of long-term debt	1,333,042	-	-	1,333,042
Total current liabilities:	2,585,147	1,895,425	(1,156,900)	3,323,672
NONCURRENT LIABILITIES				
Notes payable, affiliates	-	1,232,036	(1,232,036)	-
Obligations to operating partnerships	354,255	2,831,114	(3,185,369)	-
Interest rate swap obligation	-	62,707	-	62,707
Grant liabilities	1,009,017	-	-	1,009,017
Long-term debt	1,011,110	2,819,675	-	3,830,785
Total noncurrent liabilities	2,374,382	6,945,532	(4,417,405)	4,902,509
Total liabilities	4,959,529	8,840,957	(5,574,305)	8,226,181
Net assets:				
Unrestricted net assets	754,210	-	-	754,210
Temporarily restricted net assets	4,683,841	-	-	4,683,841
Permanently restricted net assets	1,420,733	-	-	1,420,733
Total net assets	6,858,784	-	-	6,858,784
Outside equity:				
Interests in Operating Partnerships	-	-	(451,609)	(451,609)
Paid-in capital surplus	-	-	-	-
Capital stock	-	1,277,999	(1,277,999)	-
Unappropriated retained earnings	-	(4,807,886)	4,807,886	-
Total outside equity	-	(3,529,887)	3,078,278	(451,609)
Partners' outside equity	-	(1,196,482)	1,196,482	-
Total liabilities and net assets	<u>\$ 11,818,313</u>	<u>\$ 4,114,588</u>	<u>\$ (1,299,545)</u>	<u>\$ 14,633,356</u>

See notes to consolidated financial statements

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET ASSETS - WITH CONSOLIDATING DETAILS
For the year ended June 30, 2012

	CNE			Total	Operating Partnerships	Consolidation Eliminations	Consolidated
	Unrestricted	Temporarily Restricted	Permanently Restricted				
REVENUES							
Program support:							
Homeownership promotion	\$ -	\$ 589,878	\$ -	\$ 589,878	\$ -	\$ -	\$ 589,878
Homeownership preservation	-	1,064,603	-	1,064,603	-	-	1,064,603
Real estate development	-	569,377	-	569,377	-	-	569,377
Weatherization	-	444,039	-	444,039	-	-	444,039
Property management	-	87,128	-	87,128	-	(64,728)	22,400
Small business center	-	538,088	-	538,088	-	-	538,088
Loan servicing	-	173,490	-	173,490	-	-	173,490
Total program support	-	3,466,603	-	3,466,603	-	(64,728)	3,401,875
General support:							
Grant income (unallocated)	900,000	-	-	900,000	-	-	900,000
General revenue	401,576	-	-	401,576	-	-	401,576
Fundraising	14,798	-	-	14,798	-	-	14,798
Total general support	1,316,374	-	-	1,316,374	-	-	1,316,374
Other revenue:							
Affordable housing income	-	-	-	-	838,369	-	838,369
Total other revenue	-	-	-	-	838,369	-	838,369
Total revenues	1,316,374	3,466,603	-	4,782,977	838,369	(64,728)	5,556,618
EXPENSES							
Program services:							
Homeownership promotion	-	305,114	-	305,114	-	-	305,114
Homeownership preservation	-	1,127,843	-	1,127,843	-	-	1,127,843
Real estate development	-	627,085	-	627,085	-	-	627,085
Weatherization	-	531,975	-	531,975	-	-	531,975
Property management	-	82,769	-	82,769	-	-	82,769
Small business center	-	538,747	-	538,747	-	-	538,747
Forgivable loan reserve	-	1,475,457	-	1,475,457	-	-	1,475,457
Other loan reserve	-	448,276	-	448,276	-	-	448,276
Loan servicing	-	98,568	-	98,568	-	-	98,568
Other services	-	21,025	-	21,025	-	-	21,025
Total program services	-	5,256,859	-	5,256,859	-	-	5,256,859
Support services:							
General and administrative	980,766	-	-	980,766	-	-	980,766
Fundraising	223,887	-	-	223,887	-	-	223,887
Total support services	1,204,653	-	-	1,204,653	-	-	1,204,653
Other services:							
Affordable housing expenses	-	148,441	-	148,441	917,215	(172,501)	893,155
Total other services	-	148,441	-	148,441	917,215	(172,501)	893,155
Total expenses	1,204,653	5,405,300	-	6,609,953	917,215	(172,501)	7,354,667
Changes in net assets	111,721	(1,938,697)	-	(1,826,976)	(78,846)	107,773	(1,798,049)
Reclassification of unrestricted, temporarily and permanently restricted net assets	(2,263,146)	2,194,038	69,108	-	78,846	(107,773)	(28,927)
Net assets and equity at beginning of year	754,210	4,683,841	1,420,733	6,858,784	-	-	6,858,784
Net assets and equity at end of year	\$ (1,397,215)	\$ 4,939,182	\$ 1,489,841	\$ 5,031,808	\$ -	\$ -	\$ 5,031,808

See notes to consolidated financial statements

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET ASSETS - WITH CONSOLIDATING DETAILS
For the year ended June 30, 2011

	CNE			Total	Operating Partnerships	Consolidation Eliminations	Consolidated
	Unrestricted	Temporarily Restricted	Permanently Restricted				
REVENUES							
Program support:							
Homeownership promotion	\$ -	\$ 500,781	\$ -	\$ 500,781	\$ -	\$ -	\$ 500,781
Homeownership preservation	-	904,259	-	904,259	-	-	904,259
Real estate development	-	1,104,188	-	1,104,188	-	-	1,104,188
Weatherization	-	3,053,291	-	3,053,291	-	-	3,053,291
Property management	109,248	-	-	109,248	-	(92,294)	16,954
Small business center	60,000	1,234	-	61,234	-	-	61,234
Loan servicing	211,769	-	-	211,769	-	-	211,769
Total program support	381,017	5,563,753	-	5,944,770	-	(92,294)	5,852,476
General support:							
Grant income (unallocated)	1,000,000	-	-	1,000,000	-	-	1,000,000
General revenue	155,209	-	-	155,209	-	-	155,209
Fundraising	2,220	-	-	2,220	-	-	2,220
Total general support	1,157,429	-	-	1,157,429	-	-	1,157,429
Other revenue:							
Gain on sale	22,979	-	-	22,979	-	-	22,979
Other income	23,957	-	-	23,957	-	-	23,957
Affordable housing income	-	-	-	-	1,591,436	-	1,591,436
Total other revenue	46,936	-	-	46,936	1,591,436	-	1,638,372
Total revenues	1,585,382	5,563,753	-	7,149,135	1,591,436	(92,294)	8,648,277
EXPENSES							
Program services:							
Homeownership promotion	-	527,747	-	527,747	-	-	527,747
Homeownership preservation	-	545,280	-	545,280	-	-	545,280
Real estate development	-	652,663	-	652,663	-	-	652,663
Weatherization	-	3,066,953	-	3,066,953	-	-	3,066,953
Property management	-	-	-	-	-	-	-
Small business center	-	-	-	-	-	-	-
Forgivable loan reserve	-	272,325	-	272,325	-	-	272,325
Other loan reserve	-	(272,325)	-	(272,325)	-	-	(272,325)
Other services	417,572	-	-	417,572	-	-	417,572
Total program services	417,572	4,792,643	-	5,210,215	-	-	5,210,215
Support services:							
General and administrative	1,713,945	-	-	1,713,945	-	-	1,713,945
Total support services	1,713,945	-	-	1,713,945	-	-	1,713,945
Other services:							
Affordable housing expenses	-	-	-	-	1,563,684	(92,294)	1,471,390
Total other services	-	-	-	-	1,563,684	(92,294)	1,471,390
Total expenses	2,131,517	4,792,643	-	6,924,160	1,563,684	(92,294)	8,395,550
Changes in net assets	(546,135)	771,110	-	224,975	27,752	-	252,727
Reclassification of unrestricted, temporarily and permanently restricted net assets	(1,317,490)	1,361,878	(44,388)	-	(27,752)	-	(27,752)
Net assets and equity at beginning of year	2,617,835	2,550,853	1,465,121	6,633,809	-	-	6,633,809
Net assets and equity at end of year	\$ 754,210	\$ 4,683,841	\$ 1,420,733	\$ 6,858,784	\$ -	\$ -	\$ 6,858,784

See notes to consolidated financial statements

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended June 30, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) increase in net assets	\$ (1,798,049)	\$ 252,727
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	201,025	278,597
Loss on sale of property and equipment	-	(23,957)
Provision for loans reserves and allowance for loan loss	1,923,733	-
Unrealized gain on interest rate swap	(50,002)	(42,721)
Changes in operating assets and liabilities:		
Accounts receivable	3,773	(14,118)
Grants receivable	(185,882)	(526,977)
Prepaid expenses	(3,857)	(91)
Other receivables	273,399	(44,566)
Accounts payable and accrued expenses	(8,690)	83,949
Accounts payable, affiliates	(140,149)	(1,250)
Loan servicing payables	(98,542)	669,547
Escrows and contractual obligations	83,405	(89,945)
Prepaid rent	(6,209)	(201)
Deferred revenue	(152,427)	152,427
	41,528	693,421
Net cash provided by operating activities	41,528	693,421
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in restricted cash	171,564	825,026
Increase in affiliated organizations receivable	(246,802)	(175,022)
Increase in loans receivable	(216,793)	(889,936)
Increase in deposits held in trust	-	13,120
Increase in property and equipment, net	(238,638)	-
Proceeds from sales of property and equipment	-	273,226
Decrease in other assets	19,689	271
	(510,980)	46,685
Net cash (used in) provided by investing activities	(510,980)	46,685
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in notes payable, affiliates	-	59,459
Repayments of grant liabilities	(79,709)	(50,000)
Repayments of long-term debt	(180,548)	(956,308)
	(260,257)	570,520
Net cash (used in) provided by financing activities	(260,257)	570,520
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(729,709)	1,310,626
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	872,321	1,079,064
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 142,612	\$ 872,321
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 220,721	\$ 401,021

See notes to consolidated financial statements

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2012 and 2011

1. Organization

Chattanooga Neighborhood Enterprise, Inc. (“CNE” or the “Organization”) was incorporated in Tennessee in 1986 as a non-profit organization. The Organization was established to preserve, rehabilitate, and prevent deterioration of rental units and single-family dwellings; to encourage home ownership and rehabilitation through below-market loans; to develop a training program for in-home maintenance and repair; to promote neighborhood beautification and self-improvement projects; to promote neighborhood revitalization; and to promote the enforcement of uniform building codes and eliminate all substandard housing in the City of Chattanooga and Hamilton County, Tennessee.

The Organization operates the following programs:

Homeownership promotion - The Organization helps Chattanooga residents achieve homeownership through its nationally acclaimed homeownership education and counseling program. The Organization also offers mortgages to finance the purchase and rehabilitation of single-family residences in Chattanooga and Hamilton County to qualified low-to-moderate income persons or families. Conventional first mortgages are funded by outside lenders and CNE. Second mortgage loans are funded by federal, state and local grant awards.

Homeownership preservation - The Organization's Homeownership Center offers a full range of counseling services to assist local families avoid foreclosure and sustain their homeownership. The Organization also provides financial assistance to Tennessee homeowners facing foreclosure.

Real estate development - The Organization is involved in developing single-family and multi-family housing in the City of Chattanooga. Such development activities are for properties owned by the Organization and others for resale.

Weatherization - The Organization's Weatherization program provides funds to qualifying families to improve the energy efficiency of homes using the most advanced technologies and testing protocols currently available in the housing industry.

Property management - The Organization provides property management services for affordable rental housing. In addition to managing properties owned by the Organization, it also manages properties for affiliated entities and collects a property management fee for this activity.

Small business center - The Organization provides loans to small and minority-owned businesses to foster growth and development of small and minority-owned businesses in the local community.

Loan servicing - The Organization serves as a loan underwriting agent for home purchase and home repair loans. The Organization services these loans (see Note 6) and loans funded by other entities (see Note 7).

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2012 and 2011

2. Summary of significant accounting policies and nature of operations

Basis of presentation

The accompanying consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and include the accounts and results of operations of the Organization and its fourteen majority-controlled, for-profit subsidiaries. CNE has interests in corporations, which were formed to serve as general partners in limited partnerships organized to syndicate low-income housing tax credits on certain qualified rental properties developed by CNE. The property owned by CNE Affordable Housing Limited Partnership II also qualifies for historic rehabilitation tax credits.

The following are corporations in which CNE has interests (collectively, the "CAREs"):

- Chattanooga Affordable Rental Enterprise II, Inc. ("CARE II")
- Chattanooga Affordable Rental Enterprise III, Inc. ("CARE III")
- Chattanooga Affordable Rental Enterprise IV, Inc. ("CARE IV")
- Chattanooga Affordable Rental Enterprise V, Inc. ("CARE V")
- Chattanooga Affordable Rental Enterprise VI, Inc. ("CARE VI")
- Chattanooga Affordable Rental Enterprise VII, Inc. ("CARE VII")
- Robinson Apartments Management Company ("Robinson").

The CARE corporations serve as general partners in the following limited partnerships (collectively, the "Operating Partnerships"):

- CNE Affordable Housing Limited Partnership II ("CAHLP II")
- CNE Affordable Housing Limited Partnership III ("CAHLP III")
- CNE Affordable Housing Limited Partnership IV ("CAHLP IV")
- CNE Affordable Housing Limited Partnership V ("CAHLP V")
- CNE Affordable Housing Limited Partnership VI ("CAHLP VI")
- CNE Affordable Housing Limited Partnership VII ("CAHLP VII")
- Robinson Apartments Limited Partnership ("Robinson Apartments")

All significant intercompany transactions and balances have been eliminated in the accompanying consolidated financial statements.

Change in accounting policy

During fiscal 2012, the Organization changed its accounting policy with respect to its estimate of the loan reserves on forgivable loans. The Organization now establishes loan reserves on forgivable loans at an amount equal to the outstanding balance of the forgivable loans at the time the loans are executed. The loan reserves are classified as program expenses in the accompanying consolidated statements of revenues, expenses, and other changes in net assets. Previously, the Organization reserved the forgivable loans ratably over the loan period as the borrowers satisfied the occupancy and ownership requirements.

The Organization believes this change in accounting policy better represents the purpose and economics of the underlying loan programs and more appropriately represents the Organization's future recovery and economic value at the time of the loan closing.

The impact of this voluntary change in accounting policy on the consolidated financial statements for the year ended June 30, 2012, results in an increase in the loan reserves on forgivable loans of \$1,475,457.

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2012 and 2011

2. Summary of significant accounting policies and nature of operations (continued)

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Significant estimates are made in loans receivable (see Note 6), other receivables (see Note 4), affiliated receivables and investments in affiliated organizations (see Note 5), property held for sale and property held for development. The most significant estimate involves the determination of possible impairment, under accounting principles generally accepted in the United States of America, of its investments and advances.

Financial statement presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification 958-205, *Not-for-Profit Entities - Presentation of Financial Statements*. Under Accounting Standards Codification 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written-off through a charge to the valuation allowance and a credit to receivables.

Deferred payment loans

The first payment on these loans is deferred until a predetermined date in the future. Once the deferment period has expired, these loans bear interest at rates ranging between zero and the current market rate.

Title transfer loan

These loans require that the payment of the loan be paid in full when the residential property securing the loan is sold or the property title is transferred to a party other than the original borrower. There is no interest charged on these loans.

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2012 and 2011

2. Summary of significant accounting policies and nature of operations (continued)

Receivables (continued)

Forgivable loan

Certain of these loans are forgivable over a predetermined period of time. If the residential property is sold during the term of the loan, the pro-rated balance must be paid in full. Other loans funded by Community Impact of Chattanooga ("CIC") grants are forgivable only after the passage of the entire term of the loan, which is generally five years. These loans are included in the temporarily restricted net assets balance.

Loans receivable are stated at unpaid principal balances less the allowance for loan losses. Interest income is recognized on the economic accrual basis. Loan fees do not exceed the cost per loan and, therefore, are recognized as fee income upon loan closing.

Amortizing loans are written off when a loan is specifically determined to be impaired or when, in the opinion of management, there is an indication that the borrower may be unable to make the required payments as they become due. Due to the uncertainty of collectability, interest income on loans receivable is recognized only to the extent of interest payments received.

The allowance for loan losses is maintained at a level, which, in management's judgment, is adequate to absorb credit losses inherent in the loan portfolio. The amount of the allowance is based on management's evaluation of the collectability of the loan portfolio, including the nature of the portfolio, credit concentrations, trends in historical loss experience, specific impaired loans, and economic conditions, as well as other risks inherent in the portfolio. Allowances for impaired loans are generally determined based on collateral values or the present value of estimated cash flows. Although management uses available information to recognize losses on loans, because of uncertainties associated with local economic conditions, collateral values, and future cash flows on impaired loans, it is reasonably possible that a material change could occur in the allowance for loan losses in the near term. However, the amount of the change that is reasonably possible cannot be estimated. The allowance is increased by a provision for loan losses, which is charged to expenses, and reduced by charge-offs, net of recoveries.

Cash and cash equivalents

For purposes of the consolidated statements of cash flows, the Organization considers all short-term highly-liquid debt instruments with an original maturity of three months or less to be cash equivalents. Restricted cash is not considered cash and cash equivalents.

Restricted and unrestricted revenue

Under Accounting Standards Codification 958-605-25, *Not-for Profit Entities - Revenue Recognition*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets, depending on the absence or existence and nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Federal and state grant revenues are recorded as qualifying expenses are incurred.

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2012 and 2011

2. Summary of significant accounting policies and nature of operations (continued)

Revenue recognition

Rental income attributable to residential leases is recorded when due from residents, which is generally upon the first day of each month. Leases are for up to one year, with rental payments due monthly. Other income results from fees for late payments, cleaning, damages, storage, parking, and laundry facilities and is recorded when earned.

Deposits held in trust

Deposits held in trust are comprised of tenant security deposits, replacement reserves, and operating reserves. As the management agent of the properties of the Operating Partnerships, the Organization collects, deposits, and disburses, if required, security deposits in accordance with the terms of each tenant's lease. Replacement reserves are funded based on a set amount per unit and are used for replacements and capital improvements of the properties. Operating reserves are funded from proceeds of equity installments and are used to reduce or eliminate operating deficits.

Property and equipment

Rental property and furniture and fixtures are depreciated over the estimated useful lives of the respective classes of assets using the straight-line method of depreciation. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized at cost. For the years ended June 30, 2012 and 2011, depreciation expense was \$201,025 and \$262,599, respectively.

In accordance with its mission, the Organization purchases property from time to time with the intent to sell or develop at a future date. These properties are classified as held for sale. Occasionally, market circumstances are such that the Organization is not able to improve the property and the property suffers a decline in value. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the property is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. Impairment losses recognized for the years ended June 30, 2012 and 2011 were \$0.

Other assets

Other assets represent financing costs which are amortized on a straight-line basis over periods of 60 to 180 months. For the years ended June 30, 2012 and 2011, amortization expense was \$15,031 and \$15,598, respectively. As of June 30, 2012 and 2011, accumulated amortization was \$157,489 and \$142,458, respectively.

Income taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Internal Revenue Service has determined the Organization not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. The CARES' income is taxable and such cumulative taxable income or loss has been insignificant.

Income taxes on the Operating Partnerships' income are levied on the partners in their individual capacity. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2012 and 2011

2. Summary of significant accounting policies and nature of operations (continued)

Income taxes (continued)

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. The Organization has determined whether any tax positions have met the recognition threshold and has measured the Organization's exposure to those tax positions. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Organization are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Advertising costs

The Organization incurs advertising costs for its rental units, for completed development property and for marketing lending programs available from the Organization. All advertising costs are expensed as incurred. During June 30, 2012 and 2011, the costs associated with advertising were \$94,705 and \$77,779 respectively.

Concentrations of credit risk

The Organization maintains cash balances at various financial institutions. Such balances were insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2012 and 2011, the Organization maintained cash at financial institutions that exceeds the federally insured limits. Substantially all of the excess amount is collateralized by investments in U.S. Treasury Securities.

Other concentrations of credit risk with respect to financial instruments include loans receivable, receivables from affiliated organizations, and other receivables. The concentration in loans receivable is a geographic concentration with the majority of loans to borrowers in the City of Chattanooga. The concentration is mitigated by a large group of borrowers with all such receivables collateralized by residential real estate. Promissory notes receivable from affiliated organizations represent a concentration of real estate lending in the downtown Chattanooga area. Such receivables are indirectly collateralized by residential real estate. Accounts receivable from affiliated organizations represent concentrations in residential rental property operations in the downtown Chattanooga area. The Organization does not have collateral pledged for these advances. Other receivables represent advances by the Organization to entities whose activities involve residential rental properties in the City of Chattanooga. The majority of these receivables are indirectly collateralized by residential real estate.

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2012 and 2011

3. Grants receivable

Grants receivable represent funds earned in accordance with program requirements by the Organization that had not yet been received by year-end from the following:

	<u>2012</u>	<u>2011</u>
City of Chattanooga	\$ 469,883	\$ 340,599
Habitat for Humanity	158	-
Lyndhurst Foundation	3,000	3,000
State of Tennessee	158,972	246,612
Tennessee Housing Development Agency	<u>144,080</u>	<u>-</u>
Total grants receivables	<u>\$ 776,093</u>	<u>\$ 590,211</u>

4. Other receivables

Other receivables represent funds advanced to entities that develop or own real estate that support the Organization's operating mission and include the following balances:

	<u>2012</u>	<u>2011</u>
City of Chattanooga - Morrison Springs Apartments	\$ 260	\$ 260
Orchard Knob Elderly Housing	102,874	102,874
City of Chattanooga - Other projects (net of allowance for doubtful collections of \$1,145,909 for both years)	8,225	17,211
Loan proceed receivables	16,176	260,086
Other	<u>47,608</u>	<u>112,124</u>
Total other receivables	<u>\$ 175,143</u>	<u>\$ 492,555</u>

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2012 and 2011

5. Transactions with affiliated organizations

Affiliated organizations receivable

Affiliated organizations receivable represents amounts owed to the Organization for loans from the following:

	<u>2012</u>	<u>2011</u>
CCDFI, net of doubtful collections of \$276,341 for 2012 and \$0 for 2011	\$ 723,321	\$ 586,412
CCHDO, net of doubtful collections of \$268,463	-	-
CAHLP's, net of doubtful collections of \$945,778 for 2012 and \$876,468 for 2011	-	-
CARE's	454,079	441,235
Robinson Apartments, net of doubtful collections of \$402,721	102,945	77,436
St. Elmo, net of doubtful collections of \$810,200	3,671	3,671
First and Market Limited Partnership	17,743	11,862
Community Opportunity Fund	28,134	-
Dogwood Manor	<u>18,780</u>	<u>-</u>
Total affiliated organizations receivable	<u>\$ 1,348,673</u>	<u>\$ 1,120,616</u>

Accounts payable, affiliates

The Organization is required to reimburse affiliates of the Organization for all out-of-pocket expenses incurred on behalf of the Organization in connection with operations of the Organization. As of June 30, 2012 and 2011, accounts payable, affiliates totaled \$0 and \$398,659, respectively.

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2012 and 2011

6. Loans receivable and allowance for loan losses

The Organization offers a variety of loan products to assist borrowers in either purchasing a home or making home improvements.

The loans receivable portfolio as of June 30, 2012 and 2011 was as follows:

	2012	2011
Unrestricted loans:		
Amortizing loans	\$ 2,443,608	\$ 3,782,441
Deferred payment loans	134,554	151,298
Title transfer loans	896,492	1,109,516
Less – Allowance for loan losses	(381,490)	(623,986)
	3,093,164	4,419,269
 Restricted loans:		
Amortizing loans	2,314,496	805,010
Title transfer loans	106,730	51,383
	2,421,226	856,393
 Forgivable loans:		
Commercial loans	644,835	425,000
Non-commercial loans	1,324,144	1,901,293
Less – loan reserves	(1,968,979)	(726,276)
	-	1,600,017
 Total loans	\$ 5,514,390	\$ 6,875,679

Funds received under grants from the State of Tennessee, the City of Chattanooga, or Hamilton County are used to fund loans in Chattanooga or Hamilton County.

The Organization has established an allowance for loan loss and a loan reserve for the unrestricted and forgivable loans for management's estimate of uncollectible loans receivable. No allowance for loan loss has been established for restricted loans because the Organization has provided such loans pursuant to grant agreements or subordinated loan agreements that provide forgiveness of the liabilities if such amounts are uncollectible.

7. Loan underwriting and servicing activities

The Organization serves as a loan underwriting agent for other entities who support the Organization's operating mission and provides loan servicing activities for such loans. As of June 30, 2012 and 2011, the Organization provided servicing for \$20,550,437 and \$22,430,608, respectively, of loans receivable funded by such other entities. These loans receivable are not included in the Organization's statements of financial position.

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2012 and 2011

7. Loan underwriting and servicing activities (continued)

The loans the Organization was servicing as of June 30, 2012 and 2011 were as follows:

	2012	2011
City of Chattanooga - CDBG Loans	\$ 6,051,245	\$ 6,209,087
City of Chattanooga - HOME Loans	8,600,432	8,893,389
City of Chattanooga - ADDI Loans	46,837	58,347
City of Chattanooga - SASSER Loans	40,050	44,866
City of Chattanooga - THDA Loans	784,228	846,265
City of Chattanooga - NSP Loans	235,297	322,544
SunTrust II Loans	295,888	317,698
SunTrust III Loans	145,747	159,096
NHSA Loans	52,235	49,539
CCDFI Loans	3,409,336	4,277,299
COF Loans	889,142	1,252,478
	<u>\$ 20,550,437</u>	<u>\$ 22,430,608</u>

8. Restricted cash

Restricted cash represents escrow receipts from the Organization's loan servicing, restricted cash related to restricted grant funds (see Note 10), and restricted cash related to lines of credit (see Note 9).

9. Long-term debt

As of June 30, 2012 and 2011, debt consisted of the following:

	2012	2011	
CNE	Mortgages payable; interest from 5.9% to 9.0%; principal and interest payable monthly through various maturity dates from 2006 to 2034; secured by various parcels of real estate owned by the Organization.	\$ -	\$ 67,500
CNE	Unsecured notes payable to various lenders; interest ranging from 0.0% to 1.8%; interest payable annually.	1,259,710	1,276,652
CNE	Unsecured note payable to Catholic Health Initiative; interest at 0.50%; principal payments of \$40,000 are payable annually by February 1 through February 1, 2017 with remaining balance then due; collateralized by real estate property.	983,226	1,000,000
CAHLP II	Mortgage payable to Regions Bank; variable interest at 30 day LIBOR plus 1.32% (3.49% at June 30, 2010); principal and interest of \$7,596 payable monthly through September 2012 with remaining balance then due; collateralized by real estate property.	840,944	858,329

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2012 and 2011

9. Long-term debt (continued)

		<u>2012</u>	<u>2011</u>
CAHLP III	Mortgage payable to Regions Bank; interest at 8.39%; principal and interest of \$3,045 payable monthly through December 2012 with remaining balance then due; collateralized by real estate.	326,690	337,845
CAHLP IV	Note payable to City of Chattanooga; interest at 1%; principal and interest of \$6,544 contingently payable in 17 annual installments beginning January 15, 1998; collateralized by real estate.	-	11,000
CAHLP V	Mortgage payable to Lyndhurst Foundation; interest at 2%; interest is payable annually on February 28; principal is payable on demand after February 28, 2013; collateralized by real estate.	280,000	257,490
CAHLP VII	Mortgage payable to First Tennessee Bank National Association; interest at 7.55% through March 31, 2006 and is adjustable every 60 months thereafter at the five-year Treasury Bill Rate plus 2.75%; principal and interest are payable monthly through March 1, 2017; collateralized by real estate.	419,561	432,894
Robinson	Mortgage payable to Union Planters Bank of Chattanooga, N.A.; interest at 7.95%; principal and interest payable monthly through December 23, 2027; collateralized by real estate.	<u>874,149</u>	<u>922,117</u>
Total long-term debt		<u>\$ 4,984,280</u>	<u>\$ 5,163,827</u>

Future minimum mortgage principal payment requirements for the next five years are as follows:

Year ending June 30,	
2013	\$ 1,577,298
2014	137,001
2015	144,938
2016	153,525
2017	1,276,758
Thereafter	<u>1,694,760</u>
Total	<u>\$ 4,984,280</u>

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2012 and 2011

10. Restricted net assets

Temporarily restricted

The Organization has received grants from the Lyndhurst Foundation and other state and local grantors. These funds have been utilized in the surrounding communities for property development, property revitalization, home purchase incentives, originating and servicing loans at below market rates to qualifying individuals, and relocation incentives. The Organization is obligated to reimburse several of the grantors for the original amount funded upon completion of the grant activities, as defined in the grant agreements.

The components of the temporarily restricted net assets as of June 30, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
Restricted cash	\$ 360,817	\$ 559,060
Loans receivable	4,031,030	3,710,463
Real estate	<u>520,233</u>	<u>414,318</u>
Total temporarily restricted net assets	<u>\$ 4,912,080</u>	<u>\$ 4,683,841</u>

Permanently restricted net assets

Since 1995, the Organization has received revolving project funds as expendable grants and capital grants from NeighborWorks America (“NWA”). The capital grants represent permanently restricted net assets totaling \$1,489,841 and \$1,420,733 as of June 30, 2012 and 2011, respectively. The NWA funds have been utilized in various loan and development programs of the Organization. The Organization is obligated to reimburse NWA for any losses sustained on receivables funded by NWA capital grants.

The components of the NWA capital fund grant assets as of June 30, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
Restricted cash	\$ 115,427	\$ 35,166
Loans receivable	359,176	370,329
Affiliated organizations receivables	<u>1,015,238</u>	<u>1,015,238</u>
Total permanently restricted net assets	<u>\$ 1,489,841</u>	<u>\$ 1,420,733</u>

NWA provided funds to the Organization in the amount of \$100,000 and \$153,500 in 2012 and 2011, respectively, through expendable grants to fund portions of the Organization’s administrative expenses and certain loan programs.

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2012 and 2011

11. Operating lease

The Organization leases its administrative office under a non-cancelable agreement accounted for as an operating lease. For the years ended June 30, 2012 and 2011, rental expense under the agreement was \$115,320 and \$88,432, respectively. The Organization's lease agreement dated October 2008 for its office space has a five-year term and requires annual rental payments that increase annually.

Future minimum operating lease payment requirements for the next two years are as follows:

Year ending June 30,	
2013	\$ 123,623
2014	<u>41,656</u>
Total	<u>\$ 165,279</u>

12. Retirement plan

The Organization has established a defined contribution 403(b) plan (the "Plan") for the benefit of its full-time employees. The Plan is a contributory plan and is administered by the Organization. As of June 30, 2012 and 2011, the Plan's assets are invested in various mutual funds with Principal. Under the terms of the plan agreement, an employee may contribute an amount in accordance with a compensation reduction agreement not to exceed Internal Revenue Service limits per year.

An employee is eligible to participate in the Plan one month after the date of hire as a full-time employee. For the years ended June 30, 2012 and 2011, the Organization's discretionary contribution was \$74,934 and \$73,174, respectively.

13. Contingencies

The Organization receives a substantial amount of its support from federal, state, and local governments. Substantially all of the Organization's grants are renewable on an annual basis, and such revenues are contingent annually upon the decisions of the granting authority. The Organization's existing grants require the fulfillment of certain conditions as set forth in the grant documents. Failure to fulfill the conditions or to continue to fulfill them could result in the return of funds to grantors. Although this possibility exists, management deems the contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the grantor to the provisions of the grant award.

The Organization is involved in various legal actions and claims arising in the ordinary course of business. Management believes that such litigation and claims will be resolved without material effect on the Organization's consolidated statements of financial position, consolidated statements of revenues, expenses, and other changes in net assets, or consolidated statements of cash flows.

14. Uncertainties

The Board of Directors approved a plan to terminate the Organization's real estate development and rental housing operations. The termination and disposition activities began during the fiscal year 2009 with final dispositions planned for completion by June 30, 2013. Management believes the results of these activities will not adversely affect the Organization's financial position.

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2012 and 2011

14. Uncertainties (continued)

The fiscal year 2012 and 2011 results of disposition activities and results of continuing activities are outlined below.

FISCAL YEAR 2012 RESULTS OF OPERATIONS

	<u>Continuing Activities</u>	<u>Disposition Activities</u>	<u>Total</u>
Increase (decrease) in net assets	<u>\$(1,719,203)</u>	<u>\$ (78,846)</u>	<u>\$ (1,798,049)</u>

FISCAL YEAR 2011 RESULTS OF OPERATIONS

	<u>Continuing Activities</u>	<u>Disposition Activities</u>	<u>Total</u>
Increase (decrease) in net assets	<u>\$ 224,975</u>	<u>\$ 27,752</u>	<u>\$ 252,727</u>

The assets, liabilities, and net assets balances as of June 30, 2012 and 2011 related to disposition activities and to continuing activities are outlined below.

JUNE 30, 2012 ASSETS, LIABILITIES AND NET ASSETS

	<u>Continuing Activities</u>	<u>Disposition Activities</u>	<u>Total</u>
Assets	<u>\$ 9,825,148</u>	<u>\$ 2,341,929</u>	<u>\$ 12,167,077</u>
Liabilities	<u>(4,593,809)</u>	<u>(2,541,460)</u>	<u>(7,135,269)</u>
Net assets	<u>\$ 5,321,339</u>	<u>\$ (199,531)</u>	<u>\$ 5,031,808</u>

JUNE 30, 2011 ASSETS, LIABILITIES AND NET ASSETS

	<u>Continuing Activities</u>	<u>Disposition Activities</u>	<u>Total</u>
Assets	<u>\$ 11,818,313</u>	<u>\$ 2,815,043</u>	<u>\$ 14,633,356</u>
Liabilities	<u>(4,507,920)</u>	<u>(3,266,652)</u>	<u>(7,774,572)</u>
Net assets	<u>\$ 7,310,393</u>	<u>\$ (451,609)</u>	<u>\$ 6,858,784</u>

15. Management's plan for continuing operations

For the year ended June 30, 2012, the Organization incurred a decrease in unrestricted net assets of \$2,124,323. As of June 30, 2012, the Organization has total net assets of \$5,031,808 (of this amount, (\$1,370,113) is unrestricted) to continue its mission and meet obligations. Assets include unrestricted cash of \$46,588, net loans receivable of \$5,514,390, and property held for sale of \$1,517,435. Management believes the local government will continue to provide funding and on-going support to the Organization. Management has projected the cash requirements of the Organization through June 30, 2013, and has determined that the Organization has adequate resources to continue its operational activities to carry out its mission in the City of Chattanooga and Hamilton County for the foreseeable future including, but not limited to, the use of cash from property sales and loan repayments.

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2012 and 2011

16. Subsequent event

Subsequent events have been evaluated through March 15, 2013, which is the date the financial statements were available to be issued.

The mortgage payable to Regions Bank from CAHLP II was due in full on September 5, 2012. The mortgage payable to Regions Bank from CAHLP III was due in full on December 12, 2012. The Organization, on behalf of CAHLP II and CAHLP III, obtained bridge financing through May 2013, at which point all remaining principal and interest are due in full.

On December 10, 2012, the Organization sold its general partner interest in CAHLP VII.

**Report of Independent Auditors on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors of
Chattanooga Neighborhood Enterprise, Inc.:

We have audited the accompanying consolidated financial statements of Chattanooga Neighborhood Enterprise, Inc. ("CNE") and subsidiaries as of and for the years ended June 30, 2012 and 2011, and have issued our report thereon dated March 15, 2013. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audits, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Board of Directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Navigadee & Company LLP
March 13, 2013

**Report of Independent Auditors on Compliance with Requirements
That Could Have a Direct and Material Effect on
Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133**

To the Board of Directors of
Chattanooga Neighborhood Enterprise, Inc.:

Compliance

We have audited the compliance of Chattanooga Neighborhood Enterprise, Inc. with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the years ended June 30, 2012 and 2011. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audits.

We conducted our audits of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinion. Our audits do not provide a legal determination of the Organization's compliance with those requirements.

In our opinion, Chattanooga Neighborhood Enterprise, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2012 and 2011.

Internal Control over Compliance

The management of Chattanooga Neighborhood Enterprise, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audits, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the Board of Directors, management and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.


March 13, 2013

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2012

Section I – Summary of Auditor’s Results

Financial Statements

Type audit report issued on financial statements of auditee: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? _____yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ yes X none reported

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
CFDA 14.218	CDBG – Entitlement Grant
CFDA 14.239	HOME Investment Partnership Grant
CFDA 21.000	NRC Expendable and capital grants

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes _____ no

Section II – Financial Statement Findings

There were no financial statement findings for the year ended June 30, 2012.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings for the year ended June 30, 2012.

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES
SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2012

Section I – Summary of Auditor’s Results

Financial Statements

Type audit report issued on financial statements of auditee: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? _____yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ yes X none reported

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
CFDA 14.218	CDBG – Entitlement Grant
CFDA 14.239	HOME Investment Partnership Grant
CDFA 81.042	Weatherization Assistance for Low-Income Persons

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes _____ no

Section II – Financial Statement Findings

There were no financial statement findings for the year ended June 30, 2011.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings for the year ended June 30, 2011.

SUPPLEMENTARY INFORMATION

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION - CARE BALANCE SHEETS

June 30, 2012

	<u>CARE II</u>	<u>CARE III</u>	<u>CARE IV</u>	<u>CARE V</u>	<u>CARE VI</u>	<u>CARE VII</u>	<u>ROBINSON</u>	<u>TOTAL</u>
ASSETS								
CURRENT ASSETS								
Cash and cash equivalents	\$ 5,381	\$ -	\$ -	\$ 71	\$ 51	\$ -	\$ 32	\$ 5,535
Accounts receivable	-	-	-	-	-	-	12,712	12,712
Due from affiliates	19,734	2,040	287	364	-	-	-	22,425
Due from Operating Partnerships	<u>356,845</u>	<u>120,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>647,141</u>	<u>1,124,242</u>
Total current assets	381,960	122,296	287	435	51	-	659,885	1,164,914
NONCURRENT ASSETS								
Investments in Operating Partnerships	-	-	-	152,334	-	-	-	152,334
Stock subscription receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,334</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>153,334</u>
Total assets	<u>\$ 381,960</u>	<u>\$ 122,296</u>	<u>\$ 287</u>	<u>\$ 152,769</u>	<u>\$ 51</u>	<u>\$ 1,000</u>	<u>\$ 659,885</u>	<u>\$ 1,318,248</u>
LIABILITIES AND CAPITAL								
CURRENT LIABILITIES								
Accounts payable and accrued expenses	\$ 331	\$ 975	200	\$ 2,339	\$ 200	\$ 300	\$ 3,791	\$ 8,136
Accounts payable, affiliates	<u>86,020</u>	<u>7,627</u>	<u>13,246</u>	<u>3,161</u>	<u>1,542</u>	<u>3,770</u>	<u>39,597</u>	<u>154,963</u>
Total current liabilities	86,351	8,602	13,446	5,500	1,742	4,070	43,388	163,099
NONCURRENT LIABILITIES								
Notes payable, affiliates	356,845	120,256	-	-	-	-	-	477,101
Investments in Operating Partnerships	<u>1,561,714</u>	<u>578,146</u>	<u>160,176</u>	<u>-</u>	<u>321,475</u>	<u>17</u>	<u>192,783</u>	<u>2,814,311</u>
Total noncurrent liabilities	<u>1,918,559</u>	<u>698,402</u>	<u>160,176</u>	<u>-</u>	<u>321,475</u>	<u>17</u>	<u>192,783</u>	<u>3,291,412</u>
Total liabilities	2,004,910	707,004	173,622	5,500	323,217	4,087	236,171	3,454,511
Capital:								
Capital stock	536,000	161,000	168,000	381,999	30,000	1,000	-	1,277,999
Unappropriated retained earnings	<u>(2,158,950)</u>	<u>(745,708)</u>	<u>(341,335)</u>	<u>(234,730)</u>	<u>(353,166)</u>	<u>(4,087)</u>	<u>(973,426)</u>	<u>(4,811,402)</u>
Total capital	<u>(1,622,950)</u>	<u>(584,708)</u>	<u>(173,335)</u>	<u>147,269</u>	<u>(323,166)</u>	<u>(3,087)</u>	<u>(973,426)</u>	<u>(3,533,403)</u>
Partners' capital	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,397,140</u>	<u>1,397,140</u>
Total liabilities and capital	<u>\$ 381,960</u>	<u>\$ 122,296</u>	<u>\$ 287</u>	<u>\$ 152,769</u>	<u>\$ 51</u>	<u>\$ 1,000</u>	<u>\$ 659,885</u>	<u>\$ 1,318,248</u>

See report of independent auditors

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION - CARE BALANCE SHEETS
June 30, 2011

	<u>CARE II</u>	<u>CARE III</u>	<u>CARE IV</u>	<u>CARE V</u>	<u>CARE VI</u>	<u>CARE VII</u>	<u>ROBINSON</u>	<u>TOTAL</u>
ASSETS								
CURRENT ASSETS								
Cash and cash equivalents	\$ 5,381	\$ -	\$ -	\$ 71	\$ 51	\$ -	\$ 32	\$ 5,535
Accounts receivable	-	-	-	-	-	-	12,712	12,712
Due from affiliates	19,734	2,040	287	364	-	-	-	22,425
Due from Operating Partnerships	<u>356,845</u>	<u>120,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>647,141</u>	<u>1,124,242</u>
Total current assets	381,960	122,296	287	435	51	-	659,885	1,164,914
NONCURRENT ASSETS								
Investments in Operating Partnerships	-	-	-	151,878	-	-	-	151,878
Stock subscription receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,878</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>152,878</u>
Total assets	<u>\$ 381,960</u>	<u>\$ 122,296</u>	<u>\$ 287</u>	<u>\$ 152,313</u>	<u>\$ 51</u>	<u>\$ 1,000</u>	<u>\$ 659,885</u>	<u>\$ 1,317,792</u>
LIABILITIES AND CAPITAL								
CURRENT LIABILITIES								
Accounts payable and accrued expenses	\$ 728	\$ 635	100	\$ 1,969	\$ 100	\$ 100	\$ 3,791	\$ 7,423
Accounts payable, affiliates	<u>84,932</u>	<u>6,308</u>	<u>14,575</u>	<u>3,461</u>	<u>1,982</u>	<u>1,817</u>	<u>38,597</u>	<u>151,672</u>
Total current liabilities	85,660	6,943	14,675	5,430	2,082	1,917	42,388	159,095
NONCURRENT LIABILITIES								
Notes payable, affiliates	356,846	120,256	-	-	-	-	-	477,102
Investments in Operating Partnerships	<u>1,562,903</u>	<u>578,303</u>	<u>160,473</u>	<u>-</u>	<u>317,917</u>	<u>577</u>	<u>193,252</u>	<u>2,813,425</u>
Total noncurrent liabilities	<u>1,919,749</u>	<u>698,559</u>	<u>160,473</u>	<u>-</u>	<u>317,917</u>	<u>577</u>	<u>193,252</u>	<u>3,290,527</u>
Total liabilities	2,005,409	705,502	175,148	5,430	319,999	2,494	235,640	3,449,622
Capital:								
Capital stock	536,000	161,000	168,000	381,999	30,000	1,000	-	1,277,999
Unappropriated retained earnings	<u>(2,159,449)</u>	<u>(744,206)</u>	<u>(342,861)</u>	<u>(235,116)</u>	<u>(349,948)</u>	<u>(2,494)</u>	<u>(972,895)</u>	<u>(4,806,969)</u>
Total capital	<u>(1,623,449)</u>	<u>(583,206)</u>	<u>(174,861)</u>	<u>146,883</u>	<u>(319,948)</u>	<u>(1,494)</u>	<u>(972,895)</u>	<u>(3,528,970)</u>
Partners' capital	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,397,140</u>	<u>1,397,140</u>
Total liabilities and capital	<u>\$ 381,960</u>	<u>\$ 122,296</u>	<u>\$ 287</u>	<u>\$ 152,313</u>	<u>\$ 51</u>	<u>\$ 1,000</u>	<u>\$ 659,885</u>	<u>\$ 1,317,792</u>

See report of independent auditors

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION - OPERATING PARTNERSHIPS BALANCE SHEETS
June 30, 2012

	<u>CAHLP II</u>	<u>CAHLP III</u>	<u>CAHLP V</u>	<u>CAHLP VII</u>	<u>ROBINSON APARTMENTS</u>	<u>TOTAL</u>
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ (1,882)	\$ (1,945)	\$ 7,205	\$ (6,150)	\$ 93,261	\$ 90,489
Accounts receivable	420	7,942	966	454	102,633	112,415
Prepaid expenses	4,083	2,999	3,105	3,558	3,108	16,853
Deposits held in trust	8,164	4,073	43,589	38,470	28,937	123,233
	<u>10,785</u>	<u>13,069</u>	<u>54,865</u>	<u>36,332</u>	<u>227,939</u>	<u>342,990</u>
NONCURRENT ASSETS						
Property and equipment at cost:						
Land	40,000	18,461	15,341	103,572	-	177,374
Property held for sale	-	-	-	-	-	-
Rental property	-	-	462,425	591,428	1,550,630	2,604,483
Furniture and fixtures	-	-	-	-	-	-
Less accumulated depreciation	-	-	(126,714)	(92,939)	(309,380)	(529,033)
Property and equipment, net	40,000	18,461	351,052	602,061	1,241,250	2,252,824
Other assets, net	2,572	1,112	-	8,980	10,809	23,473
	<u>42,572</u>	<u>19,573</u>	<u>351,052</u>	<u>611,041</u>	<u>1,252,059</u>	<u>2,276,297</u>
Total noncurrent assets	<u>42,572</u>	<u>19,573</u>	<u>351,052</u>	<u>611,041</u>	<u>1,252,059</u>	<u>2,276,297</u>
Total assets	<u>\$ 53,357</u>	<u>\$ 32,642</u>	<u>\$ 405,917</u>	<u>\$ 647,373</u>	<u>\$ 1,479,998</u>	<u>\$ 2,619,287</u>
LIABILITIES AND PARTNERS' CAPITAL						
CURRENT LIABILITIES						
Accounts payable and accrued expenses	\$ 28,095	\$ 18,995	\$ 17,705	\$ 14,876	\$ 135,629	\$ 215,300
Accounts payable, affiliates	447,232	170,404	4,887	91,054	653,209	1,366,786
Tenant security deposits	7,450	1,450	3,745	4,423	48,301	65,369
Prepaid rent	872	62	779	1,929	-	3,642
	<u>483,649</u>	<u>190,911</u>	<u>27,116</u>	<u>112,282</u>	<u>837,139</u>	<u>1,651,097</u>
Total current liabilities	<u>483,649</u>	<u>190,911</u>	<u>27,116</u>	<u>112,282</u>	<u>837,139</u>	<u>1,651,097</u>
NONCURRENT LIABILITIES						
Notes payable, affiliates	363,136	145,634	17,306	238,094	-	764,170
Deferred development fees	16,772	-	-	-	-	16,772
Interest rate swap obligation	12,705	-	-	-	-	12,705
Long-term debt	840,944	326,690	266,914	419,561	874,149	2,728,258
	<u>1,233,557</u>	<u>472,324</u>	<u>284,220</u>	<u>657,655</u>	<u>874,149</u>	<u>3,521,905</u>
Total noncurrent liabilities	<u>1,233,557</u>	<u>472,324</u>	<u>284,220</u>	<u>657,655</u>	<u>874,149</u>	<u>3,521,905</u>
Total liabilities	<u>1,717,206</u>	<u>663,235</u>	<u>311,336</u>	<u>769,937</u>	<u>1,711,288</u>	<u>5,173,002</u>
Partners' capital	<u>(1,663,849)</u>	<u>(630,593)</u>	<u>94,581</u>	<u>(122,564)</u>	<u>(231,290)</u>	<u>(2,553,715)</u>
Total liabilities and partners' capital	<u>\$ 53,357</u>	<u>\$ 32,642</u>	<u>\$ 405,917</u>	<u>\$ 647,373</u>	<u>\$ 1,479,998</u>	<u>\$ 2,619,287</u>

See report of independent auditors

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION - OPERATING PARTNERSHIPS BALANCE SHEETS
 June 30, 2011

	CAHLP II	CAHLP III	CAHLP IV	CAHLP V	CAHLP VI	CAHLP VII	ROBINSON APARTMENTS	TOTAL
ASSETS								
CURRENT ASSETS								
Cash and cash equivalents	\$ 7,371	\$ 14,516	\$ 3,640	\$ 7,383	\$ 5,488	\$ 3,200	\$ 82,180	\$ 123,778
Accounts receivable	412	1,419	-	491	-	156	100,998	103,476
Prepaid expenses	3,124	2,398	-	2,121	-	2,976	2,377	12,996
Deposits held in trust	10,329	10,870	2,962	47,874	1,161	51,742	51,886	176,824
Total current assets	21,236	29,203	6,602	57,869	6,649	58,074	237,441	417,074
NONCURRENT ASSETS								
Property and equipment at cost:								
Land	40,000	18,461	-	15,341	-	103,572	-	177,374
Property held for sale	-	-	-	-	-	-	-	-
Rental property	-	-	-	462,425	-	591,428	1,550,630	2,604,483
Furniture and fixtures	-	-	-	-	-	-	-	-
Less accumulated depreciation	-	-	-	(105,348)	-	(76,041)	(254,104)	(435,493)
Property and equipment, net	40,000	18,461	-	372,418	-	618,959	1,296,526	2,346,364
Other assets, net	8,057	3,344	-	171	-	10,977	10,809	33,358
Total noncurrent assets	48,057	21,805	-	372,589	-	629,936	1,307,335	2,379,722
Total assets	\$ 69,293	\$ 51,008	\$ 6,602	\$ 430,458	\$ 6,649	\$ 688,010	\$ 1,544,776	\$ 2,796,796
LIABILITIES AND PARTNERS' CAPITAL								
CURRENT LIABILITIES								
Accounts payable and accrued expenses	\$ 21,285	\$ 16,475	\$ -	\$ 4,747	\$ -	\$ 14,020	\$ 135,846	\$ 192,373
Accounts payable, affiliates	391,884	158,058	11,000	28,918	-	77,696	647,141	1,314,697
Tenant security deposits	9,000	3,250	-	3,238	-	5,715	45,779	66,982
Deferred revenue	-	-	152,427	-	-	-	-	152,427
Prepaid rent	4,494	1,140	-	1,354	-	1,963	900	9,851
Total current liabilities	426,663	178,923	163,427	38,257	-	99,394	829,666	1,736,330
NONCURRENT LIABILITIES								
Notes payable, affiliates	355,209	146,500	-	17,306	-	235,919	-	754,934
Deferred development fees	16,772	-	-	-	-	-	-	16,772
Interest rate swap obligation	62,707	-	-	-	-	-	-	62,707
Long-term debt	858,329	337,845	11,000	257,490	-	432,894	922,117	2,819,675
Total noncurrent liabilities	1,293,017	484,345	11,000	274,796	-	668,813	922,117	3,654,088
Total liabilities	1,719,680	663,268	174,427	313,053	-	768,207	1,751,783	5,390,418
Partners' capital	(1,650,387)	(612,260)	(167,825)	117,405	6,649	(80,197)	(207,007)	(2,593,622)
Total liabilities and partners' capital	\$ 69,293	\$ 51,008	\$ 6,602	\$ 430,458	\$ 6,649	\$ 688,010	\$ 1,544,776	\$ 2,796,796

See report of independent auditors

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION - OPERATING PARTNERSHIPS STATEMENTS OF OPERATIONS

For the year ended June 30, 2012

	<u>CAHLP II</u>	<u>CAHLP III</u>	<u>CAHLP V</u>	<u>CAHLP VII</u>	<u>ROBINSON APARTMENTS</u>	<u>TOTAL</u>
REVENUES						
Gross residential rental income	\$ 248,574	\$ 139,275	\$ 85,701	\$ 126,085	\$ 224,134	\$ 823,769
Less: vacancies	41,100	37,063	32,110	12,846	-	123,119
Net residential rental income	<u>207,474</u>	<u>102,212</u>	<u>53,591</u>	<u>113,239</u>	<u>224,134</u>	<u>700,650</u>
Commercial rental income	27,600	-	-	-	-	27,600
Interest income	-	6	-	1	21	28
Unrealized gain on interest rate swap	92,723	-	-	-	-	92,723
Other income	<u>3,694</u>	<u>5,123</u>	<u>896</u>	<u>1,515</u>	<u>6,140</u>	<u>17,368</u>
 Total revenues	 <u>331,491</u>	 <u>107,341</u>	 <u>54,487</u>	 <u>114,755</u>	 <u>230,295</u>	 <u>838,369</u>
 EXPENSES						
General and administrative	25,606	7,282	1,743	11,275	20,491	66,397
Repairs and maintenance	57,428	24,805	8,827	23,265	33,100	147,425
Insurance	4,980	3,761	3,532	4,594	-	16,867
Property taxes	35,452	22,810	11,035	23,170	44,001	136,468
Utilities	76,443	18,650	8,398	19,648	17,970	141,109
Professional fees	4,992	6,729	3,807	11,891	4,757	32,176
Management fees	18,940	8,286	3,904	9,226	26,441	66,797
Depreciation	-	-	21,366	16,898	55,273	93,537
Amortization	5,485	2,232	171	1,997	-	9,885
Interest expense	<u>72,635</u>	<u>31,666</u>	<u>14,557</u>	<u>35,157</u>	<u>52,539</u>	<u>206,554</u>
 Total expenses	 <u>301,961</u>	 <u>126,221</u>	 <u>77,340</u>	 <u>157,121</u>	 <u>254,572</u>	 <u>917,215</u>
 Net income (loss)	 <u>\$ 29,530</u>	 <u>\$ (18,880)</u>	 <u>\$ (22,853)</u>	 <u>\$ (42,366)</u>	 <u>\$ (24,277)</u>	 <u>\$ (78,846)</u>

See report of independent auditors

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION - OPERATING PARTNERSHIPS STATEMENTS OF OPERATIONS
For the year ended June 30, 2011

	<u>CAHLP II</u>	<u>CAHLP III</u>	<u>CAHLP IV</u>	<u>CAHLP V</u>	<u>CAHLP VI</u>	<u>CAHLP VII</u>	<u>ROBINSON APARTMENTS</u>	<u>TOTAL</u>
REVENUES								
Gross residential rental income	\$ 350,393	\$ 208,915	\$ 61,504	\$ 130,661	\$ 39,828	\$ 196,540	\$ 277,243	\$ 1,265,084
Less: vacancies	56,467	29,797	18,007	40,702	15,667	13,937		174,577
Net residential rental income	293,926	179,118	43,497	89,959	24,161	182,603	277,243	1,090,507
Commercial rental income	41,475	-	-	-	-	-	24,279	65,754
Interest income	64	8	-	-	-	8	-	80
Gain on sale of property and equipment	-	-	-	-	379,490	-	-	379,490
Unrealized gain on interest rate swap	42,721	-	-	-	-	-	-	42,721
Other income	4,332	1,371	737	1,117	520	2,473	2,334	12,884
Total revenues	382,518	180,497	44,234	91,076	404,171	185,084	303,856	1,591,436
EXPENSES								
General and administrative	31,349	22,696	4,592	12,893	1,677	19,389	30,648	123,244
Repairs and maintenance	91,418	50,531	16,227	26,648	6,181	39,634	39,673	270,312
Insurance	11,334	3,558	2,729	4,231	1,344	5,139	-	28,335
Property taxes	53,052	32,373	14,279	18,215	8,568	32,746	63,422	222,655
Utilities	108,976	23,130	1,130	9,597	2,638	21,111	18,843	185,425
Professional fees	22,017	12,992	14,648	15,728	10,921	25,652	12,687	114,645
Management fees	26,949	14,067	3,524	7,441	2,125	14,909	2,139	71,154
Asset management fees	7,009	3,775	2,450	3,726	4,600	-	-	21,560
Depreciation	-	-	6,667	34,962	-	25,347	77,898	144,874
Amortization	8,736	3,415	327	293	233	2,994	-	15,998
Interest expense	111,103	48,601	7,380	25,830	10,100	54,580	107,888	365,482
Total expenses	471,943	215,138	73,953	159,564	48,387	241,501	353,198	1,563,684
Net income (loss)	\$ (89,425)	\$ (34,641)	\$ (29,719)	\$ (68,488)	\$ 355,784	\$ (56,417)	\$ (49,342)	\$ 27,752

See report of independent auditors

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES
SCHEDULES OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS
For the year ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	(Accrued) Deferred Grant Revenue June 30, 2011	Grant Revenue Received	Expenditures	(Accrued) Deferred Grant Revenue June 30, 2012
FEDERAL GRANTS						
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Passed through the City of Chattanooga, Tennessee:						
Community Development Block Grants - Entitlement Grant	14.218	B00MC470001	\$ (72,711)	\$ 528,503	\$ 728,110	\$ (272,318)
HOME Investment Partnership Grant	14.239	M00MC470200	<u>297,630</u>	<u>513,173</u>	<u>374,404</u>	<u>436,399</u>
Total U.S. Department of Housing and Urban Development			224,919	1,041,676	1,102,514	164,081
U.S. DEPARTMENT OF ENERGY						
Passed through the State of Tennessee:						
Weatherization Assistance for Low-Income Persons	81.042	DE-EE0000114	(13,662)	441,544	451,072	(23,190)
NEIGHBORHOOD REINVESTMENT CORPORATION						
Expendable and capital grants	21.000	Public Law 105-65	<u>2,000</u>	<u>100,000</u>	<u>-</u>	<u>102,000</u>
TOTALS			<u>\$ 213,257</u>	<u>\$ 1,583,220</u>	<u>\$ 1,553,586</u>	<u>\$ 242,891</u>

See report of independent auditors and note to schedules of expenditures of federal awards

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES
SCHEDULES OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS
For the year ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	(Accrued) Deferred Grant Revenue June 30, 2010	Grant Revenue Received	Expenditures	(Accrued) Deferred Grant Revenue June 30, 2011
FEDERAL GRANTS						
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Passed through the City of Chattanooga, Tennessee:						
Community Development Block Grants - Entitlement Grant	14.218	B00MC470001	\$ (66,229)	\$ 721,819	\$ 728,301	\$ (72,711)
HOME Investment Partnership Grant	14.239	M00MC470200	<u>324,596</u>	<u>500,781</u>	<u>527,747</u>	<u>297,630</u>
Total U.S. Department of Housing and Urban Development			258,367	1,222,600	1,256,048	224,919
U.S. DEPARTMENT OF ENERGY						
Passed through the State of Tennessee:						
Weatherization Assistance for Low-Income Persons	81.042	DE-EE0000114	-	3,053,291	3,066,953	(13,662)
NEIGHBORHOOD REINVESTMENT CORPORATION						
Expendable and capital grants	21.000	Public Law 105-65	<u>58,572</u>	<u>153,500</u>	<u>210,072</u>	<u>2,000</u>
TOTALS			<u>\$ 316,939</u>	<u>\$ 4,429,391</u>	<u>\$ 4,533,073</u>	<u>\$ 213,257</u>

See report of independent auditors and note to schedules of expenditures of federal awards

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES
NOTE TO SCHEDULES OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS
June 30, 2012 and 2011

Basis of presentation

The accompanying schedules of expenditures of federal financial awards include the federal grant activity of the Organization and are presented on the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements. Expenditures in the Schedules of Expenditures of Federal Financial Awards include items, which have been capitalized as well as expensed in the accompanying consolidated financial statements.

CHATTANOOGA NEIGHBORHOOD ENTERPRISE 2014 BOARD OF DIRECTORS

	Name	Title	Company - Organization	Mailing Address	Phone	Email	Years of Service
1.	John Bilderback	Director	Chattanooga-Hamilton County Health Department	921 E. 3rd Street Chattanooga, TN 37403	423-209-8249 /Work 423-432-3069/Cell	jbilderback@me.com	1
2.	John Bridger	Chairman	Chattanooga-Hamilton County Regional Planning Agency	1250 Market Street Chattanooga, TN 37402	423-757-5216/Work 423-593-6845/Cell	jbridger89@gmail.com	2
3.	David Elliott	Treasurer	Grant Konvalinka & Harrison, P.C.	633 Chestnut Street Republic Centre, Ninth Floor Chattanooga, TN 37450	423-756-8400/Work 423-838-9088	delliott@gkhpc.com	3
4.	Trip Farmer	Director	Henderson Hutcherson & McCullough, PLLC	1200 Market Street Chattanooga, TN 37402	423-756-7771/Work 423-702-8148/Cell	tfarmer@hmcpcas.com	2
5.	Paul Green	Director	Hope for the Inner City	P.O. Box 11584 Chattanooga, TN 37401	423-698-3178 ext. 104/Work	pgreen@hope4theinnercity.org	1
6.	Yusef Hakeem	Director	City of Chattanooga City Council - District 9	1000 Lindsay Street Chattanooga, TN 37402	423-757-5367/Work 423-883-7605/Cell	hakeem_y@chattanooga.gov	0
7.	Mai Bell Hurley	Director	Community Volunteer	1068 Constitution Drive Chattanooga, TN 37405	423-266-0224/Home 423-902-3352/Cell	maibellh@comcast.net	3
8.	Stephen Johnson	Director	Erlanger Health System	975 E. 3rd Street, Suite B-708 Chattanooga, TN 37403	423-778-4733/Work 309-9634/Cell	stephen.johnson@erlanger.org	4
9.	Sumner McCallie	Director	McCallie School	500 Dodds Avenue Chattanooga, TN 37404	423-493-5696/Work 423-667-4649/Cell	smccalli@mccallie.org	1
10.	Linda Mosley	Secretary	Regions Bank	20 N. Ocoee Street Cleveland, TN 37311	423-309-1176/Cell	lkmosley@gmail.com	1
11.	Peter Murphy	Director	McCarthy Murphy & Preslar, P.C.	1232 Premier Drive, Suite 300 Chattanooga, TN 37421	423-757-9500/Work 423-432-7837/Cell	pmurphy@disabilityfirm.us	2
12.	Eric Myers	Director	Elemi	1431 Market Street, Suite One Chattanooga, TN 37402	423-648-7644/Work 423-774-2913/Cell	emyers@elemiarchitects.com	1
13.	Marco Perez	Director	The Chalmers Center	507 McFarland Road, Suite B Lookout Mtn., GA 30750	423-402-0247/Cell	marco.perez@chalmers.org	0
14.	Ralph Woodard	Vice Charman	Blue Cross Blue Shield	1 Cameron Hill Circle Chattanooga, TN 37402	423-535-5192/Work 423-504-4571/Cell	ralph_woodard@bcbst.com	1



City of Chattanooga

FY15 Offers

OFFER SUMMARY

Offer Name:	Building Stronger Neighborhoods
Lead Agency:	Chattanooga Neighborhood Enterprise, Inc.
Collaborating City Department(s):	Economic and Community Development
Contact Name:	Martina Guilfoil
Primary Results Area:	Building Stronger Neighborhoods
Offer Cost (Funding Request):	\$580,675

RESULTS AREAS

Healthy Residential Markets

DETAILS

Description: *(What is the service/program? How will it be provided? What innovation & sustainability practice does this leverage? What difference does this offer make and how will we know? Make a compelling case for your offer.)*

Chattanooga Neighborhood Enterprise and the City of Chattanooga have partnered for community impact since 1986. CNE was created to extend the City's ability to remediate blighted housing, create new affordable housing through homeownership and rentals, and build stronger neighborhoods by leading the market through investment activities and engaging residents in the community. CNE's offer provides core services with 11 FTE's that align with the Mayor's vision of Building Stronger Neighborhoods/Residential Markets with the specific outcomes of increasing housing affordability and reducing blight in the city of Chattanooga.

Core Services

Affordable Housing: CNE offers housing and lending programs that promote affordability, a crucial issue given the RPA's recent Housing Study that indicated approximately 77% of Chattanooga households with incomes of less than \$20,000 and 51% of households with income of \$20,000 - \$34,999 are housing cost burdened. Cost burdened means households pay more than 30% of their income towards housing. By providing affordable housing in Chattanooga, the City is able to help these residents find suitable housing and also attract a more diverse workforce, especially to optimize the City's investment into high speed internet.

- Homeownership. Homeownership is an important tool in promoting neighborhood stabilization and housing affordability. Studies have linked homeownership with improved health and school performance for children, increased civic engagement and volunteering, reduced crime, and higher lifetime wealth. CNE promotes homeownership through its down payment assistance loan program and pre-purchase education and counseling. Homeownership is a practical affordable housing strategy in Chattanooga. According to the RPA's Housing Study, 84% of the houses in the Chattanooga Metropolitan Area (MSA) in 3rd Q12 were affordable for a family with the median family income of \$57,800. Given these statistics, CNE is expanding its homeownership efforts to achieve greater scale. Over the past several years CNE has created approximately 20 new homebuyers per year using City HOME funds for down payment assistance. In FY15 CNE is projecting to double that number by changing the program guidelines. In addition, CNE will create a minimum of 36 additional homebuyers using conventional, FHA or THDA loan products. This will more than triple the number of homebuyers from FY14 to 66. In addition, this strategy will assist first time buyers in a range of incomes to become home owners.
- Home Improvement. CNE helps maintain housing affordability for existing low income homeowners through the



City of Chattanooga

FY15 Offers

home improvement loan program. The program enables the most vulnerable in our community to remain in their homes by undertaking critical home repairs that create safe and healthy homes and reduces blighted housing conditions in neighborhoods. The program offers no payment or very low interest rate loans by using \$250,000 of City CDBG funds. By managing the contracting process for the homeowner, CNE also takes the complexity and risk out of the process. Also, for most low income homeowners the only option for repairs is through an insurance claim, ultimately resulting in high insurance costs or cancelled insurance policies. With a home improvement loan, the borrower saves money and continues their homeowner's insurance policy.

A review of the 2012 HMDA (Home Mortgage Disclosure Act) data report provides alarming insight into the importance of CNE's home improvement program in providing an unmet credit need in Chattanooga. The following chart highlights the approvals and denials of home improvement loans for the Chattanooga MSA.

Home Improvement Lending 2012 HMDA

Income	Received	Approved	%	Denied	%
Less than 50% AMI	384	132	34.38%	208	54.17%
White	262	117	44.66%	126	48.09%
Black	90	13	14.44%	76	84.44%
50-79% AMI	387	168	43.41%	194	50.13%
White	307	156	50.81%	132	43.00%
Black	47	6	12.77%	39	82.98%
Over 80% AMI	606	322	53.14%	213	35.15%
White	504	290	57.54%	161	31.94%
Black	38	10	26.32%	35	92.11%

This data shows startling lending patterns. First and foremost, the home improvement lending data shows that over 50% of low income applicants are denied loans in the conventional marketplace. More profound is that the denial rate jumps to 83.71% for African Americans. This means that every six of seven African American applicants are denied home improvement loans in the conventional marketplace. In other words, they are not served. In 2012 CNE's overall denial rate was only 21% and 23% to African Americans – less than a third of the conventional market. In fact, 72.2% of CNE's home improvement loans were made to African Americans. This data shows the importance of CNE's home improvement lending program in serving not only low income families but particularly the African American community.

This data also shows that 92.11% of African Americans over 80% AMI are denied loans. To address this disparity, as part of its loan expansion efforts, CNE will be offering FHA Title I and 203k loans in FY15 in order to achieve greater impact in improving the existing housing stock in Chattanooga and helping homeowners access the credit they need to undertake needed improvements.

- Pre-purchase education. Numerous studies including those by NeighborWorks® America, Freddie Mac, HUD and



City of Chattanooga

FY15 Offers

Harvard's Joint Center for Housing, shows compelling evidence that pre-purchase counseling produces a 30% reduction in serious delinquency over the two years following loan origination. This has a measurable impact on the community as other studies have shown that each prevented foreclosure saves the community \$70,000 in direct and social costs.

Pre-purchase counseling provides financial counseling that has been shown to have a positive impact on improving financial capabilities through budget management, saving, credit, the loan process, shopping for a home, working with lenders and realtors as well as post-purchase information on preserving and maintaining your investment. CNE's pre purchase counseling enables borrowers to overcome barriers in buying a home. The 2012 HMDA data report for the Chattanooga MSA shows that 54% of low income borrowers were denied a loan due to their credit history and 41% were denied due to excessive debt. 8% had insufficient cash. These issues are addressed and overcome through CNE's pre-purchase counseling and down payment assistance program. Another benefit of counseling is that homeowners understand mortgage products and can avoid risky loan products such as adjustable rate notes and balloon notes. In FY14 CNE is projected to serve 276 people. CNE is projecting to increase its pre purchase customers 23% to serve 360 in FY15.

- Foreclosure prevention counseling. Preventing a foreclosure is critical to stabilizing both families and neighborhoods. Foreclosed and vacant homes have a debilitating effect on neighborhoods resulting in blight, neighborhood decay and reduced property values. CNE's foreclosure prevention program helps homeowners at risk of foreclosure obtain loan modifications or refinancing, which results in increased affordability by removing disadvantageous terms and payments. On average, homeowners who receive a modification reduce their payments by \$170 per month. Additionally, CNE's program greatly influences the ability of a borrower to attain a positive outcome once they enter the foreclosure process. The *National Foreclosure Mitigation Counseling Program Evaluation, December 2012. Eighth Congressional Report* reported that counseled borrowers were twice as likely to receive a loan modification through foreclosure prevention counseling and 67% more likely to remain current on their mortgage 9 months after receiving a loan modification than non-counseled borrowers. Also, according to a 2012 HUD study, 70% of borrowers who became current through counseling were still in their homes and current 18 months later. CNE has prevented 936 foreclosures in the city of Chattanooga thus far. While fortunately the number of foreclosures has diminished over the past year, CNE is still averaging between 15 and 20 intakes per week of people seeking assistance to avoid foreclosure. In FY15 CNE projects to help a minimum of 250 people avoid foreclosure.
- Rental Housing. CNE currently owns 28 income-restricted affordable rental units in Chattanooga. Recognizing that there is a huge need for more affordable rental housing and more affordable housing developers in the marketplace, CNE will become more aggressive to meet this unmet need. CNE plans to add a minimum of 10 units to its affordable rental portfolio in FY15. This will be accomplished by turning some of CNE's REO into rentals as well as through the purchase/rehab of existing housing stock and new construction slated for Highland Park.

Blight removal: CNE has led numerous intervention efforts to eliminate blight and strengthen the neighborhood real estate market. The redevelopment of the Southside, Orchard Knob, and Bushtown are among the most notable. CNE uses its full arsenal of tools to turn empty lots, buildings and dilapidated housing back into places that display pride of ownership. Land banking, homeownership, housing rehab, foreclosure prevention, and housing development programs are some of CNE's tools. CNE also works with the City's Code Enforcement Department to eradicate blight. Going back to its roots of transforming neighborhoods, CNE is currently leading an effort to transform 32 vacant and/or dilapidated properties surrounding Tennessee Temple into mixed income (both affordable and market rate) housing. Through this process CNE will build the confidence of the surrounding homeowners and investors to invest in the area as well. Indeed, neighborhood revitalization efforts can go far beyond stabilization to also have an impact on private sector home improvement spending. It is thought that when the amount of home improvement activity in a given neighborhood is high or rising, individual homeowners see their house values rise and are thus more likely to invest in their properties themselves. In fact, previous research by the Joint Center Remodeling Futures Program found evidence of this



City of Chattanooga

FY15 Offers

“neighborhood effect” in which home prices appreciated more in neighborhoods with higher remodeling spending overall, regardless of individual spending levels. This becomes a snowball effect for others to show pride of ownership in the neighborhood and is a proven blight reducing strategy. In addition to the 32 properties, CNE intends to actively seek out dilapidated and/or vacant homes in the surrounding area for intervention. Additional remediation efforts will include providing home improvement loans to homeowners, acquiring/rehabbing/selling homes to first time homebuyers and acquiring, rehabbing and providing affordable rentals.

In addition to its work in Highland Park, CNE is facilitating the neighborhood planning effort in St. Elmo. Working in partnership and with grant funds from the Lynhurst and Benwood Foundations, the community is creating a vision for the commercial core of St. Elmo as well as ways to better connect the area with Alton Park, the Riverwalk and Lookout Mountain. CNE will continue this work in FY15 with its efforts shifting to implementation of the plan.

Neighborhood Leadership: In FY15 CNE will continue its active partnerships with the Highland Park and Ridgedale neighborhood associations. CNE will send 10 resident leaders to attend the nationally acclaimed Community Leadership Institute (CLI), available exclusively through CNE as a member of the NeighborWorks® network. The CLI is a vehicle for learning and a forum for discussing community issues and sharing best practices and solutions to the problems faced by low- to moderate-income communities. Upon returning to Chattanooga, CLI participants will apply their new found skills by identifying and completing a project in their neighborhood. CNE will continue to build strategic partnerships and work closely with the City’s Civic Engagement Coordinators and neighborhood residents to develop a plan for the development of the parcels and area surrounding the Tennessee Temple.

Innovative place-based neighborhood revitalization models/Measurable Impact

In FY15, in an effort to achieve impact, CNE will focus its Neighborhood Engagement and Real Estate Lines of business on a revitalization and neighborhood building effort within the geographic boundaries of the Highland Park and Ridgedale neighborhoods. Innovative place-based neighborhood revitalization models are beginning to become best practices. Beyond Housing in St. Louis, Purpose Built Communities, the Living Cities’ Integration Initiative, HUD’s Choice Neighborhoods, and the White House Initiative for Neighborhood Revitalization are all examples of innovative models that are addressing community change in a holistic yet focused manner. CNE will draw upon these models to shape its efforts to increase impact in the focus area and deliver measurable outcomes. At the same time, CNE will spearhead an effort to define and adopt a collective impact community development model that can begin in FY16 (see Innovations offer).

The purpose of CNE’s approach is to go beyond transactional housing development activities to focus on comprehensive, market-driven, and sustainable neighborhood stabilization and revitalization, building healthier communities with strong social capital. CNE has already created a baseline database to measure its results. In the summer of 2013, NeighborWorks® America designed and funded a Community Impact Measurement survey that CNE and the residents of the Highland Park and Ridgedale neighborhoods conducted. The survey collected data on the physical condition of the area including a visual assessment of every block. It also surveyed almost 200 residents to assess residential satisfaction with quality of life, community and resident engagement, and participation in community organizations. The survey results will serve as the baseline for measuring neighborhood improvement in subsequent years.

CNE and NeighborWorks® America have committed to a minimum study period of 5 years, with the option to extend. This will enable CNE to evaluate the physical, economic, and social impact of our initiative on an annual basis, as well as over the long term through disciplined impact data collection and analysis.

Identify Which Desired Outcomes This Offer Impacts:

1. Increase housing affordability.
2. Reduce the number of blighted properties in the city.



City of Chattanooga

FY15 Offers

BUDGET REQUEST

Summary: (Please complete based on information contained in Attachment F)

Offer Name	Personnel Costs (including Benefits)	Operating Costs	Total Request	FTEs required
Building Stronger Neighborhoods	\$869,711	\$444,102	\$1,313,813	11

Capital Budget Impact? **Yes** **No** **\$Amount**

Financial Offsets: (Please list other revenues associated with the specific program for which funding is requested)

Name	Amount
Contributions	\$88,400
Grants	\$288,059
Program Income/Earnings	\$360,350

PERFORMANCE DATA

Measurement 1:

Cause or stimulate the visual improvement of 40 properties in the Highland Park and Ridgedale neighborhoods.

Historical Comparison Data? unavailable

Measurement 2:

Increase the numbers of first time homebuyers 340% from 15 to 66 by June 30, 2015

Historical Comparison Data?

2012 Actual	2013 Actual	2014 Projected	2015 Projected
27	41	20	66

Measurement 3:

Increase the percentage of residents in target area from 75% to 80% who would either definitely or probably recommend the community as a good place to live.

Historical Comparison Data? Not available. Baseline study completed in September 2013 which showed 75% of respondents stated they would definitely or probably recommend the community as a good place to live.



City of Chattanooga

FY15 Offers

Return on Investment:

How do citizens benefit?

CNE's efforts are designed to create sustainable communities with mixed-income housing, safe streets, and economic opportunity for all who live there. This benefits all the citizens of Chattanooga.

Does this activity leverage other financial resources?

In FY15 CNE estimates it will generate a minimum of \$8.4M of direct investment into Chattanooga neighborhoods. This includes CNE's lending activities using CDBG, HOME and conventional financing as well as its real estate development activities. This produces a direct return to the City of \$13.46 for every City dollar invested in CNE. However this leverage increases to \$15.73 when CNE's other operating funds from the Tennessee Housing Development Agency (THDA), foundation support, NeighborWorks® America, HUD funds, and program generated revenue are also included. Furthermore, when indirect leveraging is considered which takes into account the community cost savings of \$70,000 for every prevented foreclosure, it is estimated that City funds will be leveraged by an additional \$17.5M for a **total leverage of over \$25 Million.**

How does this activity decrease costs over time for the City?

Focusing our efforts on existing neighborhoods provides enormous economies and efficiencies to the city due to infrastructure costs in existing neighborhoods. Specifically, our blight removal and foreclosure prevention programs increase tax revenue to the city by improving or preserving the tax base. Additionally, vacant properties further strain municipal budgets and the resources of local police, fire, building, and health departments. Local governments are the first to field citizen calls about the hazards of vacant properties. Cities often respond by exercising their code enforcement authorities and abatement powers to clean up and secure the sites. By working with CNE, the City can help decrease costs overtime in these departments.

How can this program become sustainable without City funding?

CNE works in marginalized communities where private industry is not working and where there is little or no profit incentive to do so. Public funding is needed in order to promote new investment in business growth and job creation, affordable housing and homeownership, transportation and infrastructure, stores and services, schools and safety, environment and amenities, and all of the other features that generate, sustain, and enhance economic prosperity and quality of life for everyone. The solutions to urban problems will always require City funding. However, over the next few years, CNE will be focusing on growing its program revenues through its lending and development activities thus reducing the amount of operational funding it needs from the City.



City of Chattanooga

FY15 Offers

OFFER SUMMARY

Offer Name:	Outsourcing of Loan Servicing
Lead Agency:	Chattanooga Neighborhood Enterprise, Inc.
Collaborating City Department(s):	Finance and Administration, Economic and Community Development
Contact Name:	Martina Guilfoil
Primary Results Area:	High Performing Government, Essential Services
Offer Cost (Funding Request):	\$319,325

RESULTS AREAS

High Performing Government – Data-driven decision making, sound operations, outstanding customer service, resource management, and exceptional talent.

DETAILS

Description: *(What is the service/program? How will it be provided? What innovation & sustainability practice does this leverage? What difference does this offer make and how will we know? Make a compelling case for your offer.)*

SERVICE DESCRIPTION

Chattanooga Neighborhood Enterprise serves as the loan servicing arm of the City of Chattanooga. Loan servicing is an essential government service as CNE manages a portfolio of 1752 loans (representing 1295 customers), worth \$15.7 million which are classified as an asset on the City's balance sheet. Loans in the portfolio are originated to low income Chattanooga residents under the home improvement and down payment assistance programs that CNE operates using CDBG and HOME funds. Three different types of loans are originated—amortizing loans at a 0-2% interest rate; deferred loans, typically where payment is deferred for five years; and title transfer loans that are due upon transfer of title on the property. In 2013, the loan portfolio generated \$154,700 in interest earnings (profit) and \$704,000 in principal income back to the City. CNE originates approximately \$500,000 in new loans annually for a net growth in the portfolio of \$204,000. The program income generated through loan servicing is used to further the City's housing objectives identified in its Consolidated Plan and is a needed supplement to the shrinking CDBG and HOME funding allocation by the federal government. Effective management of this asset is vital to achieving a high performing government outcome.

In general, CNE's loan servicing activities include the following:

Customer Service — Includes activities associated with customer inquiry either via telephone or in person. Other duties include year-end processing, customer statements, updating customer records and handling assumptions, or non-default related modification requests.

Escrow — Includes activities associated with escrow analysis and payments associated with real estate taxes and insurance. Escrow analysis includes analyzing the borrower's escrow account to ensure that the payment is sufficient to pay all escrow items and handling escrow refunds. The tax function includes tax payments from escrow accounts, tax search for non-escrow accounts, tax service maintenance (check tax service reports, reconcile bills, and request payment), special assessments, and research. The insurance function includes insurance payments from escrow accounts, reviews for coverage on non-escrow accounts, force placing insurance when necessary, insurance claim processing, mail processing and research.

Default — Includes collections, loss mitigation (forbearance, modification, deed-in-lieu, short sale), foreclosures, bankruptcy and real estate owned functions required under the servicing agreement with the City. CNE provides reports to the City related to delinquent loans. The foreclosure function involves following state law. It also includes all claims processing. The bankruptcy function involves protecting the loan asset by monitoring bankruptcy actions, ensuring compliance with federal bankruptcy code, and ensuring property preservation of the property involved in the bankruptcy.



City of Chattanooga

FY15 Offers

action. The real estate owned function involves post-foreclosure sale activities, conveyance, property preservation and property management.

New Loan Set Up — Includes entering new loans on the servicing system.

Payoffs — Includes activities associated with payoffs and lien releases. This includes all of the activities relating to discharge, satisfaction and/or reconveyance of the mortgage/deed-of-trust upon payment in full of the mortgage loan.

City (Investor) Reporting — Includes accurately accounting for, reporting and remitting the payments to the City on a monthly basis.

Cashiering — Includes receiving and posting payments (on-site, ACH and mail), ensuring accurate application of the payments to the customers' accounts, the City's account, and the company's corporate accounts. Cashiering also includes payment processing for payoffs, daily system balancing, custodial accounting and research.

Servicing Technology — Includes personnel and all technology directly related to servicing, such as service bureau, vendor supported or proprietary systems.

Administration — Includes management and administrative staff who oversee the operations of the entire servicing department; record retention and retrieval; REO management; maintaining servicing policies and procedures; servicing compliance; and servicing performance measurement and strategy functions

INNOVATION AND SUSTAINABILITY

This offer is in support of the High Performing Government objective. CNE's outcomes toward meeting this objective include meeting all of the required regulatory requirements involving the consumer, increasing revenue by increasing loan collectability, reducing loan delinquencies, and improving the overall health of the loan portfolio.

Loan servicing operates in a heavily regulatory environment and requires specific expertise in order to comply with the rules. CNE must be aware of and comply with loan servicing regulatory standards established by the Dodd Frank Act and Consumer Financial Protection Bureau. New consumer protection rules went that into effect in January 2014 require additional disclosures and timeframes which must be followed. This increases pressure on staff to comply with the regulations while maintaining a high-touch servicing approach.

Due to the credit profile of the home improvement loan customers, the rehab loan portfolio would be considered to be subprime by industry standards. The down payment loan portfolio would parallel FHA standards. According to the Mortgage Banker Association, the loan delinquency rate (includes loans that are at least one payment past due but does not include loans in the process of foreclosure) for the third quarter of 2013 was 19.20% for subprime loans and 10.06 for FHA loans. The percent of loans in foreclosure was 8.99% for subprime and 3.36 for FHA loans. The current percent of CNE's delinquencies is lower at 18.40% for its subprime-like portfolio and 7.9% for its FHA-like portfolio.

In the past, the loan servicing department included two FTE's. This staffing level is half of that compared with industry standards. According to the Quarterly Mortgage Bankers Performance Report for Q1 2010, the average FTE can service 479 subprime loans. This number drops significantly to 175 loans per FTE to focus on resolution of distressed loans that avoid foreclosure. CNE is currently working with 176 distressed loans in the portfolio. In order to comply with the new servicing regulations, reduce the number of loans going into delinquency, increase revenues and decrease defaults, CNE has reorganized the department and added a manager and a 1 FTE for a total staff of 4.25 FTE's. This staffing level brings CNE more in line with industry standards and creates a stretch goal for staff to handle the high volume of loans given the high touch required by our borrowers.

According to A White Paper from the Mortgage Bankers Association called *Residential Mortgage Servicing In the 21st Century*, in May 2011, servicing fees in general cost 200 basis points for subprime loans and 194 basis points for FHA loans. This is total servicing costs which includes occupancy, human resources, legal, company-wide technology support, corporate accounting, and executive management. Using this industry standard, the cost of servicing the loan portfolio should be approximately \$350,000. CNE's cost is \$319,325, a savings of \$30,675.



City of Chattanooga

FY15 Offers

In addition to the above objectives, CNE is going to explore the feasibility of selling a portion of the current, amortizing loan portfolio to an investor. The funds generated could then be used in a variety of new and creative ways by the City to leverage private or public funding for additional affordable housing units.

Identify Which Desired Outcomes This Offer Impacts:

1. Increase citizen satisfaction with services
2. Maximize loan portfolio value to the City (not in BFO)

BUDGET REQUEST

Summary: (Please complete based on information contained in Attachment F)

Offer Name	Personnel Costs (including Benefits)	Operating Costs	Total Request	FTEs required
Loan Servicing	\$207,812	\$111,513	\$319,325	4.25

Capital Budget Impact? **Yes** **XNo** **\$Amount**

Financial Offsets: *(Please list other revenues associated with the specific program for which funding is requested)*

Name	Amount
Loan servicing interest income	\$176,00

PERFORMANCE DATA

Measurement 1:

CNE will establish a baseline in existing customer satisfaction by the fourth quarter of 2014. This will serve as the baseline from which to measure all future customer satisfaction surveys.

Measurement 2:

CNE will increase interest revenues to the City by 10% by June 30, 2015.

Historical Comparison Data?

FY2012	FY2013	FY2014 (PROJECTED)	FY2015 (PROJECTED)
\$148,778	\$154,734	\$160,000	\$176,000

Measurement 3:

By June 30, 2015, the loan portfolio delinquency rate will outperform the FHA industry rate.

Historical Comparison Data?

FY2013	FY2014 (current)	FY2015 (PROJECTED)
16.93%	13.59%	8.0%



City of Chattanooga

FY15 Offers

Return on Investment:

How do citizens benefit? Federal budget cuts have steadily reduced the amount of funding that Chattanooga has available for its affordable housing, public facilities/infrastructure, public services and homeless programs. Loan servicing enables CDBG and HOME funds to be invested and repaid which generates annual revenue that is then used to supplement the federal allocation in support of these programs. Citizens benefit as programs funded through CDBG and HOME funds include minor home repair grants, owner occupied rehab loans, down payment assistance for first time homebuyers, creation of rental housing, demolition of dilapidated housing, weatherization, infrastructure projects and homeless programs.

Citizens benefit greatly through CNE's loss mitigation efforts as a 2013 study by the Center for Responsible Lending found that on average, families affected by nearby foreclosures have already lost or will lose \$23,150 in household wealth, representing 8.8 percent of their home value. The future losses are projected based on foreclosures that have already begun. Families impacted in minority neighborhoods have lost or will lose, on average, \$40,297 or 16 percent of their home value.

Does this activity leverage other financial resources? This activity adds approximately \$704,000, an increase of 28.93%, to the City's HOME and CDBG funding level of \$2,433,200.

CNE works hard with the borrowers to modify a loan and foreclosure is the solution of last resort. CNE's effort to avoid foreclosure with the borrowers saves the community an estimated \$70,600 per foreclosure according to the Center for Responsible Lending. These costs include moving, legal, lender loss, local government administration, lost tax revenue and reduced neighboring property values. CNE anticipates reaching a successful outcome (modification, deed in lieu of or sale) on 72 properties in FY15.

How does this activity decrease costs over time for the City? CNE anticipates spending the next 12-18 months improving the quality of the loan data, lowering the number of distressed loans and streamlining the loan servicing process. This will result in decreased costs to manage the portfolio on a go forth basis.

How can this program become sustainable without City funding? The loan servicing activity already operates at a 55% self-sufficiency ratio since the loan portfolio generates over \$176,000 in annual profit. With improved servicing efforts that will increase revenues and decrease operating costs, this activity has the potential to operate almost entirely on program profits within the next few years.



City of Chattanooga

FY15 Offers

OFFER SUMMARY

Offer Name:	Collective Impact
Lead Agency:	Chattanooga Neighborhood Enterprise
Collaborating City Department(s):	Economic and Community Development, Youth and Family
Contact Name:	Martina Guilfoil
Primary Results Area:	Innovation Fund
Offer Cost (Funding Request):	\$100,000

RESULTS AREAS

1. **Innovation Fund** – Something different – processes, services, technologies, ideas. Shifting the way government operates. The effort created through this innovation will have measurable results in Growing Economy, Safer Streets, Smarter Students & Stronger Neighborhoods and Stronger Neighborhoods

DETAILS

Description: *(What is the service/program? How will it be provided? What innovation & sustainability practice does this leverage? What difference does this offer make and how will we know? Make a compelling case for your offer.)*

According to a ground-breaking 2011 *Stanford Social Innovation Review* article titled “Collective Impact”,

Large-scale social change requires broad cross-sector coordination, yet the social sector remains focused on the isolated intervention of individual organizations. Substantially greater progress could be made in alleviating many of our most serious and complex social problems if nonprofits, governments, businesses, and the public were brought together around a common agenda to create collective impact.¹

Collective impact models in community development are being implemented by Beyond Housing in St. Louis, Purpose Built Communities, the Living Cities’ Integration Initiative, HUD’s Choice Neighborhoods, and the White House Initiative for Neighborhood Revitalization. CNE has a vision of bringing the leading edge thinking and practice of the collective impact model to bear on Chattanooga’s community development efforts to achieve the Mayor’s vision of Building Stronger Neighborhoods/Residential Markets. CNE is submitting a funding offer under the Innovation Fund results area to support a year-long visionary exploration of how we—as a city, not just CNE—can adapt and implement the collective impact model to build stronger neighborhoods in Chattanooga in a comprehensive and sustainable manner.

Anyone who works in housing, education, social services, homelessness, recreation, public safety, health, or any number of other social sectors will immediately tell you that many of the challenges faced by that sector are not unique to that sector. In particular, the challenges of building great neighborhoods, which are made up of a variety of components and people, are particularly broad and undeniably complex. Healthy real estate markets are not simply a function of construction techniques, the number of housing units, or financing vehicles; they are driven by a complex array of factors including the availability of quality education, access to robust social fabric and healthy physical environments, and an often enigmatic sense of place. Because a variety of factors and players help to build strong neighborhoods, we must look to a collective approach when we actively seek to make those neighborhoods stronger, better places to live.

In the chapter *Routinizing the Extraordinary* from a recent book *Investing in What Works For America’s Communities* published by the Federal Reserve Bank of San Francisco, the authors make the case that community development must take on a new approach in order to achieve extraordinary results. This approach must be:

¹ http://www.ssireview.org/articles/entry/collective_impact



City of Chattanooga

FY15 Offers

- 1 entrepreneurial in nature and fundamentally cross-sectoral, engaging more partners than are currently involved in community development;
- 2 data-driven and capable of sense-and-respond adjustments; and
- 3 composed of both people- and place-based interventions.

At root, this approach to community development is focused on leadership that is able to promote a compelling vision of success for an entire community, marshal the necessary resources, and lead people in an integrated way. It must be accountable for outcomes, not just specific outputs.² This is the collective impact model applied to community development.

At its core, collective impact is collaboration. It requires leaders and organizations to abandon their individual agendas in favor of a collective approach to improvement. It requires broad participation and a high degree of organization. Social impact consultants FSG, a leader in the collective impact model, assert that achieving large-scale change through collective impact involves 5 key elements: Common Agenda, Shared Measurement, Mutually Reinforcing Activities, Continuous Communication, and Backbone support.³ The backbone support role is further defined in *Routinizing the Extraordinary*, where the authors describe the need for a quarterback—an agency who will articulate the vision, marshal the funding sources and manage multiple partners to execute on that vision.

In FY15 CNE will serve as the quarterback, i.e., the convening entity to spearhead Chattanooga’s effort to fundamentally change how community development is undertaken in Chattanooga through a collective impact effort. CNE has served in the quarterback role in its many neighborhood redevelopment efforts, the most recent one being the St. Elmo community planning process, and is well suited for this undertaking. In FY15 CNE will facilitate the Phase I and II of the planning process. According to FSG, Phase I and II can take anywhere from six months to two years to complete.

Phases of Collective Impact

Components for Success	PHASE I Initiate Action	PHASE II Organize for Impact	PHASE III Sustain Action and Impact
Governance and Infrastructure	Identify champions and form cross-sector group	Create infrastructure (backbone and processes)	Facilitate and refine
Strategic Planning	Map the landscape and use data to make case	Create common agenda (goals and strategy)	Support implementation (alignment to goals and strategies)
Community Involvement	Facilitate community outreach	Engage community and build public will	Continue engagement and conduct advocacy
Evaluation and Improvement	Analyze baseline data to identify key issues and gaps	Establish shared metrics (indicators, measurement, and approach)	Collect, track, and report progress (process to learn and improve)

Identify Which Desired Outcomes This Offer Impacts:

1. Create a cross-sector approach that achieves large scale impact in strengthening families and communities in Chattanooga. (not in BFO)

² http://www.frbsf.org/community-development/files/CI_Winter2012_Erickson_Galloway_Cytron.pdf

³ <http://www.lruw.org/upload/assets/documents/board/our%20community%20investing/financial%20stability%20initiative/misc/the-backbone-essential-for-collective-impact-pp.pptx>



City of Chattanooga

FY15 Offers

BUDGET REQUEST

Summary: (Please complete based on information contained in Attachment F)

Offer Name	Personnel Costs (including Benefits)	Operating Costs	Total Request	FTEs required
Collaborative Impact	\$92,031	\$100,879	\$192,910	1.10

Capital Budget Impact? **Yes** **XNo** **\$Amount**

Financial Offsets: *(Please list other revenues associated with the specific program for which funding is requested)*

Name	Amount
Foundations/Grants	\$95,000

PERFORMANCE DATA

Measurement 1:

By June 30, 2015 a plan is created that defines the collective impact model best suited for Chattanooga, including what area to impact, the key players involved, the common goal, and funding sources for its execution.

Historical Comparison Data?

N/A

Return on Investment:

How do citizens benefit? The collective impact model is designed to create community change. It begins by setting a goal and then builds an ecosystem of nonprofits, government agencies, schools, businesses, philanthropists, faith communities, neighborhood groups, and community leaders who create common strategies and coordinate integrated activities among them to achieve the goal. Instead of each group's success being measured by meeting outcomes with their clients, everyone's success is measured based on how they help move the overall community result. This benefits citizens as real community change is achieved.

Does this activity leverage other financial resources? Yes. Not only will the collective impact planning effort attract additional foundation support, it will leverage all of the resources that are currently being spent on spread out, agency by agency intervention efforts, and focus them towards a shared goal.

How does this activity decrease costs over time for the City? Collective Impact is widely recognized for its efficient use of funds. Rather than having individual organizations each working on their own goals and outcomes, everyone is working toward similar goals in a cohesive manner. The amount of funding dedicated to building stronger neighborhoods won't necessarily diminish over time, but it will achieve better, more apparent outcomes.

How can this program become sustainable without City funding? Community development intervention efforts will always rely on some level of government support. However, through the collective impact model, city funding will be used to actually solve the identified problem thus enabling city funds to have a broader reach and impact .

Attachment B: Comparative Financial Information

Agency Name: Chattanooga Neighborhood Enterprise

This section relates to agency efforts specifically funded by Chattanooga dollars to benefit Chattanooga residents, relative to the dollars given by adjoining governmental entities.

Dollars provided to your organization in FY 2014 by the following entities:	Percent of your total annual operational funding provided by local government	% of Hamilton County Population*
Chattanooga	100%	49.83%
Unincorporated Hamilton County		30.22%
Hamilton County Government's (General funds)		
Collegedale		2.46%
East Ridge		6.24%
Lakesite		0.54%
Lookout Mountain		0.54%
Red Bank		3.46%
Ridgeside		0.12%
Signal Mountain		2.25%
Soddy-Daisy		3.78%
Walden		0.56%
Other (Outside Hamilton County)		
	Above percentages should total 100%	
Percent of Services rendered to residents of:	Estimate, if you do not now track this data.	
Chattanooga	100%	49.83%
Unincorporated Hamilton County		30.22%
Hamilton County Government's (General funds)		
Collegedale		2.46%
East Ridge		6.24%
Lakesite		0.54%
Lookout Mountain		0.54%
Red Bank		3.46%
Ridgeside		0.12%
Signal Mountain		2.25%
Soddy-Daisy		3.78%
Walden		0.56%
Other (Outside Hamilton County)		
	Above percentages should total 100%	

*Population numbers are from 2010 U.S. Census.

Attachment C: Program Beneficiary Statistics

Agency Name: Chattanooga Neighborhood Enterprise, Inc.
 Program: Homeownership Promotion and Education, Home Improvement, Foreclosure
 Prevention, and Loan Servicing

Program Beneficiary Characteristics Clients/Patients/Recipients/Other	FY 2013	FY 2014 (YTD)	FY 2015 (Projected)
1. Unduplicated Count of Program Beneficiaries TOTAL	3657	955	1270
a) Total Continuing From Previous Fiscal Year	1661	2054	2487
b) Total New for the Year	1996	955	1270
c) Total Terminated During the Year	1603	522	500
2. Age Group TOTAL	3657	955	1270
a) Infants – Under 5	0	0	0
b) Between 5 and 12	0	0	0
c) Between 13 and 17	2	0	0
d) Between 18 and 29	145	111	0
e) Between 30 and 64	1145	644	0
f) 65 and over	120	58	0
g) Not Known	2248	142	1270
3. Sex TOTAL	3657	955	1270
a) Male	655	367	0
b) Female	988	487	0
c) Not Known	283	101	1270
4. Ethnic Background TOTAL	3657	955	1270
a) White	962	545	0
b) Black	603	256	0
c) Hispanic	16	11	0
d) Asian	1	3	0
e) Other – Ethnic Minority	14	5	0
f) Not Known	330	135	1270
5. % Income Level TOTAL	3657	955	1270
a) Below 9,999	284	151	0
b) 10,000 –19,999	434	201	0
c) 20,000 – 29,999	328	162	0
d) 30,000 and Over	596	339	0
e) Not Known	284	102	1270
6. Location of Residence TOTAL	3657	955	1270
a) Chattanooga	2746	478	0
b) Outside of Chattanooga	911	477	0
c) Not Known	0	0	1270

Attachment D: Schedule of Positions, Salaries & Wages

Agency Name:

ALL FINANCIAL INFORMATION TO THE NEAREST DOLLAR. FOR ADDITIONAL EMPLOYEES, COPY THIS FORM AS NEEDED.

Title of Position	Last Name, Initial	Full Time or Part Time	Number of Years Employed	Current – FY 2014			Projected – FY 2015		
				Weeks Employed	Annual Rate	Budgeted	Weeks Employed	Annual Rate	Budgeted
President & CEO	Guilfoil, M	FT	0.43	52	150,000	150,000	52	150,000	150,000
CFO	Camacho, C	FT	2.61	52	124,800	124,800	52	124,800	124,800
COO	Garrison, A	FT	2.58	31	78,000	78,000	0	0	0
Admin. Services Manager	Fields, L	FT	4.5	52	41,155	41,155	52	41,155	41,155
HomeOwnership Manager	Burke, C	FT	18.16	52	53,680	53,680	52	53,680	53,680
Dir of Lending	Gross, K	PT	.01	52	40,000	40,000	52	40,000	40,000
HomeOwnership Coordinator	Trulove, M	FT	4.38	52	35,360	35,360	52	35,360	35,360
HomeOwnership & Foreclosure Specialist	Trainor, S	FT	1.13	52	34,091	34,091	52	34,091	34,091
Foreclosure Prevention Advisor	Holder, J	FT	2.01	31	33,280	33,280	0	0	0
HomeOwnership Educator	Pope, E	PT	0.22	18	35,360	12,240	0	0	0
HomeOwnership Processor	McPeak, A	PT	0.07	3.57	35,360	35,360	52	35,360	35,360
Payroll/Benefit/AR	Hamm, D	FT	2.91	52	33,800	33,800	52	33,800	33,800
Loan Servicing Manager	Modi, D	FT	1.61	52	40,000	37,440	52	43,000	43,000
Staff Acct	Howard, A	FT	.01	52	31,200	31,200	52	31,200	31,200
Loan Workout Specialist	Dowdell, J	FT	123	52	33,509	33,509	52	33,509	33,509
Property Manager	Garner, D	PT	.87	52	13,655	13,655	52	13,655	13,655
Receptionist	Mott, M	FT	1.16	52	24,960	24,960	52	24,960	24,960
HomeOwnership Educator	McGhee, T	FT	2.64	34	35,360	23,120	52	35,360	35,360
Escrow Analyst	Garner, D	PT	.87	52	13,655	13,655	52	13,655	13,655
Loan Servicing Specialist	vacant	FT		12		35,360	52	35,360	35,360

Real Estate Development	McNutt, B	PT	New hire	52	46800	46800	52	46800	46800
Communications and Special Projects	Holder, J	FT		21	45,000	n/a	52	45,000	45,000

Attachment E: Major Sources of Funding for the Past Five Years

Agency Name: Chattanooga Neighborhood Enterprise

Program/Project Title	Name of Funding Source	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 (Projected)
LOANS	AM SOUTH			\$0.00	\$211.12	\$34.98	
CDBG	CITY			\$757,483.72	\$755,928.30	\$155,950.42	
ARRA				-\$3,490.91	\$0.00		
BICHENTINIAL	THDA			\$0.00	\$0.00	\$49.32	
BENWOOD PARK	BENWOOD FOUNDATION			\$50,000.00	\$0.00	\$0.00	
BUSH TOWN	LYNDHURST			\$5,090.00	\$34,197.41	\$0.00	
LOANS	BENWOOD RLF			\$6,388.46	\$7,883.16	\$6,675.51	
LOANS	CDF I (2006)			\$3,580.04	\$8,071.41	\$3,830.22	
LOANS COF - COMMUNITY OPPORTUNITY FUND	CITY			\$23,088.01	\$43,255.15		
OPERATING EXPENSES	CITY			\$914,811.90	\$924,549.57	\$465,031.43	
LOANS	CATHOLI CHARITIES			\$26,277.60	\$35,332.17	\$15,982.03	
COMMUNITY STUDY	COMMUNITY IMPACT MEASUREMENT			\$20,000.00	\$2,000.00	\$0.00	
OPERATING EXPENSES	CNE			\$41,616.65	\$43,720.60	\$44,736.18	
LOANS	CDFI2 (2008)			\$5,282.78	\$7,282.02	\$4,350.89	
LOANS	GLF - GIFT LOAN FUNDS			\$13,724.33	\$0.00	\$0.00	
LOANS	CFGC FUND			\$0.00	\$12,600.00	\$0.00	
COMMUNITY STIMULUS	GEEKMOVE			\$115,000.00	\$0.00	\$262,491.38	
LOANS	GLF - GIFT LOAN FUNDS				\$20,370.61	\$0.00	
GLENWOOD/ORCHARD KNOB	LYNDHURST			\$458,495.11	\$469,728.26	\$0.00	
HOME BUYER	STATE OF			\$13,803.00	\$16,680.00	\$30,617.15	

EDUCATIONS FUNDS	TENNESSEE						
URBAN DEVELOPMENT	US DEP OF HOUSING & URBAN DEV			\$0.00	\$22,099.00	\$17,059.00	
HARDEST HIT FUNDS	STATE OF TENNESSEE			\$113,339.00	\$269,990.00	\$190,000.00	
LOANS FOR HOME PURCHASES	CITY			\$391408.47	\$611,080.96	\$160,800.83	
INNOVATE HERE FUNDS	LYNDHURST			\$455,000.00	\$0.00	\$0.00	
JEFFERSON HEIGHTS FUNDS	LYNDHURST			\$2,000.00	\$0.00	\$0.00	
LOANS FOR HOME PURCHASES	GF/ HOPE III			\$0.00	\$35.84	\$34.85	
LOANS FOR HOME PURCHASES	MEMORIAL HOSPITAL			\$0.00	\$621.03	\$288.30	
FORECLOSURE PREVENTION	NFMC - NATIONAL FORECLSOURE			\$180,618.00	\$350,789.75	\$122,370.00	
LOANS FOR HOME PURCHASES	NHSRGN - NH RESERVES GENERAL			\$562.92	\$450.47	\$173.16	
LOANS FOR HOME REHAB	NWA - HOME IMPROVEMENT			\$4,820.94	\$5,532.46	\$1,995.06	
PILOT	NWA - PILOT			\$3,855.00	\$5,589.59	\$2305.69	
NEIGHBORHOOD STABILIZATION	NSP - NEIGHBORHOOD STABAILIZAT			\$83,272.00	\$3,661.59	\$1,798.34	
NEIGHBORHOOD STABILIZATION	NWA - NEIGHBORHOOD STABAILIZAT			\$0.00	\$55,095.16	\$0.00	
NEIGHBORHOOD STABILIZATION	NWA - NEIGHBORWOR K FUND			\$100,806.74	\$0.00	\$319.35	
POLICE OFFICER FUND	CITY			\$11,121.80	\$187,525.00	\$52,002.00	
LOANS FOR SMALL BUSINESSES	SMOB - SMALL MINORITY			\$13,177.83	\$21,610.38	\$7,463.04	

	OWNED BUS						
LOANS	STATE FARM BANK			\$0.00	\$1,513.48	426.11	
ST. ELMO	BENWOOD			\$0.00	\$0.00	\$100,000.00	
ST. ELMO	LYNDHURST			\$0.00	\$0.00	\$178,500.00	
LOANS	SUNTRUST III			\$0.00	\$6,472.58	\$2159.76	
LOANS	SUNTRUST II			\$0.00	\$5,521.61	\$1994.41	
LOANS	SUNTURST			\$0.00	\$11,021.06	\$4190.05	
COMMUNITY STIMULUS	UTC - LIVE NEAR YOUR WORK FUND			\$0.00	\$4,239.03	\$17.00	
WAP-WEATHERIZATION ASSISTANC	STATE OF TENNESSEE			\$302355.13	\$96,604.95	\$0.00	
THDA 89	STATE OF TENNESSEE			\$30.11	\$0.00	-\$4.00	
TEACHER FORGIVALBE FUND	CITY			\$42.40	\$0.00	\$0.01	
COMMUNITY STIMULUS	LTNFOR - TEACHER NEXT DOOR			\$42.41	\$0.00	\$0.01	
DEFAULT	DEFAULT			\$666,545.80	\$320,380.46	\$630,687.18	
Subtotal, Major Funding Sources				\$2,097,956.30	\$2,522,338.98	\$1,105,758.68	
Total, All Revenue Sources				\$4,780,149.20	\$4,361,644.18	\$2,464,329.66	

Attachment F: Budget Building Stronger Neighborhoods		Agency : Chattanooga Neighborhood Enterprise					
CITY OF CHATTANOOGA							
FY 2015 Agency Funding Financial Form							
Account Category	Actual FY 2011	Actual FY 2012	Actual FY 2013	Budget FY 2014	Request FY 2015	Incr (Decr) Request vs. FY 14 Budget	% Change Request vs FY 14 Budget
REVENUES							
Contributions							
Individuals/Private					\$ 28,400		N/A
Corporate/Organizations/Churches					\$ 60,000		N/A
Fees/Grants from Governmental Agencies							
Federal					\$ 92,059		N/A
State					\$ 141,000		N/A
Hamilton County							N/A
City of Chattanooga					\$ 580,675		N/A
Other Cities (Please list)							N/A
United Way							
Foundations (including grants)					\$ 55,000		N/A
Gross Proceeds Special Events							N/A
Other UWs/Federations							N/A
CFC/Designations received thru UWGC							N/A
UWGC Program Allocation							N/A
UWGC Special Funding							N/A
Membership Dues							N/A
Program Income					\$ 66,000		N/A
Governmental Insurance							N/A
Private Insurance							N/A
Contracted Services							N/A
Fee for Services					\$ 169,350		N/A
Other Program Income							N/A
Sales to Public							N/A
Investment Income					\$ 125,000		N/A
Miscellaneous							N/A
Other Revenues (Please list separately any major item)							N/A
Transfers in from other internal budgets							N/A
Income from Previous Year							N/A
TOTAL REVENUES					\$ 1,317,484		N/A
OPERATIONS							
Personnel Expenses							
Salaries					\$ 694,361		N/A
Fringe Benefits							N/A
Employee Health					\$ 58,671		N/A
Pension/Retirement					\$ 49,408		N/A

Attachment F: Budget Building Stronger Neighborhoods		Agency : Chattanooga Neighborhood Enterprise					
Payroll Taxes, etc.					\$ 60,072		N/A
Other (unemployment, life insurance, etc)					\$ 7,199		N/A
Total Personnel Expenses					\$ 869,711		N/A
OPERATING EXPENSES							
Administration							
Professional Fee & Contract service					\$ 114,610		N/A
Utilities							N/A
Other					\$ 150		N/A
Rent							N/A
Travel/Transportation					\$ 10,255		N/A
Insurance (not employee health)					\$ 44,204		N/A
Materials & Supplies					\$ 24,930		N/A
Telephone, Fax, ISP					\$ 13,887		N/A
Postage and Shipping					\$ 4,475		N/A
Occupancy/Building/Utilities					\$ 63,093		N/A
Equipment Rental and Maintenance (including contracts)					\$ 123		N/A
Outside Printing, Art Work, etc.					\$ 8,511		N/A
Conferences, Conventions, etc.					\$ 10,245		N/A
Special Assistance to Individuals							N/A
National Dues/Support Payments					\$ 1,453		N/A
Organization Dues (other than above)					\$ 1,121		N/A
Awards and Grants							N/A
Fund Raising/Self-Support Activities					\$ 10,616		N/A
Miscellaneous							N/A
Equipment Purchases (incl. capital expenses)					\$ 8,000		N/A
Depreciation							N/A
Other Expenses (Please list separately any major item)					\$ -		N/A
moving expense					\$ 37,500		N/A
Software support					\$ 23,460		N/A
Training, required education					\$ 7,095		N/A
Subscriptions					\$ 1,314		N/A
Marketing					\$ 17,170		N/A
Taxes					\$ 3,890		N/A
Interest expense					\$ 5,000		N/A
Real Estate held					\$ 33,000		N/A
Operating Expenses Total					\$ 444,102		N/A
TOTAL OPERATIONS					\$ 1,313,813		N/A
REVENUE OVER/ (UNDER) OPERATIONS					\$ 3,671		N/A

Attachment F: Loan Servicing		Agency : Chattanooga Neighborhood Enterprise						
CITY OF CHATTANOOGA								
FY 2015 Agency Funding Financial Form								
Account Category	Actual FY 2011	Actual FY 2012	Actual FY 2013	Budget FY 2014	Request FY 2015	Incr (Decr) Request vs. FY 14 Budget	% Change Request vs FY 14 Budget	
REVENUES								
Contributions								
Individuals/Private						\$ -	N/A	
Corporate/Organizations/Churches						\$ -	N/A	
Fees/Grants from Governmental Agencies								
Federal						\$ -	N/A	
State						\$ -	N/A	
Hamilton County						\$ -	N/A	
City of Chattanooga					\$ 319,325	\$ 319,325	N/A	
Other Cities (Please list)						\$ -	N/A	
United Way								
Foundations (including grants)						\$ -	N/A	
Gross Proceeds Special Events						\$ -	N/A	
Other UWs/Federations						\$ -	N/A	
CFC/Designations received thru UWGC						\$ -	N/A	
UWGC Program Allocation						\$ -	N/A	
UWGC Special Funding						\$ -	N/A	
Membership Dues						\$ -	N/A	
Program Income						\$ -	N/A	
Governmental Insurance						\$ -	N/A	
Private Insurance						\$ -	N/A	
Contracted Services						\$ -	N/A	
Fee for Services						\$ -	N/A	
Other Program Income						\$ -	N/A	
Sales to Public						\$ -	N/A	
Investment Income						\$ -	N/A	
Miscellaneous						\$ -	N/A	
Other Revenues (Please list separately any major item)						\$ -	N/A	
Transfers in from other internal budgets						\$ -	N/A	
Income from Previous Year						\$ -	N/A	
TOTAL REVENUES					\$ 319,325	\$ 319,325	N/A	
OPERATIONS								
Personnel Expenses								
Salaries					\$ 164,584	\$ 164,584	N/A	
Fringe Benefits						\$ -	N/A	
Employee Health					\$ 11,395	\$ 11,395	N/A	
Pension/Retirement					\$ 12,364	\$ 12,364	N/A	

Attachment F: Loan Servicing		Agency : Chattanooga Neighborhood Enterprise					
Payroll Taxes, etc.				\$ 17,268	\$ 17,268	N/A	
Other (unemployment, life insurance, etc)				\$ 2,201	\$ 2,201	N/A	
Total Personnel Expenses				\$ 207,812	\$ 207,812	N/A	
OPERATING EXPENSES							
Administration							
Professional Fee & Contract service				\$ 39,740	\$ 39,740	N/A	
Utilities					\$ -	N/A	
Other				\$ 150	\$ 150	N/A	
Rent					\$ -	N/A	
Travel/Transportation				\$ 1,411	\$ 1,411	N/A	
Insurance (not employee health)				\$ 11,787	\$ 11,787	N/A	
Materials & Supplies				\$ 6,584	\$ 6,584	N/A	
Telephone, Fax, ISP				\$ 2,167	\$ 2,167	N/A	
Postage and Shipping				\$ 6,500	\$ 6,500	N/A	
Occupancy/Building/Utilities				\$ 16,825	\$ 16,825	N/A	
Equipment Rental and Maintenance (including contracts)				\$ 1,883	\$ 1,883	N/A	
Outside Printing, Art Work, etc.					\$ -	N/A	
Conferences, Conventions, etc.				\$ 2,612	\$ 2,612	N/A	
Special Assistance to Individuals					\$ -	N/A	
National Dues/Support Payments				\$ 385	\$ 385	N/A	
Organization Dues (other than above)				\$ 299	\$ 299	N/A	
Awards and Grants					\$ -	N/A	
Fund Raising/Self-Support Activities					\$ -	N/A	
Miscellaneous					\$ -	N/A	
Equipment Purchases (incl. capital expenses)				\$ 2,000	\$ 2,000	N/A	
Depreciation					\$ -	N/A	
Other Expenses (Please list separately any major item)					\$ -	N/A	
moving expense				\$ 10,000	\$ 10,000	N/A	
Software support				\$ 6,000	\$ 6,000	N/A	
Training, required education				\$ 2,820	\$ 2,820	N/A	
Subscriptions				\$ 350	\$ 350	N/A	
Marketing						N/A	
Taxes						N/A	
Interest expense						N/A	
Real Estate held						N/A	
Operating Expenses Total				\$ 111,513	\$ 111,163	N/A	
TOTAL OPERATIONS				\$ 319,325	\$ 318,975	N/A	
REVENUE OVER/ (UNDER) OPERATIONS				\$ -	\$ 350	N/A	

Attachment F: Collective Impact		Agency : Chattanooga Neighborhood Enterprise					
CITY OF CHATTANOOGA							
FY 2015 Agency Funding Financial Form							
Account Category	Actual FY 2011	Actual FY 2012	Actual FY 2013	Budget FY 2014	Request FY 2015	Incr (Decr) Request vs. FY 14 Budget	% Change Request vs FY 14 Budget
REVENUES							
Contributions							
Individuals/Private							N/A
Corporate/Organizations/Churches							N/A
Fees/Grants from Governmental Agencies							
Federal							N/A
State							N/A
Hamilton County							N/A
City of Chattanooga					\$ 100,000		N/A
Other Cities (Please list)							N/A
United Way							
Foundations (including grants)					\$ 95,000		N/A
Gross Proceeds Special Events							N/A
Other UWs/Federations							N/A
CFC/Designations received thru UWGC							N/A
UWGC Program Allocation							N/A
UWGC Special Funding							N/A
Membership Dues							N/A
Program Income							N/A
Governmental Insurance							N/A
Private Insurance							N/A
Contracted Services							N/A
Fee for Services							N/A
Other Program Income							N/A
Sales to Public							N/A
Investment Income							N/A
Miscellaneous							N/A
Other Revenues (Please list separately any major item)							N/A
Transfers in from other internal budgets							N/A
Income from Previous Year							N/A
TOTAL REVENUES					\$ 195,000		N/A
OPERATIONS							
Personnel Expenses							
Salaries					\$ 75,000		N/A
Fringe Benefits							N/A
Employee Health					\$ 4,029		N/A
Pension/Retirement					\$ 6,000		N/A

Attachment F: Collective Impact	Agency : Chattanooga Neighborhood Enterprise				
Payroll Taxes, etc.				\$ 6,727	N/A
Other (unemployment, life insurance, etc)				\$ 275	N/A
Total Personnel Expenses				\$ 92,031	N/A
OPERATING EXPENSES					
Administration					
Professional Fee & Contract service				\$ 77,750	N/A
Utilities					N/A
Other				\$ 150	N/A
Rent					N/A
Travel/Transportation				\$ 959	N/A
Insurance (not employee health)				\$ 2,974	N/A
Materials & Supplies				\$ 1,721	N/A
Telephone, Fax, ISP				\$ 542	N/A
Postage and Shipping				\$ 800	N/A
Occupancy/Building/Utilities				\$ 6,706	N/A
Equipment Rental and Maintenance (including contracts)					N/A
Outside Printing, Art Work, etc.				\$ 250	N/A
Conferences, Conventions, etc.				\$ 4,653	N/A
Special Assistance to Individuals					N/A
National Dues/Support Payments				\$ 87	N/A
Organization Dues (other than above)				\$ 75	N/A
Awards and Grants					N/A
Fund Raising/Self-Support Activities					N/A
Miscellaneous					N/A
Equipment Purchases (incl. capital expenses)					N/A
Depreciation					N/A
Other Expenses (Please list separately any major item)					N/A
moving expense					N/A
Software support				\$ 1,500	N/A
Training, required education				\$ 1,455	N/A
Subscriptions				\$ 87	N/A
Marketing				\$ 1,170	N/A
Taxes					N/A
Interest expense					N/A
Real Estate held					N/A
Operating Expenses Total				\$ 100,879	N/A
TOTAL OPERATIONS				\$ 192,910	N/A
REVENUE OVER/ (UNDER) OPERATIONS				\$ 2,090	N/A

MEMO

TO: Daisy Madison
FROM: Martina Guilford *MSG*
RE: RESPONSE TO FOLLOW UP QUESTIONS ON BFO
DATE: March 28, 2014

Here is CNE's response in regards to the follow questions you have on our BFO.

1. Mechanism for citizen involvement and feedback:
CNE works in conjunction with the neighborhood associations throughout the city of Chattanooga on a regular basis. In addition to emailing information regarding our programs to the neighborhood association leaders, we reach out directly by attending neighborhood association meetings, making phone calls and doing direct mailings. The leaders of the neighborhood associations work closely with CNE to disseminate our information through their respective phone trees, email lists, and meetings as well. This is the most effective way of communicating our information to the local neighborhoods, and it has proven to be successful. In January, we held a series of community meetings about the future of St. Elmo, and we had over 120 people turn out to share their ideas with us from the St. Elmo, Alton Park and Piney Woods neighborhood associations. We also recently surveyed residents in Highland Park about the condition of their neighborhood, and started first with the neighborhood association, speaking to over 30 residents at a preliminary meeting. The neighborhood then volunteered their time to help us collect information from their neighbors. We had almost 200 residents complete the surveys about Highland Park, giving us a wealth of knowledge on how to best move forward. Additionally, each year we communicate directly with the neighborhood leaders to coordinate teams for Clean and Green, the annual "spring cleaning" day in downtown Chattanooga and surrounding neighborhoods. We help River City Company coordinate projects directly with the neighborhood associations.
2. Roster of employees and salaries:
See Attached. This was included in the original BFO materials.
3. Nature of program participants outside of Chattanooga:
CNE provides foreclosure assistance through THDA's Hardest Hit Fund and the National Foreclosure Mitigation Counseling program (loan modifications). This program serves Chattanooga and the nine surrounding counties. Our homeownership education program also serves people who live in the surrounding counties and north Georgia.
4. Collaboration with City Departments (Public Works and/or Community Development) in addressing blight abatement:
CNE works closely with both departments in its blight abatement efforts. This has worked well as an informal process with CNE calling Public Works when it comes across properties in need of code enforcement and Code Inspectors routinely refer property owners to CNE for financial assistance. To strengthen this collaboration, CNE will convene a meeting with Public Works and

Community Development to discuss how the city's Code Inspectors, Neighborhood Relation Specialists and CNE can best optimize our collaboration together.

5. Increased partnership with City Department of Economic and Community Development around targeted neighborhoods:

CNE has a strong partnership with the City Department of Economic and Community Development. We administer their down payment and home improvement loan programs. We partnered together on the NSP program which eliminated 17 blighted properties and turned them into new or substantially rehabilitated housing. And, we partner with them on the disposition of city owned properties taken back through foreclosure.

Currently we are working closely together on the St. Elmo Town Center planning process and implementation and will do the same once we start a neighborhood planning process for Highland Park.

Attachment D: Schedule of Positions, Salaries & Wages

Agency Name:

ALL FINANCIAL INFORMATION TO THE NEAREST DOLLAR. FOR ADDITIONAL EMPLOYEES, COPY THIS FORM AS NEEDED.

Title of Position	Last Name, Initial	Full Time or Part Time	Number of Years Employed	Current – FY 2014			Projected – FY 2015		
				Weeks Employed	Annual Rate	Budgeted	Weeks Employed	Annual Rate	Budgeted
President & CEO	Guilfoil, M	FT	0.43	52	150,000	150,000	52	150,000	150,000
CFO	Camacho, C	FT	2.61	52	124,800	124,800	52	124,800	124,800
COO	Garrison, A	FT	2.58	31	78,000	78,000	0	0	0
Admin. Services Manager	Fields, L	FT	4.5	52	41,155	41,155	52	41,155	41,155
HomeOwnership Manager	Burke, C	FT	18.16	52	53,680	53,680	52	53,680	53,680
Dir of Lending	Gross, K	PT	.01	52	40,000	40,000	52	40,000	40,000
HomeOwnership Coordinator	Trulove, M	FT	4.38	52	35,360	35,360	52	35,360	35,360
HomeOwnership & Foreclosure Specialist	Trainor, S	FT	1.13	52	34,091	34,091	52	34,091	34,091
Foreclosure Prevention Advisor	Holder, J	FT	2.01	31	33,280	33,280	0	0	0
HomeOwnership Educator	Pope, E	PT	0.22	18	35,360	12,240	0	0	0
HomeOwnership Processor	McPeak, A	PT	0.07	3.57	35,360	35,360	52	35,360	35,360
Payroll/Benefit/AR	Hamm, D	FT	2.91	52	33,800	33,800	52	33,800	33,800
Loan Servicing Manager	Modi, D	FT	1.61	52	40,000	37,440	52	43,000	43,000
Staff Acct	Howard, A	FT	.01	52	31,200	31,200	52	31,200	31,200
Loan Workout Specialist	Dowdell, J	FT	123	52	33,509	33,509	52	33,509	33,509
Property Manager	Garner, D	PT	.87	52	13,655	13,655	52	13,655	13,655
Receptionist	Mott, M	FT	1.16	52	24,960	24,960	52	24,960	24,960
HomeOwnership Educator	McGhee, T	FT	2.64	34	35,360	23,120	52	35,360	35,360
Escrow Analyst	Garner, D	PT	.87	52	13,655	13,655	52	13,655	13,655
Loan Servicing Specialist	vacant	FT		12		35,360	52	35,360	35,360

Real Estate Development	McNutt, B	PT	New hire	52	46800	46800	52	46800	46800
Communications and Special Projects	Holder, J	FT		21	45,000	n/a	52	45,000	45,000



City of Chattanooga

FY15 Offers

OFFER SUMMARY

Offer Name:	Cold Weather Emergency Shelter
Lead Agency:	Chattanooga Regional Homeless Coalition
Collaborating City Department(s):	Economic and Community Development
Contact Name:	Stephen Wright, Executive Director
Primary Results Area:	Stronger Neighborhoods
Offer Cost (Funding Request):	\$97,750

RESULTS AREAS

1. **Safer Streets** – Safe communities, reduced crime, positive opportunities, and alternate pathways.
2. **Growing Economy** – Growing and supporting local businesses, workforce development, business recruitment and retention, and an environment for innovation.
3. **Stronger Neighborhoods** – Neighborhood leadership, connected communities, healthy residential markets, and rapid re-housing.
4. **Smarter Students, Stronger Families** – Parents and first teachers, community support, and community health.
5. **High Performing Government** – Data-driven decision making, sound operations, outstanding customer service, resource management, and exceptional talent.
6. **Innovation Fund** – Something different – processes, services, technologies, ideas. Shifting the way government operates.

DETAILS

Description: *(What is the service/program? How will it be provided? What innovation & sustainability practice does this leverage? What difference does this offer make and how will we know? Make a compelling case for your offer.)*

The Emergency Cold Weather Shelter exists as a stopgap death/injury prevention service for chronically homeless individuals in the Chattanooga region on nights when ambient temperature represents an imminent threat to at-risk populations. The Emergency Shelter began as a service of the Community Kitchen on specific nights when emergency shelter was needed and was funded through their general operating budget. Later, pilot funds from a private foundation funded continuous shelter operations in order to generate data on the homeless population in Chattanooga. After the data had been collected, funding was discontinued. Traditionally, cold weather/emergency shelters provide “a hot and a cot” for homeless families and individuals primarily residing in places not fit for human habitation. While the shelter will continue to primarily offer a safe warm place to sleep, a newer service model promoted by HUD for emergency shelters is to serve as a place to provide access to the comprehensive services offered in a community to begin to move homeless individuals and families toward stable permanent housing. In light of this benchmark, the Cold Weather Shelter will offer case management access at the shelter during designated times to give shelter clients the opportunity to access to support services and mainstream benefits. This referral service will enhance collaboration with all service agencies in the region including ECD and Homeless Healthcare Center as clients gain access to needed



City of Chattanooga

FY15 Offers

services. The Shelter is located in and managed by the Community Kitchen on E.11th Street and will be open from December 1,2014 to March 15, 2015 (105 days). The Shelter makes a difference, first and foremost, by providing a life-saving refuge from extreme temperatures for individuals with no other place to go. In operation year 2012/2013 the Shelter served 628 unduplicated clients over the course of the operating window. In operation year 2013/2014 the nightly average census has been 115. Without the option of the cold weather shelter some of these individuals would have suffered cold related injuries (frostbite, hypothermia, etc.) or possibly death. Alternatively, these individuals could have trespassed on business property, committed petty crimes to be thrown in jail, or ended up in area emergency rooms. The cost of one night in jail is approximately \$210 and the cost of an ER visit is approximately \$205. Compare that to the \$8.10 it cost per night last year to house a homeless individual at the emergency shelter. Using the above cost comparison as well as occupancy data collected in previous years and outcome measures from next years programs, we intend to engage relevant stakeholders (hospitals, local businesses, county government officials) to diversify funding and increase community buy-in for the shelter. Broadening our funding base and educating the community about the needs of the homeless population will lead to funding stability in the future.

Identify Which Desired Outcomes This Offer Impacts:

- 1.Increasing housing affordability
- 2.Increase the sense of safety in the city
- 3.

BUDGET REQUEST

Summary: (Please complete based on information contained in Attachment F)

Offer Name	Personnel Costs (including Benefits)	Operating Costs	Total Request	FTEs required
Cold Weather Shelter	67,905	29,845	97,750	7.5

Capital Budget Impact? **Yes** **No** **\$Amount**

Financial Offsets: *(Please list other revenues associated with the specific program for which funding is requested)*

Name	Amount



City of Chattanooga

FY15 Offers

PERFORMANCE DATA	
Measurement 1:	
<ul style="list-style-type: none">Average length of stay: Utilizing HMIS database records for clients served by the cold weather shelter, the average length of stay for all shelter occupants will be calculated. This measure will provide an indicator for the quality of service referral at the shelter, as occupants being enrolled into other programs will discontinue use of the shelter.<ul style="list-style-type: none">Target: 10% reduction in average length of stay year by year, beginning with baseline data collected for shelter operations in 2013/2014. Extremely severe weather conditions or natural disasters may mitigate the validity of this measure.	
<i>Historical Comparison Data?</i>	
Data for the current year of shelter operation is currently being entered into the HMIS database.	
Measurement 2:	
<ul style="list-style-type: none">Recidivism: Client enrollment data for Shelter operations in 2014/2015 will be compared to historical data from 2013/2014 to develop a list of repeat shelter users. This measure will indicate the success of referring shelter clients into other programs in their journey toward stable permanent housing.<ul style="list-style-type: none">Target: HUD standards suggest a recidivism reduction of 5% year over year.	
<i>Historical Comparison Data?</i>	
Data for the current year of shelter operation is currently being entered into the HMIS database. Data entry for previous years did not reflect actual program utilization.	
Measurement 3:	
<ul style="list-style-type: none">Access to case management services: Utilizing HMIS database records, the percentage of all shelter clients requesting referrals to support services from the case manager staffed at the emergency shelter will be calculated. As case management is not mandatory for shelter clients, this measure will indicate the success of shelter management in promoting the service to shelter clients.<ul style="list-style-type: none">Target: 60% of all shelter clients will access case management or referral services at the shelter.	
<i>Historical Comparison Data?</i>	
Provision of case management and referral was not a part of historical program operation and will be implemented in 2014/2015 shelter operations.	
Return on Investment:	
<i>How do citizens benefit?</i> Citizens benefit primarily from the moral imperative of saving the lives of fellow citizens. Secondly, the shelter provides a low-cost alternative that diverts homeless individuals from cost-intensive police and medical services.	



City of Chattanooga

FY15 Offers

Does this activity leverage other financial resources? We have not currently secured other financial resources for this program, but are in ongoing advocacy conversations with county officials and other stakeholders to diversify funding streams.

How does this activity decrease costs over time for the City? This activity reduces police officer time (\$40/hour) that would otherwise be spent dealing with homeless individuals seeking shelter through trespassing or committing petty crimes.

How can this program become sustainable without City funding? Do to the burden this population places on city services complete divestment is unlikely. However, continued efforts of funder engagement and community education can broaden the funding base and lessen the burden on city funding.

Attachment F: Budget Format

Agency Name: Chattanooga Regional Homeless Coalition

**CITY OF CHATTANOOGA
FY 2015 Agency Funding Financial Form**

Account Category	Actual FY 2011	Actual FY 2012	Actual FY 2013	Budget FY 2014	Request FY 2015	Incr (Decr) Request vs. FY 14 Budget	% Change Request vs FY 14 Budget
REVENUES							
Contributions							
Individuals/Private			\$ 19,225	\$ 40,000		\$ (40,000)	-100.0%
Corporate/Organizations/Churches	\$ 72,072	\$ 69,537	\$ 132,553	\$ 105,000		\$ (105,000)	-100.0%
Fees/Grants from Governmental Agencies							
Federal	\$ 155,767	\$ 162,940	\$ 169,336	\$ 232,269		\$ (232,269)	-100.0%
State	\$ 692,435	\$ 277,921	\$ 52,923	\$ 84,000		\$ (84,000)	-100.0%
Hamilton County	\$ 15,000	\$ 15,000	\$ -			\$ -	N/A
City of Chattanooga	\$ 138,907	\$ 102,443	\$ 134,100		\$ 97,750	\$ 97,750	N/A
Other Cities (Please list)						\$ -	N/A
United Way							
Foundations (including grants)						\$ -	N/A
Gross Proceeds Special Events						\$ -	N/A
Other UWs/Federations						\$ -	N/A
CFC/Designations received thru UWGC						\$ -	N/A
UWGC Program Allocation						\$ -	N/A
UWGC Special Funding						\$ -	N/A
Membership Dues	\$ 33,980	\$ 16,212	\$ 7,305	\$ 2,500		\$ (2,500)	-100.0%
Program Income	\$ 22,751	\$ 20,446	\$ 19,215	\$ 33,000		\$ (33,000)	-100.0%
Governmental Insurance						\$ -	N/A
Private Insurance						\$ -	N/A
Contracted Services						\$ -	N/A
Fee for Services						\$ -	N/A
Other Program Income						\$ -	N/A
Sales to Public						\$ -	N/A
Investment Income						\$ -	N/A
Miscellaneous			\$ 567			\$ -	N/A
Other Revenues (Please list separately any major item)						\$ -	N/A
Transfers in from other internal budgets						\$ -	N/A
Income from Previous Year						\$ -	N/A
TOTAL REVENUES	\$ 1,130,912	\$ 664,499	\$ 535,224	\$ 496,769	\$ 97,750	\$ (399,019)	-80.3%
OPERATIONS							
Personnel Expenses							
Salaries	\$ 216,373	\$ 278,577	\$ 211,165	\$ 197,289		\$ (197,289)	-100.0%

Attachment F: Budget Format	Agency Name:		Chattanooga Regional Homeless Coalition						
Fringe Benefits							\$ -	N/A	
Employee Health	\$ 13,467	\$ 20,131	\$ 17,686	\$ 22,600			\$ (22,600)	-100.0%	
Pension/Retirement		\$ 6,000	\$ 6,500	\$ 6,000			\$ (6,000)	-100.0%	
Payroll Taxes, etc.	\$ 17,310	\$ 11,843	\$ 24,457	\$ 17,258			\$ (17,258)	-100.0%	
Other (unemployment, life insurance, etc)							\$ -	N/A	
Total Personnel Expenses	\$ 247,150	\$ 316,551	\$ 259,808	\$ 243,147	\$ -	\$ (243,147)	-100.0%		
OPERATING EXPENSES									
Administration									
Professional Fee & Contract service	\$ 97,321	\$ 50,723	\$ 136,034	\$ 56,625	\$ 67,905	\$ 11,280	19.9%		
Utilities					\$ 8,500	\$ 8,500	N/A		
Other						\$ -	N/A		
Rent	\$ 14,586	\$ 14,915	\$ 14,734	\$ 15,400		\$ (15,400)	-100.0%		
Travel/Transportation	\$ 10,052	\$ 13,804	\$ 7,644	\$ 9,725		\$ (9,725)	-100.0%		
Insurance (not employee health)			\$ 2,744	\$ 3,977		\$ (3,977)	-100.0%		
Materials & Supplies	\$ 3,472	\$ 5,650	\$ 1,560	\$ 2,860		\$ (2,860)	-100.0%		
Telephone, Fax, ISP	\$ 14,488	\$ 12,505	\$ 6,090	\$ 20,430		\$ (20,430)	-100.0%		
Postage and Shipping	\$ 1,649	\$ 1,477	\$ 931	\$ 2,653		\$ (2,653)	-100.0%		
Occupancy/Building/Utilities						\$ -	N/A		
Equipment Rental and Maintenance (including contracts)			\$ 1,389	\$ 2,923		\$ (2,923)	-100.0%		
Outside Printing, Art Work, etc.	\$ 1,276	\$ 4,493	\$ 2,717	\$ 4,433		\$ (4,433)	-100.0%		
Conferences, Conventions, etc.	\$ 5,580	\$ 7,952	\$ 2,265	\$ 3,298		\$ (3,298)	-100.0%		
Special Assistance to Individuals	\$ 42,363	\$ 69,739	\$ 60,504			\$ -	N/A		
National Dues/Support Payments	\$ 1,037		\$ 1,189	\$ 2,923		\$ (2,923)	-100.0%		
Organization Dues (other than above)						\$ -	N/A		
Awards and Grants	\$ 615,120	\$ 109,793	\$ 40,675	\$ 63,387		\$ (63,387)	-100.0%		
Fund Raising/Self-Support Activities	\$ 30,586	\$ 34,744	\$ 29,621	\$ 52,000		\$ (52,000)	-100.0%		
Miscellaneous	\$ 12,726	\$ 16,645	\$ 7,389	\$ 19,902	\$ 6,595	\$ (13,307)	-66.9%		
Equipment Purchases (incl. capital expenses)				\$ 8,612		\$ (8,612)	-100.0%		
Depreciation	\$ 3,412	\$ 3,353	\$ 3,157	\$ 3,180		\$ (3,180)	-100.0%		
Other Expenses (Please list separately any major item)						\$ -	N/A		
Laundry					\$ 14,750	\$ 14,750	N/A		
Operating Expenses Total	\$ 853,668	\$ 345,793	\$ 318,643	\$ 272,328	\$ 97,750	\$ (174,578)	-64.1%		
TOTAL OPERATIONS									
	\$ 1,100,818	\$ 662,344	\$ 578,451	\$ 515,475	\$ 97,750	\$ (417,725)	-81.0%		
REVENUE OVER/ (UNDER) OPERATIONS									
	\$ 30,094	\$ 2,155	\$ (43,227)	\$ (18,706)	\$ -	\$ 18,706	-100.0%		



City of Chattanooga

FY15 Offers

OFFER SUMMARY

Offer Name: **Blighted Property Abatement and Maintenance**

Offer Number: **5**

Department

Offer Rank: **5**

Lead

Department: **Public Works**

Collaboration: **Y_x_N**

Administrator: **Lee Norris**

Offer Cost: **\$222,242**

Primary Results Area: **Stronger Neighborhoods**

RESULTS AREA

Stronger Neighborhoods – Neighborhood leadership, connected communities, healthy residential markets, and rapid rehousing.

DETAILS

Description: *(What is the service/program? How will it be provided? What innovation & sustainability practice does this leverage? What difference does this offer make and how will we know? Make a compelling case for your offer.)*

This is an offer to combine resources and better coordinate the City of Chattanooga’s existing approach to managing blighted properties and back-tax properties through cross-departmental collaboration. Blighted or abandoned properties and City owned back-tax properties can lower property values when left unkept, and can increase the risk of fire and crime.

In FY2013, the Department of Economic and Community Development boarded 25 properties and abated litter and overgrowth at 410 properties. This is a 24% increase from the previous year. There are also over 450 additional properties managed by General Services each year which are acquired by the City through back-taxes. Currently, these properties are maintained and managed by three departments, Economic and Community Development, Public Works, and General Services using both City and contract crews. General Services only has funding to maintain 35% of all back-tax properties and encounters some significant problem properties sometimes requiring heavy equipment and waste disposal services to perform an initial overgrowth and litter/trash abatement.

General Services has a back-log of thirteen unfunded back-tax properties that have received a notice of violation from code enforcement and require boarding, litter/trash abatements, tree trimming, and removal of tires. General Services has not historically been fully funded to routinely maintain or abate all of the properties that are acquired through back-taxes.



City of Chattanooga

FY15 Offers

Both Services and ECD have requested additional funding each year to keep up with the maintenance of back-tax properties and blighted properties throughout the City. To fully fund and routinely mow and maintain back-tax properties, General Services estimates they would need up to \$288,000 and ECD estimates that they would need \$175,000 this year (\$125,000 for overgrowth and litter abatement and \$50,000 for boarding), totaling \$463,000. This offer requests that the current funding for both budgets be transferred to Public Works and fully fund the program to support this crew and increase the focus on the reduction of blighted privately held properties and maintain the City's back-tax properties to the standards of City Codes to avoid notices of violations at our own properties.

	Full Funding Requirements for Contractor Abatement & Maintenance		
		FY14 Budget	FY13 Expense
General Services (Back Tax Maintenance)	\$ 288,000	\$ 51,000	\$ 34,800
Economic & Community Development (Litter/Overgrowth)	\$ 125,000	\$ 45,000	\$ 60,511
Economic & Community Development (Property Boarding)	\$ 50,000	\$ 15,000	\$ 12,840
TOTAL	\$ 463,000	\$ 111,000	\$ 108,151

The crew will consist of five employees, one crew supervisor 2, one crew worker 2, two crew worker 1's, and one construction inspector 1.

The crew's activities will primarily be accomplished through the following activities:

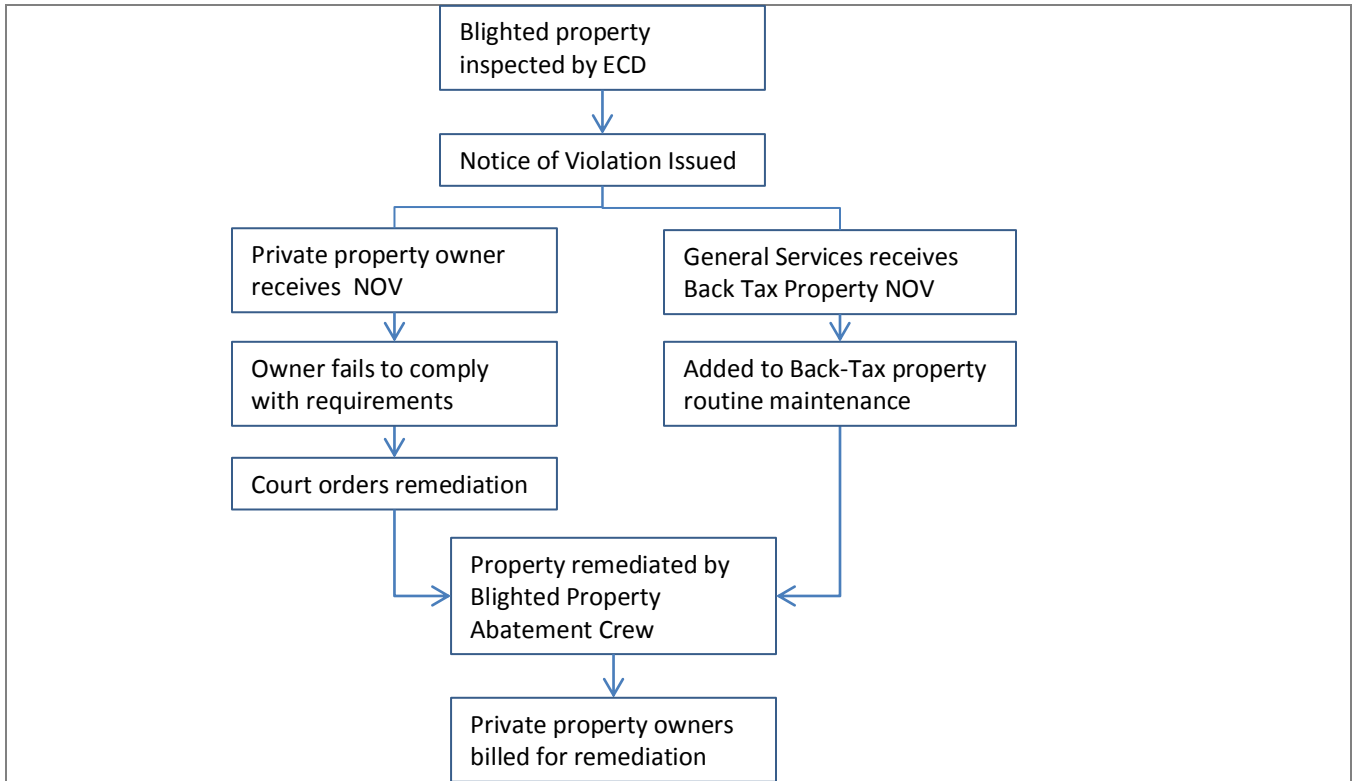
- General property maintenance, such as mowing, trimming overgrown trees, and trash removal
- Monitoring or boarding unoccupied private property

The Department of Public Works will take the lead on managing **Blighted Property Abatement and Maintenance** crew. The Department of General Services manages all city-owned properties acquired through back-taxes and will continue to funnel that information to the Department of Public Works. ECD is responsible for ensuring that properties are compliant with City ordinances and will keep communications open with the Department of Public Works to expedite the abatement of properties in violation.



City of Chattanooga

FY15 Offers



The benefits of this program will be an improved response time to correct environmental and housing violations, programmed maintenance of back-tax properties, reduced fire hazard, and increase sense of safety. Under the status quo approach, each City Department handles overgrowth, litter, trash, and neglected property abatement using outside contractors when the problems are addressed.

General Services and Economic and Community Development recognize that City crews will be responsive to problems than contractors and since the properties are being maintained and cut by city crews, the properties will not have to be inspected a second time. Depending on the problems found at each property contractors often subcontract boarding, or waste disposal, both of which can be addressed by City crews. Combining resources of manpower and equipment to fix these problems will not only save money, but the results will improve drastically.

Identify Which Desired Outcomes from Request for Offer(s) that this Offer Impacts:

1. Reduce the number of blighted properties in the City.
2. Reduce fire risk
3. Increase sense of safety in the City

BUDGET REQUEST

Summary: (Please complete based on Dept. Operating Detail and Dept. Personnel Detail Forms)



City of Chattanooga

FY15 Offers

Department	Personnel Cost (including Benefits)	Operations	Request	% of offer	FTEs required
Public Works	\$134,219	\$88,023	\$222,242	100%	3
	134,219	\$88,023	\$222,242	100%	3

***Amounts MUST agree with collaborating Department totals for this offer**

Capital Budget Impact? Yes No \$Amount

***Please complete and attach Capital Budget Request Form**

Financial Offsets: (Please list any Revenue e.g. golf course revenue, Grants, Private/Corporate Contributions, Etc.)

Name	Amount
Court ordered expenses for property abatement/remediation	\$15,000

PERFORMANCE DATA

Measurement 1: Number of blighted properties abated and maintained.

FY2012	FY2013	FY2014	FY2015 Target

Measurement 2: Cost per property abated, maintained, or remediated.

FY2012	FY2013	FY2014	FY2015 Target

Measurement 3: Number of days between initial notification and remediation/abatement.

FY2012	FY2013	FY2014	FY2015 Target

Return on Investment:

In FY 2014, Economic & Community Development and General Services were budgeted \$111,000 for the maintenance of back-tax properties and for abating litter, overgrowth, and boarding private properties. The departments estimate it would cost over \$463,000 to properly maintain the more than 800 properties during the year. The estimated cost of this offer is \$322,242, which dedicates full time staff to focus on the complete maintenance and abatement of blighted and back-tax properties. While the cost of this offer is more than budgeted operations for the last fiscal year, all of collaborating departments agree that 1) the current blighted property and back-tax property maintenance/abatement programs are underfunded, 2) City crews will maintain the properties and perform routine grounds maintenance to City standards, and 3) this program benefits from the shared resources of Public Works equipment and personnel.



City of Chattanooga

FY15 Offers

The first year will be a test to the efficiency and ability of the crew to outperform their contracted predecessors. All of the partners in this program are working to be successful, and are committed to communicating interdepartmentally, monitoring each property closely, and carefully planning a strategic daily approach to continue to lower the maintenance cost and demonstrate the highest housing standards in the community.

How do citizens benefit?

Neighborhood properties will receive prompt response to abatement complaints at private properties and back tax properties. This will immediately enhance the community by removing the blight and the surrounding neighbors see the City's Public Works crews 'taking care of business.'

The list of back-tax properties will receive routine and scheduled maintenance as well as prompt and immediate abatement once the City takes ownership of the property. This will ultimately improve the surrounding community and promote the sale of the back-tax properties as well as increase surrounding private property values.

Does this activity leverage other financial resources?

Public Works will request Community Development Block Grant (CDBG) funding during the next evaluation and funding cycle.

The sale of back-tax properties also return revenue back to the City and maintenance of the properties could add value.

Some costs may also be recovered from court actions if private property owners are ordered to pay administrative and overhead expenses for the City to abate or remediate a problem at the property.

How does this decrease costs over time?

Planned maintenance can reduce costs by using city crew with shared resources rather than contractors. The assigned crews will become accustomed to solving specific problems, maintain specialized tools and equipment, and refine processes to ensure the lowest cost and quickest response.



City of Chattanooga

FY15 Offers

OFFER SUMMARY

Offer Name: **City Wide Services**

Offer Number: **2** Department Offer Rank: **2**

Lead Department: **Public Works-City Wide Services** Collaboration: **Y X N**

Administrator: **Lee Norris**

Offer Cost: **\$19,465,439** Primary Results Area: **Stronger Neighborhoods**

RESULTS AREA

Stronger Neighborhoods – Neighborhood leadership, connected communities, healthy residential markets, and rapid rehousing.

DETAILS

Description: *(What is the service/program? How will it be provided? What innovation & sustainability practice does this leverage? What difference does this offer make and how will we know? Make a compelling case for your offer.)*

This offer is to continue providing essential city-wide services including solid waste curbside collection services and right-of-way maintenance. Details of the budget and all 131 fulltime positions from general fund budgets are listed for each of the 10 cost centers in the Budget Summary section. The division of City Wide Services

These services, through the division of City-Wide Services, include: Brush Collection, Garbage Collection, Curbside Recycle Collection, Bulky Trash Collection including Sway Cars and Trash Flash, Street Cleaning, Emergency Services, and Forestry. One goal of the State of Tennessee Solid Waste Management Act of 1991 is to reduce by twenty-five percent (25%) the amount of solid waste disposed of at Class I municipal solid waste disposal facility. Many of the solid waste functions provided by the municipality are essential to maintaining these goals which are required by City ordinance.

This offer is collaborative to support many other areas in the City including; the Department of Transportation in the maintenance and repair of streets, bike lanes, and sidewalks; the Fire Department in the use of heavy equipment and manpower; General Services by supporting construction and maintenance of municipal facilities and back-tax properties; Economic and Community Development in the abatement of blighted properties; and internal to the Department of Public Works supports divisions of Water Quality, Parks, Solid Waste disposal facilities, and the Interceptor Sewer Systems through assistance with maintenance and construction.

Garbage collection is required by ordinance to be collected weekly and serves 60,000 residential and non-residential customers and collected 54,449 tons of garbage last year. Collection services are provided using 11 side-load automated collection vehicles, two manual rear-load collection vehicles, one small truck used to service aged and handicap customers, and parks. This section averages over 209 tons of garbage daily from approximately 12,000 service locations.

Recycle collection is a service required by ordinance to provide residential and non-residential bi-weekly curbside recycle collection. Customers use this service by contacting "311" and receiving regular collection every other week. There are currently 16,000 customers registered in the program and service is provided by two crews using rear-load collection vehicles. Last year, this program collected 2,528 tons.

Brush collection is a service required by ordinance to provide scheduled residential yard waste collection. When citizens call "311" and request a service trucks are routed to specific locations for pick up. Call in service has allowed the department to maintain a cleaner city while reducing this sections budget in areas of personnel, maintenance, fuel consumption and capital cost. Brush service has in the past and continues to be one of the top 10 service requests used by citizens. In 2013, over 51,000 citizens requested this service and 26,715 tons of yard waste were collected and processed.



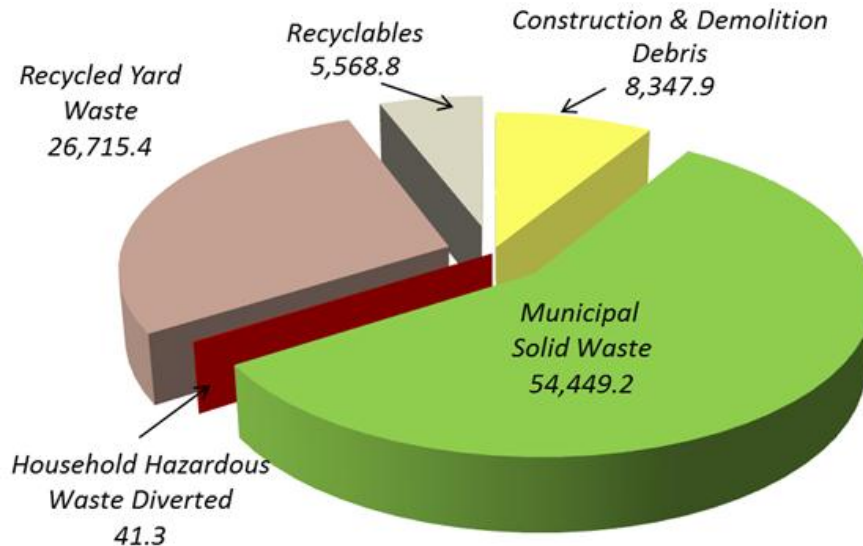
City of Chattanooga FY15 Offers

Bulky Trash collection includes two operations, Trash Flash and Sway Cars:

Trash Flash is a service required by ordinance to provide residential bulky item trash collection. This service makes disposal of bulky trash items easy for residents by placing the items on the curbside for collection. This service was requested over 20,000 times in 2013. This service also reduces disposal of items along the side of the road.

Sway Cars are trailer pulled dumpster units used for bulky trash collection and placed at citizen's properties by scheduling service through "311." They can be used to clean out properties when citizens do not have the capability or resources to haul material or otherwise remove household debris from their premises or when they schedule an improvement project that creates spoil material. These are typically used for items that are not recyclable and only suitable for disposing of in an approved landfill. Calendar year 2013 citizens submitted over 1,200 requests for this service.

Solid Waste and Recycling Total Tonnage CY 2013



Refuse Collection Centers are located in three strategic areas in the City for disposal convenience of bulky trash and scrap metal. The sale of scrap metal from the centers generates annual revenues of approximately \$60,000. Last year 34,286 customers visited the convenience centers which collected over 4,585 tons of construction and demolition debris.

Municipal Forestry is a program created by ordinance and is responsible for the planting, pruning, maintenance and removal of the estimated 200,000 trees along city ROWs and thousands more in Parks and on other city properties. This section also strives to ensure the safety of the general public by removing dead and hazardous trees from city property as well as trees that have fallen into city streets and maintained alleys. This section serves in an advisory capacity to other city departments and operations including Transportation, Land Development, Planning, Economic and Community Development, the Office of Sustainability, and other divisions within Public Works. The City Forester sets the standards of practice and issues permits to individuals/companies to comply with various ordinance and policy requirements. The section also advises residents/businesses on tree related problems. This section continues to be innovative by working through the Take Root tree planting initiative to increase the downtown tree canopy through both donated funds and grants. Moreover, tree planting costs have been offset by partnering with neighborhood groups for volunteer tree planting work days which also serves to build neighborhood unity. The work of the Forestry section is a strong component of the Mayor's new initiative for safe streets, strong and connected neighborhoods, and an attractive downtown for residents and tourists in a green and sustainable manner.

Emergency Response is a conglomeration of functions that provides an array of services and is on duty 24/7/365. Those services include the cleanup of chemical spills; applying salt and sand to streets for snow and ice problems; the pickup of dead animals from participating veterinary clinics and from 311 requests; the pickup of illegally dumped tires and assorted litter; cleanup of debris in roadways; the resolution of various safety issues as called in to 311; and performing grounds



City of Chattanooga

FY15 Offers

maintenance at the Paul Clark complex. The second and third shifts perform all of the above functions in addition to emergency pothole repair; street cleanup after storms and vehicle accidents; performing general cleanup of streets, sidewalks, and tree wells in the Central Business District. Both of these shifts respond to requests from the Fire and Police Departments. This section strives to support the Mayor's new priority areas by providing outstanding customer service to maintain safe streets, reduce health hazards, and increase the attractiveness of neighborhoods.

Street Cleaning responsibilities directly impact citizens daily by providing routine right-of-way mowing to improve driving conditions and prevent sight obstructions and clearer visibility along the road, street sweeping to avoid silt and litter from entering storm drainage structures which reduces clogged drains and reduces flooding, litter collection and abatement to provide residents with clean streets, both pedestrian and vehicular sight obstruction mitigation, loose leaf service in the Fall and Winter months and supports Street Maintenance during winter weather incidents as well. This section executed in the calendar year of 2013 1,245 mowing service requests, 410 sight obstruction request, 354 sweeping request, logged 60,618 miles swept which averted nearly 900 tons of silt from entering our waterways. Every phase of this sections work affects neighborhoods in a positive way adding to a higher quality of life and a value to property values as well. We feel this sections work directly supports the Mayor's result area of Stronger Neighborhoods.

The Street Cleaning Section's performance will be evaluated directly by how quickly "311" requests are resolved in relation to the duration of time allowed to perform that particular function.

City Wide Services Administration includes the support functions required to meet the operational needs for all CWS divisions, including Garbage, Recycle, Yard Waste, and Bulky Trash Collection; Administration, Birchwood Landfill, Closed Landfills, Emergency Response, Urban Forestry, Recycle Centers, Refuse Collection Centers, Street Cleaning, Street Maintenance, Water Quality Operations, Household Hazardous Waste Collection, and the Wood Compost Facility. The administration services provided for each division can be divided into four general sections: 311/SR response and dissemination, human resources, purchasing and inventory and safety and training. The services provided are as follows:

311/Service Request Dispatch and dissemination is the CWS arm of the City of Chattanooga's 311 Call Center. Citizens have embraced the "One Call to City hall" program which provides one number to contact for city services. Since the program's inception in February of 2003, the top 311 request is for "Trash Flash", a CWS function, which is a curb side pick-up of bulky items such as furniture and appliances. In the past eight years over 162,775 requests for this service have been processed by CWS. In addition to requests for Trash Flash, fully 90% of all 311 requests come through CWS. In FY2013, CWS processed 106,849 services requests, up from 90,764 in FY2012. During this same period, this section also created 3,241 services requests internally, referred 79 utility contacts and logged 631 driver call-ins for service.

Payroll and Personnel services include payroll preparation, processing and submittal for both weekly and biweekly payrolls; all necessary paperwork associated with new hires, transfers, promotions, demotions and disciplinary actions; maintenance of personnel files; and filling of job vacancies, including requisition submittal, application review, conducting of interviews, and submitting hiring recommendations. On an annual basis this section processes approximately 10,920 individual payrolls, processed over 80 different personnel transactions and tracked disciplinary records on over 150 employees. In FY2013 this section submitted 37 job requisitions, reviewed 605 job applications and conducted 209 job interviews.

Purchasing and inventory ensures the necessary supplies and materials are purchased and delivered as requested and that invoices are paid in a timely manner. In FY2013, some 1,703 requisitions for goods and services were executed and processed at a value of \$1.5 to \$2 million. A total of 796 credit card transactions were handled and over 56 contact specifications were reviewed. This section is also responsible for the CWS Tool Room and SME (sensitive minor equipment) inventories. The CWS Tool Room houses equipment and materials needed for crews on a daily basis; while the facility maintains some 400 different categories of items, a total of 80 to 120 items are tracked and dispersed on a daily basis. The SME tracks some 1,500 items.

Safety and training investigates reports and tracks on-the-job injuries, vehicle accidents and property damage claims. This section also provides training for approximately 270 employees, conducts worksite audits and ensures regulatory compliance with OSHA, TOSHA, TDOT, and FEMA. In calendar year 2013, staff managed 75 on the job injuries and over 300 work related restrictions, investigated 67 vehicle accidents which included photos, witness statements, reconstructed drawings, reports, drug screens, repairs, and appeal hearings. CWS is the only Public



City of Chattanooga

FY15 Offers

Works' division to have a dedicated Accident Investigator which is utilized by the City's Claims Investigator from the City Attorney's office to assist with all residential claims against the city. The number of property damage and injury claims resulted in 128 investigations in 2013. A total of 78 specific employee training events were also administered in 2013. While many of these are mandatory training for Federal or State agencies, most are designed to be preventative in nature, such as the weekly "tail-gate" safety sessions. Safety also audited 385 work zones in 2013; the goal is to encourage a safe work force by correcting potential hazards as well as enforcing current standards and regulations.

Public Works Utilities include utilities for the City Yards and Traffic Operations. The total amount requested is \$205,361.

Solid Waste Disposal is the appropriation to the Solid Waste fund for the City's solid waste disposal. This is a revenue component of the Solid Waste Fund budget. The total amount requested is \$7,022,402.

Identify Which Desired Outcomes from Request for Offer(s) that this Offer Impacts:

1. Reduce the number of blighted properties in the City
2. Provide essential services
- 3.

BUDGET REQUEST

Summary: (Please complete based on Dept. Operating Detail and Dept. Personnel Detail Forms)

Department	Personnel Cost (including Benefits)	Operations	Request	% of offer	FTEs required
Public Works-Brush	688,701	548,376	1,237,077	7%	12
Public Works-Garbage	1,295,884	2,267,055	3,562,939	21%	25
Public Works-Recycle	527,938	796,558	1,324,496	4%	7
Public Works-Sway Cars	68,430	65,200	133,630	1%	1
Public Works-Trash Flash	250,913	206,650	457,563	2%	4
Refuse Collection Centers	56,518	450,965	507,483	2%	1
Street Cleaning	1,651,445	1,266,526	2,917,971	16%	30
Emergency	699,068	245,697	944,765	4%	13
Forestry	638,696	200,810	839,506	4%	10



City of Chattanooga

FY15 Offers

CWS Administration	878,670	207,133	1,085,803	6%	15
Total Offer	6,551,873	12,913,566	19,465,439	100%	116

**Amounts MUST agree with collaborating Department totals for this offer*

Capital Budget Impact? Yes No \$3,875,000 Amount

**Please prepare and attach Capital Budget Request Form*

Financial Offsets: (Please list any Revenue e.g. golf course revenue, Grants, Private/Corporate Contributions, Etc.)

Name	Amount
General Fund is reimbursed by a State Street Aid contract for street sweeping, right-of-way mowing, and litter collection on State Routes within the City Limits.	\$339,179.70
Sale of scrap metal	\$60,000

PERFORMANCE DATA

Measurement 1: Percent of service requests resolved on time through January 2014

Brush

FY2012	FY2013	FY2014	FY2015 Target
	95.9		99%

Missed Garbage

FY2012	FY2013	FY2014	FY2015 Target
	98.6		

Missed Recycle

FY2012	FY2013	FY2014	FY2015 Target
	94.3		95%

Measurement 2: Tons of recyclable tons collected and diverted from the landfill.

FY2012	FY2013	FY2014	FY2015 Target
24,766	23,639		25,000

Measurement 3: Cost per ton collected for each solid waste service. (Brush, Garbage, Curbside Recycling, Refuse Collection Centers, Sway Cars, Street Cleaning, Litter Collection)

Brush

FY2012	FY2013	FY2014	FY2015 Target



City of Chattanooga

FY15 Offers

\$74.09	\$77.18	\$132.80	\$79
Garbage			
FY2012	FY2013	FY2014	FY2015 Target
\$75.88	\$77.61	\$93.60	\$76
Curbside Recycle			
FY2012	FY2013	FY2014	FY2015 Target
\$255.74	\$224.91	\$266.62	\$250
Curbside Recycle			
FY2012	FY2013	FY2014	FY2015 Target
\$86.06	\$64.13	\$78.73	\$76

Return on Investment:

How do citizens benefit? All of these services provide for a cleaner city which improves quality of life for its residents, ultimately creating stronger neighborhoods and higher property values for its citizens.

Does this activity leverage other financial resources? The sale of recyclable materials and waste tonnage diverted from the landfill offset costs associated with solid waste and recycling collection services.

How does this decrease costs over time? All of the activities in the offer relate to the citizens health and well-being and many are required by ordinance. Many of the desired outcomes in the Request for Offers would cost more to execute without the Solid Waste and maintenance functions occurring regularly and efficiently.



City of Chattanooga

FY15 Offers

OFFER SUMMARY

Offer Name:	Increase Curbside Recycling Participation		
Offer Number:	6	Department	
Lead		Offer Rank:	8
Department:	Public Works	Collaboration:	Y ___ N ___ x ___
Administrator:	Lee Norris		
Offer Cost:	\$761,957	Primary Results Area:	Innovation

RESULTS AREA

Innovation Fund – Something different – processes, services, technologies, ideas. Shifting the way government operates.

DETAILS

Description: *(What is the service/program? How will it be provided? What innovation & sustainability practice does this leverage? What difference does this offer make and how will we know? Make a compelling case for your offer.)*

This offer will increase curbside recycling participation and the total tons of recyclable material collected by offering a free 96-gallon blue recycle cart upon request. The carts will be available to non-residential and residential customers.

Recycling industry has recognized that a large storage solution, the roll-out cart, would make recycling easier and persuade customers to consider recycling over waste disposal. The carts would be the same capacity as garbage carts and would be easily available to customers by request. Glass will also be accepted as part of this change in the single stream collection program with changes to the current single stream sorting contract.

Standardized roll-out carts will allow crews to collect the carts using mechanical side-load trucks. This will eliminate four crew worker 1 positions. Three employees in equipment operator 3 positions will be offered opportunities as an equipment operator 4. Also, by eliminating the manual loading of trucks, the risk and liability for job injuries is greatly reduced.

Funding for the roll-out carts are in an FY15 capital request for 20,000 carts at \$48.00 each (\$960,000 total) and three new side load collection trucks at \$300,000 each (\$900,000 total). The total capital request for FY15 is \$1.8 million. A capital request for subsequent years FY16 and FY17 total \$720,000 for an additional 15,000 roll-out carts.

A recycling coordinator will also be added to increase awareness, promote recycling programs, and administer the sale, delivery, and maintenance of carts.

Projected recycling expenses for manual collection in FY15 are \$641,789 and included five crew workers,



City of Chattanooga

FY15 Offers

three equipment operators, and one supervisor. This offer reduces staffing by four FTE's requiring only three equipment operator 4's, one public information specialist, and one supervisor. This offer increases costs for recycling by \$120,168 due to operating an additional automated collection vehicle, fuel, and increased maintenance costs associated with the side load vehicles. The increased costs should coincide with the increased participation and collected tonnage in cost per ton collected.

This is the first significant change to curbside recycling since 2009 when the service was changed to bi-weekly collection. Mechanical collection in the waste industry has been proven effective for garbage and recycling to reduce injuries and increase efficiency. This significant operational change and benefit to customers is poised to attract and increase participation and collected tonnage. Providing roll-out recycling carts at no charge to customers demonstrates the City's commitment to increase recycling and waste diversion from the landfill is a recurring return on investment.

Identify Which Desired Outcomes from Request for Offer(s) that this Offer Impacts:

1. Increase recycle collections
2. Decrease landfill waste

BUDGET REQUEST

Summary: (Please complete based on Dept. Operating Detail and Dept. Personnel Detail Forms)

Department	Personnel Cost (including Benefits)	Operations	Request	% of offer	FTEs required
Curbside Recycle	\$204,391	\$557,556	\$761,957	100%	4
TOTAL	\$204,391	\$557,556	\$761,957	100%	4

**Amounts MUST agree with collaborating Department totals for this offer*

Capital Budget Impact? X Yes No Amount \$1,840,000

**Please complete and attach Capital Budget Request Form*

Financial Offsets: (Please list any Revenue e.g. golf course revenue, Grants, Private/Corporate Contributions, Etc.)

Name	Amount
Sale of recyclable materials (\$10/ton)	\$35,000
Waste diverted from Landfill (cost avoidance \$31.50/ton)	\$110,250

PERFORMANCE DATA

Measurement 1: Percentage of increase in curbside recycling participants.

FY2012	FY2013	FY2014	FY2015 Target

Measurement 2: Total tons of recyclables collected.



City of Chattanooga

FY15 Offers

FY2012	FY2013	FY2014	FY2015 Target

Measurement 3: Percentage of increase in curbside recyclable material.

FY2012	FY2013	FY2014	FY2015 Target

Return on Investment:

How do citizens benefit?

Residents will receive a large 96-gallon recycle roll-out cart at no cost to the customer. A larger storage solution for residents makes it easy to store and roll recyclables to the curbside for collection.

Does this activity leverage other financial resources?

Yes, the sale of recyclable material generates revenue that is returned to the General Fund.

How does this decrease costs over time?

Removing materials from the waste stream to the recycle stream increases diversion from the landfill which reduces disposal costs and increases the life of the City's landfill.



City of Chattanooga

FY15 Offers

OFFER SUMMARY

Offer Name:	Neighborhood Services Affordable Housing and Capacity Building		
Offer Number:	#2	Department	Offer Rank: 5 of 12
Lead			
Department:	ECD	Collaboration:	YES
Administrator:	Donna Williams		
Offer Cost:	\$1,479,185	Primary Results Area:	Stronger Neighborhoods

RESULTS AREA

1. **Safer Streets** – Safe communities, reduced crime, positive opportunities, and alternate pathways.
2. **Growing Economy** – Growing and supporting local businesses, workforce development, business recruitment and retention, and an environment for innovation.
3. **Stronger Neighborhoods** – Neighborhood leadership, connected communities, healthy residential markets, and rapid rehousing.
4. **Smarter Students, Stronger Families** – Parents and first teachers, community support, and community health.
5. **High Performing Government** – Data-driven decision making, sound operations, outstanding customer service, resource management, and exceptional talent.
6. **Innovation Fund** – Something different – processes, services, technologies, ideas. Shifting the way government operates.

DETAILS

Description: *(What is the service/program? How will it be provided? What innovation & sustainability practice does this leverage? What difference does this offer make and how will we know? Make a compelling case for your offer.)*

The positive impact of safe, stable and affordable housing, in solid neighborhoods, is far-reaching and is proven to benefit mental and physical health, school attendance and performance, job stability and advancement and more. Working with every City department, Neighborhood Services strives to help develop strong neighborhoods in areas throughout the city.

Great progress has been made at the neighborhood level to support revitalization and stabilization activities. However, many neighborhoods still lack quality affordable housing, strong community leaders, community engagement and safe streets. The division of Neighborhood Services will address these through the following:

Affordable Housing & Rehabilitation Programs – There are several City programs that support the commitment to expand high-quality housing options to citizens who are facing financial hardship. The various programs include financial assistance for new construction, renovations and home repair, whether for rental



City of Chattanooga

FY15 Offers

and for home ownership. Each program is leveraged with private and federal funds.

Programs underway:

Low-Income Housing Tax Credit (LIHTC) – For the first time, the City will offer **gap financing** to support the development of LIHTC backed projects funded through the Tennessee Housing Development Agency (THDA). An investment of \$500,000 in Home funds will leverage approximately \$23.4 million in total development cost and provide 120 affordable housing units with a minimum compliance period of twenty (20) years.

Affordable Housing Initiative (AHI) – A proactive approach to place underperforming vacant and abandoned properties back on the tax rolls; turning challenges into opportunities. Unfortunately, these City-owned assets contribute to blight in many urban neighborhoods. Through AHI, the City partners with private developers, City departments, Hamilton County and the Chattanooga Housing Authority to construct and rehabilitate approximately fifty (50) units of rental housing each year. The City's investment will be leveraged with up to \$20,000 in HOME funding, 80% of private investor funding, and a Project Based Voucher (rental subsidy from HUD), for each unit developed. All units are required to be reserved for low-income tenants for a period of twenty years.

HOMEAgain Program – This is one of the City's tools to stave off homelessness. It exists to provide (1) housing for those experiencing homelessness (2) those experiencing challenges that would likely result in homelessness and (3) to rapidly re-house those who become homeless. Since the program's inception, federal funding of \$2 million has been leverage against \$4.8 million of private investor funding producing affordable housing for 69 households.

Transitional Housing Initiative – Under this newly developed City program, Home Investment Partnership (HOME) funds are available to area nonprofits seeking to create transitional rental housing for low and very low-income, homeless or imminently homeless households. This program, useful in efforts to rapidly re-house citizens, requires at least a 50% investment from development partners.

Rental Property Renovation Program – Through this program the City provides funding to property owners who substantially renovate their vacant rental units and agree, via contract, to reserve them for low-income tenants with incomes below 80% of the area median income for a five-year period. Since inception, the program has invested \$188,000 with leverage of \$376,000 producing 56 rehabilitated units. The funding from this program incentivizes landlords to improve and maintain their rentals, while also reducing their cost of ownership, thus minimizing the number of foreclosed, abandoned and dilapidated properties throughout our neighborhoods.

Home Repair Program – This program, a collaboration with World Changers, has impacted 379 low-to-moderate income elderly and/or disabled homeowners over the past 12 years. Not only does the Home Repair Program help low-income seniors maintain their homes in good, safe condition, it also aids in the reduction of blight in the community. Without the assistance, many of the homeowners would have to abandon their homes.



City of Chattanooga

FY15 Offers

In the coming fiscal year the program will expand its ability to serve low-income seniors by partnering with the local faith-based community. The partnerships will allow the City to assist seniors beyond the two-week period when World Changers volunteers are in the city.

Neighborhood Leadership Development and Capacity Building – Strong, sustainable and self-sufficient community-based organizations (CBO) can be great assets to a city and often can reduce the burden placed on city governments. Thriving CBOs are able to address and resolve issues with limited or no interaction with city departments.

Community Outreach and Civic Engagement – Current programs within the division – “Neighborhood Talk” radio show, Common Ground newsletter, City web site, etc. -- are being reorganized to directly serve the needs of citizens. The effectiveness of these programs will be determined by collecting data from the various target audiences. The roles of several staff members within the division will also have a new emphasis on focused, proactive civic engagement.

Identify Which Desired Outcomes from Request for Offer(s) that this Offer Impacts:

1. Increase in housing affordability, **Stronger Neighborhoods**
2. Reduce number of blighted properties, **Stronger Neighborhoods**
3. Decrease in chronic absenteeism, **Smarter Students/Stronger Families**
4. Fewer kids dropping out of school, **Smarter Students/Stronger Families**
5. More parental involvement, **Smarter Students/Stronger Families**
6. Increase employment, **Growing Economy**
7. Increase sense of safety in the city, **Safer Streets**
8. Citizens connected across multiple communications channels, **High-performing Government**

BUDGET REQUEST

Summary: (Please complete based on Dept. Operating Detail and Dept. Personnel Detail Forms)

Department	Personnel Cost (including Benefits)	Operations	Request	% of offer	FTEs required
ECD/N'hood Services	\$807,865.00	\$96,321.00	\$904,185.00	100%	10.8
Affordable Housing	\$83,511.00	\$416,489.00	\$500,000.00	100%	1
Home Repair Program	-0-	\$25,000.00	\$25,000.00	100%	0
Community Leadership Training	-0-	\$50,000.00	\$50,000.00	100%	0
Total	\$891,376.00	\$587,809.00	\$1,479,185.00	100%	12

**Amounts MUST agree with collaborating Department totals for this offer*

Capital Budget Impact? NO



City of Chattanooga

FY15 Offers

**Please prepare and attach Capital Budget Request Form*

Financial Offsets: *(Please list any Revenue e.g. golf course revenue, Grants, Private/Corporate Contributions, Etc.)*

Name	Amount
*Affordable Housing Program – HOME	*\$24K (\$650,000 potential federal funds leverage available for these project initiatives plus the possible private investment leverage in excess of \$23.4K)
*LITHC - HOME	
*Transitional Housing Initiative - HOME	
HOMEAgain -	\$375,000 (\$250,000 HOMEAgain plus \$125,000 Private Investors)
Home Repair Program - CDBG	\$267,400 (\$30,000 CDBG & \$237,400 in volunteer services)
Rental Property Rehabilitation Program – CDBG	\$180,000 (\$60,000 CDBG & \$120,000 private investments)
Community Leadership Training – Benwood Foundation	\$50,000 (level of interest indicated)

PERFORMANCE DATA

Measurement 1: Number of New Affordable Housing Units

FY2012	FY2013	FY2014	FY2015 Target
112	48	2 YTD	161

Measurement 2: Number of Properties Acquired

FY2012	FY2013	FY2014	FY2015 Target
NA	NA	14 YTD	75

Measurement 3: Develop 50 Community-based Organization Leaders

FY2012	FY2013	FY2014	FY2015 Target
NA	NA	N/A YTD	50

Return on Investment: *How do citizens benefit?* Providing more quality affordable housing units, rehabilitating properties, and creating transitional housing will strengthen the fabric of our neighborhoods. This means a reduction in community blight, providing family stability, a reduction in homelessness, and an increase in tax revenues. Community training will provide residents with skills and tools for leadership and empowerment to identify and address community and public concerns.

Does this activity leverage other financial resources? Each program and activity is leveraged with federal fund, private investors, foundations, and volunteer services with a value in excess of \$24.8K representing Affordable Housing and Community Leadership Training.

How does this decrease costs over time? Utilizing leverage of federal funds, private investment, and foundations will lower the cost to the City in producing the Affordable Housing units and training for capacity building.



City of Chattanooga

FY15 Offers

OFFER SUMMARY

Offer Name:	PARK DEVELOPMENT	Department	
Offer Number:	#12	Offer Rank:	9 of 12
Lead			
Department:	Economic Community Development	Collaboration:	YES
Administrator:	Donna C. Williams, Administrator		
Offer Cost:	\$275,000	Primary Results Area:	Stronger Neighborhoods

RESULTS AREA

1. **Safer Streets** – Safe communities, reduced crime, positive opportunities, and alternate pathways.
2. **Growing Economy** – Growing and supporting local businesses, workforce development, business recruitment and retention, and an environment for innovation.
3. **Stronger Neighborhoods** – Neighborhood leadership, connected communities, healthy residential markets, and rapid rehousing.
4. **Smarter Students, Stronger Families** – Parents and first teachers, community support, and community health.
5. **High Performing Government** – Data-driven decision making, sound operations, outstanding customer service, resource management, and exceptional talent.
6. **Innovation Fund** – Something different – processes, services, technologies, ideas. Shifting the way government operates.

DETAILS

Description: *(What is the service/program? How will it be provided? What innovation & sustainability practice does this leverage? What difference does this offer make and how will we know? Make a compelling case for your offer.)*

What is the service/program? How will it be provided?

It's best stated by the City's Transportation Department: Public space design should be considered to include not only open, park-type space but also publicly-accessible street and sidewalk space; as well as the private edges of the buildings that face those public spaces. The quality of one affects the quality of all. Even for small neighborhood parks this rings true; access to those parks and development around them affect the usability, function, safety, and overall quality of the park space itself.

\$100,000 of the operations request is for an additional agreement with the Trust for Public Land (TPL) to continue its scope of work related to the river walk, Stringers Ridge, South Chickamauga Creek Greenway, CB Robinson Bridge – TDOT grant, etc. as outlined in previous contracts with them.



City of Chattanooga

FY15 Offers

\$75,000 of the operations request is to engage a consulting group or organization similar to TPL to study our current public spaces, potential funding sources, etc. and make recommendations regarding how the City determines when, where and how to add or update public spaces.

Identify Which Desired Outcomes **from Request for Offer(s)** that this Offer Impacts::

1. Access to open space, **Stronger Neighborhoods**
2. Strong recreational opportunities, **Strong Neighborhoods**
3. Reduced blight, **Stronger Neighborhoods**
4. Neighborhood revitalization beyond downtown, **Growing Economy**
5. Wide range of cultural and recreational activities, **Growing Economy**
6. Multi-year strategic planning, **High-performing Government**
7. Access to healthy food, **Smarter Student, Stronger Families**
8. Increase sense of safety in the city, **Safer Streets**

BUDGET REQUEST



City of Chattanooga

FY15 Offers

Summary: (Please complete based on Dept. Operating Detail and Dept. Personnel Detail Forms)

Department	Personnel Cost (including Benefits)	Operations	Total Request	% of offer	FTEs required
ECD/Parks Development	\$100,000	175,000	\$275,000		1
TOTAL	\$100,000	\$175,000	\$275,000		

Capital Budget Impact? NO

**Amounts MUST agree with collaborating Department totals for this offer*

Financial Offsets: (Please list any Revenue e.g. golf course revenue, Grants, Private/Corporate Contributions, Etc.)

Name	Amount
Foundations traditionally partially fund	No specific amount requested or discussed at this time

PERFORMANCE DATA

Measurement 1: Green space within 10 min walk

FY2012	FY2013	FY2014	FY2015 Target
		Need to establish baseline	Improve by 10%

Measurement 2: Number of citizens who use green spaces

FY2012	FY2013	FY2014	FY2015 Target
		Need to establish baseline	Improve by 10%



City of Chattanooga

FY15 Offers

OFFER SUMMARY

Offer Name:	Parks Management		
Offer Number:	4	Department Offer Rank:	4
Lead Department:	Public Works	Collaboration:	Y <input type="checkbox"/> N <input checked="" type="checkbox"/> X <input type="checkbox"/>
Administrator:	Lee Norris		
Offer Cost:	\$ 2,707,696	Primary Results Area:	Stronger Neighborhoods

RESULTS AREA

Stronger Neighborhoods – Neighborhood leadership, connected communities, healthy residential markets, and rapid rehousing.

DETAILS

Description: *(What is the service/program? How will it be provided? What innovation & sustainability practice does this leverage? What difference does this offer make and how will we know? Make a compelling case for your offer.)*

This offer is to continue providing essential park maintenance and operations to outlying parks and neighborhood parks.

Park Administration includes

- Maintain the park system’s inventory
- Programming capital improvements for all parks
- Programming routine maintenance
- Ensure compliance with playground safety requirements

- Evaluate parks and ensure they are accessible and meet Americans with Disabilities Act requirements
- Environmental regulations, and facility and grounds maintenance regulations and standards

- Scheduling and receiving revenue from the rental of park facilities
- Performing administrative functions including record keeping, material and equipment inventory, payroll, purchasing, and employee training
- Developing annual budgets for park and playground maintenance
- Utilities such as water, sewer, electricity, and waste disposal are all included in Park Administration’s budget.
- Administering employee safety and health programs
- Monitoring of contracted maintenance and mowing.

Landscaping and Park Specific Budgets (Greenway Farms, East Lake, Rivermont, and Heritage) include

- Maintenance, mowing, and cleaning of parks, playgrounds, and structures
- Litter abatement
- Facilitate routine maintenance
- Waste removal
- Contract mowing
- Park programming support
- Cleaning park restrooms and pavilions

Playgrounds and Hardscapes includes



City of Chattanooga

FY15 Offers

- Maintain playground mulch
- Maintain playground equipment
- Maintain pavilion and restrooms

Park Security includes

- Monitoring parks and enforcing City codes
- Facility security to reduce vandalism
- Customer service for facility rental including pre and post facility inspections, site visits, and cleaning
- Monitoring and cleaning up litter, animal waste, and removing tree limbs from trails
- Walking trails to monitor for problems

All of these operations increase satisfaction of park users, increase property values surrounding parks, increase visibility and maintenance of the parks system, and encourage park participation.

Parks landscaping and grounds maintenance crews perform daily maintenance of manicured park grounds, playgrounds, and facilities to ensure they remain attractive and inviting to residents.

At the four largest park sites including Greenway Farms, Heritage Park, Rivermont Park, and East Lake Park, grounds maintenance supervisors are staffed permanently to maintain the park, provide customer service, and supervise temporary staff during mowing seasons.

Parks consist of the following areas, facilities, and amenities:

- 80 parks
- 430 acres in
- 12 miles of greenways and trails
- 82 tennis courts
- 47 athletic fields
- 34 pavilions and picnic shelters
- 33 playgrounds
- 21 swing sets
- Additional park amenities including benches, trash receptacles, bike racks and outdoor fitness equipment.

Underfunding this proposal will result in a reduction of planned maintenance which will reduce the overall appearance and use of outlying and neighborhood pocket parks. Service requests will not be answered or responded to in a timely manner. Job injuries, playground injuries, graffiti, and crime in parks will increase from fewer programmed inspections and walk-throughs. Revenues may decrease if staff are reduced who administer rentals and opening of facilities.

A reduction in parks maintenance will be apparent immediately to neighborhoods and communities who depend on the parks for recreational activities.

Identify Which Desired Outcomes from Request for Offer(s) that this Offer Impacts:

1. Reduce the number of blighted properties in the City.
2. Increase satisfaction with services.
3. Increase the sense of safety in the City.

BUDGET REQUEST

Summary: (Please complete based on Dept. Operating Detail and Dept. Personnel Detail Forms)

Department	Personnel Cost (including Benefits)	Operations	Request	% of offer	FTEs required
Parks Administration	400,423	789,094	1,189,517	45%	7
Landscape	556,556	312,207	868,763	30%	12



City of Chattanooga

FY15 Offers

Greenway Farm	37,145	15,722	52,867	2%	1
Heritage Park	37,519	15,722	53,241	2%	1
East Lake Park	53,270	11,722	64,992	2%	1
Rivermont Park	40,913	11,722	56,635	2%	1
Playgrounds & Hardscapes	60,247	275,969	336,216	13%	1
Parks Security	84,155	35,785	119,940	4%	2
Total	\$1,281,282	\$ 1,426,414	\$2,707,696	100%	26

**Amounts MUST agree with collaborating Department totals for this offer*

Capital Budget Impact? x Yes No \$426,860.00

**Please complete and attach Capital Budget Request Form*

Financial Offsets: (Please list any Revenue e.g. golf course revenue, Grants, Private/Corporate Contributions, Etc.)

Name	Amount
Value of Volunteer Hours	\$54,000
Revenue from special events, facility rentals and permits	\$22,000

PERFORMANCE DATA

Measurement 1: Revenue from facility rentals, special events and permits

FY2012	FY2013	FY2014	FY2015 Target
	\$18,527		\$22,000

Measurement 2: Percentage of users who rate condition of parks and playgrounds as very good

FY2012	FY2013	FY2014	FY2015 Target
			75%

Measurement 3: Percentage of park-related service requests completed on time.

FY2012	FY2013	FY2014	FY2015 Target
			90%

Return on Investment:

How do citizens benefit?

Well-maintained parks encourage outdoor recreational activities which improve quality of life and long-term health for users.



City of Chattanooga

FY15 Offers

Parks create public places for people to meet and socialize.

Parks facilitate youth development by providing space for constructive activities.

Including communities in park maintenance and development encourages civic participation and engagement.

Continued development of parks, greenways, and trails meets the needs of residents. In a report prepared by the Regional Planning Agency in 2013, the facilities most important to households are riverwalk and greenways, hiking and biking trails, playgrounds, picnicking areas/shelters and small neighborhood parks.

Special events and activities in parks attract tourists who spend money to support the local economy. High-quality, well-maintained parks increase property values of nearby residences and attract customers to nearby businesses.

Companies are attracted to the area because of high-quality parks, greenways and trails. Parks are a key factor in making a city a desirable place to live and enticing potential employees to relocate; these employees are often highly-skilled and are influenced more by quality of life factors than income.

Does this activity leverage other financial resources?

Yes, in FY 2013, volunteers worked over 2,400 hours at various parks to improve grounds and playgrounds.

How does this decrease costs over time?

Preventative and programmed maintenance for landscaping standards and required playground standards can reduce capital improvements over time.

Properly-inspected and maintained playgrounds minimize user injuries and reduce the City's liability.

Well-maintained parks are utilized more often resulting in higher returns on investment and minimizing lost opportunity costs.

Improvements in processes, procedures and technology produce better results with the same resources.



City of Chattanooga

FY15 Offers

OFFER SUMMARY

Offer Name:	Public Works Administration & Engineering		
Offer Number:	1	Department Offer Rank:	3
Lead Department:	Public Works	Collaboration:	Y__X__N__
Administrator:	Lee Norris		
Offer Cost:	\$2,697,134	Primary Results Area:	Stronger Neighborhoods

RESULTS AREA

1. **Safer Streets** – Safe communities, reduced crime, positive opportunities, and alternate pathways.
2. **Growing Economy** – Growing and supporting local businesses, workforce development, business recruitment and retention, and an environment for innovation.
3. **Stronger Neighborhoods** – Neighborhood leadership, connected communities, healthy residential markets, and rapid rehousing.
4. **Smarter Students, Stronger Families** – Parents and first teachers, community support, and community health.
5. **High Performing Government** – Data-driven decision making, sound operations, outstanding customer service, resource management, and exceptional talent.
6. **Innovation Fund** – Something different – processes, services, technologies, ideas. Shifting the way government operates.

DETAILS

Description: *(What is the service/program? How will it be provided? What innovation & sustainability practice does this leverage? What difference does this offer make and how will we know? Make a compelling case for your offer.)*

Purpose

This offer is to provide administrative, operations, engineering, and capital project management support to the divisions of Public Works and in collaboration with Youth & Family Development (YFD), General Services (GS), Economic and Community Development (ECD), Transportation, and the Chamber of Commerce (Chamber).

Administration

Public Works Administration preserves the mission and provides oversight and leadership for the Department of Public Works. Positions include the Administrator, Deputy Administrator, Executive Assistant, Fiscal Analyst, Inventory Coordinator, and two administrative positions responsible for payroll and customer service. The administration is responsible for multiple funding sources including General Fund, State Street Aid, Interceptor Sewer System, Water Quality, and Solid Waste. There are four divisions in the Department of Public Works; City Wide Services, Parks, Engineering, and Waste Resources. Administration hears employee grievances and processes departmental disciplinary actions for 600 positions. Support for all divisions includes personnel management, preparation and management of budgets, fiscal analysis, and inventory controls. The enterprise funds with Administration oversight are interwoven throughout the department to provide seamless services to internal and external customers. The Fiscal Analyst performs budget and finance services for all funding sources in both Public Works and Transportation. Collaborating with other City departments the Administrator and staff work with elected officials on projects and respond to requests from community groups,



City of Chattanooga

FY15 Offers

businesses, and residents. Administration is also the link between the department and non-profit groups, local, state, and federal agencies in developing and maintaining partnership agreements, contracts, and grants.

Engineering

Public Works Engineering consists of 22 positions (four managers, ten engineers, three GIS staff, four surveyors and two administrative positions). Additionally there are 40 Water Quality positions in the Engineering organization (three managers, three supervisors, one public education specialist, eight engineers, 17 water quality field staff, five GIS staff, two surveyors, and one administrative position). The general fund positions provide Administrative, Engineering, Surveying, and GIS support to the other divisions of Public Works and to other departments. Engineering also provides oversight of the entire Water Quality fund and compliance with the city's water quality permit. The City Engineer also performs other duties as outlined by City code.

- Administrative functions include general supervision, management and direction, and other general administrative support.
- Engineering services include:
 - support of in-house construction and maintenance crews,
 - analysis of failed or failing systems and
 - advice to other departments as requested.
- Survey services
 - support Public Works and Transportation projects for in-house design and consultant designed projects.
 - There are two survey positions in Water Quality Fund within the Engineering Division. These are managed with the four General Fund positions as a single survey unit to flexibly meet all survey needs.
- GIS services include:
 - Mapping for any city department
 - Maintaining GIS information including Council districts, drainage system maps, sanitary sewer system maps
 - Coordinating the publicly accessible GIS website with Hamilton county GIS
 - maintaining the GIS contractor's website in conjunction with Associated General Contractors of East TN;
 - coordinating regional addressing with Hamilton County 9-1-1 District, Hamilton County GIS and other jurisdictions;
 - maintenance, support and upgrading of Azteca Cityworks work order management system including interface with Motorola CSR for 3-1-1 service requests
 - coordination and management of Public Works IT needs with the city's IS department
- Water Quality permitting, regulatory compliance and enforcement
 - As required by NPDES permit TNS068063 issued by the Tennessee Department of Environment and Conservation, the Engineering Division has executed a MOU with the Water Quality Program to support the activities required by the permit under the Clean Water Act

Capital Project Management

The staff listed above for Public Works Engineering also provides capital projects management for:

- Public Works:
 - Waste Resources (Interceptor Sewer System) - The Engineering Division has executed a Memorandum of Understanding with the Waste Resources Division to provide capital project support for Consent Decree capital projects and other non-Consent Decree capital projects.
 - Water Quality,
 - City-Wide Services (Solid Waste), and
 - Parks projects.
- Youth & Family Development,
- General Services,
- Economic & Community Development,
- Chamber of Commerce and
- Other departments and agencies as their needs arise.

PW, YFD and GS have collaborated to have all capital projects management handled by PW Engineering. Typical projects would include heavy facilities maintenance, renovations, expansion of existing facilities and new construction. The division or department (Owner) responsible for programming and maintaining these facilities will take the lead to determine the scope of such projects and secure funding for capital projects. PW Engineering will provide cost estimating and other



City of Chattanooga

FY15 Offers

support functions during scope development and funding request cycles. After capital appropriation by Council, PW Engineering will then manage the projects on behalf of, and in consultation with, the Owner to ensure efficient use of capital resources.

PW and ECD have collaborated to provide project management, oversight, and coordination of economic incentive projects managed on behalf of the City, Hamilton County Government, Tennessee Department of Transportation, Chamber, Industrial Development Board of the City of Chattanooga (IDB), or the Health, Education and Housing Board of the City of Chattanooga (HEHB). The projects are the result of economic incentives offered to new companies or expanding existing companies by one or more of the above agencies. Typically these incentives are offered to companies making significant capital investment and/or creating high paying jobs.

By offering no-cost, high-quality project delivery to prospective companies, this offer continues building the city's reputation as a willing partner for economic growth. Companies can rely on Chattanooga to meet their project deadlines thereby getting the company operational on time to provide jobs and employment revenue to state and local governments. Prior Project Examples include:

- Volkswagen related grants for:
 - Site Preparation,
 - Public Use Infrastructure,
 - Training Academy, and
 - Marketing;
- Enterprise South Industrial Park infrastructure;
- Gestamp site preparation coordination with Hamilton County;
- US Army environmental remediation of VAAP; and
- Development assistance to the Chamber of Commerce and other economic development partners.

In the event this offer is not fully funded the operational impacts would include deletion of proposed vacant position and possible reductions in forces depending on the funding levels. These reductions would require an increase in capital expenditures to hire consulting firms to provide the necessary oversight. Use of capital funds in this way would diminish the return on investment by taking valuable capital dollars from other deserving projects.

Decreased or eliminated funding for support of enterprise funds would result in the reduction or elimination of indirect costs leveraged from the enterprise funds and require those funds to fully fund separate staff to perform the same functions. This would result in duplication of services and decrease efficiency resulting in an increase of costs to the ratepayers receiving those services.

Identify Which Desired Outcomes from Request for Offer(s) that this Offer Impacts:

1. Deliver high quality customer service
2. Maintain capital project delivery within budget by minimizing contingency funds used
- 3.

BUDGET REQUEST

Summary: (Please complete based on Dept. Operating Detail and Dept. Personnel Detail Forms)

Department	Personnel Cost (including Benefits)	Operations	Request	% of offer	FTEs required
Public Works Admin	547,233	191,620	738,853	27%	7
Engineering	1,681,861	276420	1,958,281	73%	22
Total	\$2,229,094	\$468,041	\$2,697,134	100%	29

***Amounts MUST agree with collaborating Department totals for this offer**



City of Chattanooga

FY15 Offers

Capital Budget Impact? Yes No \$Amount
**Please complete and attach Capital Budget Request Form*

Financial Offsets: *(Please list any Revenue e.g. golf course revenue, Grants, Private/Corporate Contributions, Etc.)*

Name	Amount
Water Quality indirect costs	\$ 398,393.00
Interceptor Sewer System indirect costs	\$ 443,995.00
Solid Waste indirect costs	\$ 50,000.00
Community Development Block Grant	\$25,000

PERFORMANCE DATA

Measurement 1: Contingency funds used. (non-economic incentive based) Expressed as a percentage of base contract amount. Negative numbers indicate the final contract amount was lower than the base contract amount. Contingency funds are funds authorized by council when the contract is awarded for construction. Typically in the amount of 10% of the base contract amount, these funds are above the base contract amount and are authorized in writing by the city's project manager in conjunction with Purchasing when unforeseen conditions beyond the contract scope require additional work by, and payment to, the contractor. Tight controls on contingency funds are necessary to ensure the contract specifications are met and that tax dollars are used responsibly. Historically the Engineering Division has returned more than 90% of authorized contingency funds on standard contracts resulting in a usage rate below 2%. The historical numbers below reflect standard and requirements contracts with an average final contract amount less than the initial contract amount.

FY2012	FY2013	FY2014	FY2015 Target
-0.58% (multi-year avg.)	-0.58% (multi-year avg.)	-0.58% (multi-year avg.)	2%

Measurement 2: Overall customer satisfaction Utilize customer satisfaction surveys to gauge responsiveness to customer's needs, deadlines and budgets.

FY2012	FY2013	FY2014	FY2015 Target
Not Measured	Not Measured	Not Measured	95% of responses rate services as good, very good or excellent

Measurement 3: Contingency funds used. (economic incentive based) Expressed as a percentage of base contract amount. Negative numbers indicate the final contract amount was lower than the base contract amount. See Measurement 1 for a description of contingency funds. Economic incentive contracts are measured separately because the projects are awarded by the IDB and managed collaboratively with the incentivized company. This combination of entities creates a different project management environment with goals geared towards supporting the incentivized company schedule instead of overall cost. The incentive funds are capped and the company pays 100% of all costs beyond incentives. The Engineering Division manages and administers these contracts to ensure public procurement laws are followed (in conjunction with Purchasing) and contract specifications are met. The contingency funds are traditionally used to add scope to the contracts as well pay for unforeseen conditions. As a result the contingency utilization rate is higher for these specialty projects.

FY2012	FY2013	FY2014	FY2015 Target
--------	--------	--------	---------------



City of Chattanooga

FY15 Offers

11.40% (multi-year avg.)	11.40% (multi-year avg.)	11.40% (multi-year avg.)	10%
Return on Investment:			
<p><i>How do citizens benefit?</i> This organizational structure delivers efficient engineering support and lean administrative functions for all public works function. By collaborating with other departments and agencies, the tax payers and rate payers realize effective delivery of services with minimal administrative overhead.</p>			
<p><i>Does this activity leverage other financial resources?</i> Yes. Water Quality, Interceptor Sewer System and Solid Waste enterprise funds pay indirect costs back to the General Fund for a portion of these activities.</p>			
<p>The economic incentives are granted by the state of Tennessee, Hamilton County and the City of Chattanooga. These funds do not directly support the operations costs, but do provide additional contract manpower and support services (office space, office equipment and supplies, vehicles and other incidentals) necessary to implement the incentive projects. These costs are paid by the IDB directly from the grants funds.</p>			
<p><i>How does this decrease costs over time?</i> By integrating the operations of multiple enterprise funds in one organization the overall administrative and engineering support costs are lower for the taxpayers and rate payers of the City.</p>			



OFFER SUMMARY

Offer Name:	Transportation - Traffic Engineering		
Offer Number:	3	Department	Offer Rank: 1 - CORE
Lead			
Department:	Transportation Department	Collaboration:	Y_X__ N__
Administrator:	Blythe Bailey		
	\$3,820,251		
Offer Cost:	(Includes Street Lighting)	Primary Results Area:	Stronger Neighborhoods

RESULTS AREA

1. **Safer Streets** – Safe communities, reduced crime, positive opportunities, and alternate pathways.
2. **Growing Economy** – Growing and supporting local businesses, workforce development, business recruitment and retention, and an environment for innovation.
3. **Stronger Neighborhoods** – Neighborhood leadership, connected communities, healthy residential markets, and rapid rehousing.
4. **Smarter Students, Stronger Families** – Parents and first teachers, community support, and community health.
5. **High Performing Government** – Data-driven decision making, sound operations, outstanding customer service, resource management, and exceptional talent.
6. **Innovation Fund** – Something different – processes, services, technologies, ideas. Shifting the way government operates.

DETAILS

Description: *(What is the service/program? How will it be provided? What innovation & sustainability practice does this leverage? What difference does this offer make and how will we know? Make a compelling case for your offer.)*

This Core Traffic Engineering Division offer provides:

- GIS-based inventory of traffic assets and accident reports;
- maximize efficiency by transitioning from paper to tablet-based work orders;
- reduce corridor travel times and intersection delays at traffic signals;
- facilitate tourism-generating special events and community-building block parties in the public right-of-way;
- provide neighborhood traffic calming for walkable streets to encourage healthy activities;
- provide driver education and multi-modal instruction to Chattanooga's youth (See also Offer 5);
- accommodate people of all abilities through low-cost road diets and other safety improvements when rebuilding and upgrading roads;
- ensure workers, freight movers, and customers have multi-modal access to sites of new economic



development; and

- provide outstanding customer service solving 311 service requests.

Chattanooga's four Traffic Technicians, a Traffic Coordinator, Signal Systems Engineer, 2 Traffic Signal Designers, an Operation Analyst, and Driver's Ed Coordinator (Administrative Assistant (see Offer 5)) will investigate, study, and analyze traffic behavior and use engineering techniques to achieve and maintain safe and efficient public spaces for the movement of all citizens in the public's Right-of-Way.

Traffic Engineering has begun this work by:

- creating a Regional Intelligent Transportation System (ITS) with traffic monitoring cameras that will share information between agencies and departments;
- applying remaining funds from previous grants to develop and manage an Advanced Transportation Management System which will allow us to obtain real-time information on traffic-affecting events and efficiently manage Chattanooga's transportation network, including bike share, parking, local street traffic, regional state-thoroughfares and highways, and public transportation;
- replacing faded traffic signs with materials to meet new federal standards.
- Managing to almost completion a \$6 million City project to convert existing street lighting to LED luminaires to achieve a greater than 50% reduction in energy consumption and reduce maintenance for long term fiscal health.
 - Based on approximately 4200 lights (representing approximately 20%, by energy consumption, of our city inventory) deployed and installed, we are seeing an expected savings of 14% overall in our monthly energy bill. This efficiency is calculated two ways. First, we compared data from monthly street lighting expenses after full deployment was complete with historical data from the same month in 2013 (feb 2014:feb 2013 - - \$136k:159k, eg). Second we extrapolated our expected efficiency gains as suggested by the metering of the new deployed lights (approximately 70% savings) that have been replaced on lights over the full span of the inventory. (70% savings on 20% of lights yields 14% overall energy savings.) See performance measures for more information.
- Completing applications for as much as \$2.5 million in federal and state funds for projects that will provide strong connections between homes, school, and green spaces, and Chattanooga Youth and Family Development Centers.

Regarding collaboration noted above, our new Signal Systems engineer, Kevin Comstock, has already engaged emergency responders, particularly CPD, on how our ITS system can help with emergency management as well as crime prevention and/or traffic crash incident response. Additionally, Kevin is participating in the Steering Committee of the CARTA MTCS (Multi -Modal Transit Center Study) to identify synergies between route revisions and transit signal priority (TSP) as well as linkages in our technology connections between real-time traffic data, transit schedule, Bike Chattanooga, and parking.

Identify Which Desired Outcomes from Request for Offer(s) that this Offer Impacts:



1. Safer Streets - Increase the Sense of Safety in the City
2. Stronger Neighborhoods – More connected neighborhoods
3. High Performing Government - Increase Citizen Satisfaction with Services

BUDGET REQUEST

Summary: (Please complete based on Dept. Operating Detail and Dept. Personnel Detail Forms)

Department	Personnel Cost (including Benefits)	Operations	Request	% of offer	FTEs required
Transportation	\$848,546	\$42,215	\$995,251	26%	10
Transportation (Street Lighting)		\$2,825,000	\$2,825,000	74%	
Total	\$ 848,546	\$ 995,251	\$ 3,820,251	0%	10

**Amounts MUST agree with collaborating Department totals for this offer*

Capital Budget Impact? XYes No \$Amount

**Please prepare and attach Capital Budget Request Form*

Several of our Capital Projects (but not the majority) are managed by TE and thus determine performance metrics, as described below, and result in perceived financial off-sets, as described here.

Financial Offsets: (Please list any Revenue e.g. golf course revenue, Grants, Private/Corporate Contributions, Etc.)

Name	Amount
Fees: directional signs, permits, classes,	\$25,000
Surface Transportation Funds for sign upgrading	\$370,000
Safe Routes to School funds	\$750,000
Surface Transportation Funds for greenway connector	\$176,000
Surface Transportation Funds for Moccasin Bend Gateway	\$1,497,388
CMAQ -Regional Intelligent Transportation System	\$2 Million
CMAQ - Advanced Transportation Management System	\$1 Million

PERFORMANCE DATA

Measurement 1: This is a new metric to start tracking. Traffic Engineering will determine the top accident rate (number of accidents to traffic volume and road type) locations for FY 2014. Over FY 2015, modifications will be made to reduce the accident rate at the top ten locations with a reduction goal of 15%.

FY2012	FY2013	FY2014	FY2015 Target
NA	NA	To be determined 6/2014	15% reduction in top 10

Measurement 2: Travel time and delay reductions at traffic signals. Traffic Engineering will evaluate timing at about 90 signalized intersections each year (all 360 over 4 year period). The goal is to reduce overall delay by 10% per corridor optimized.

FY2012	FY2013	FY2014	FY2015 Target
NA	NA	To be determined 6/2014	10% reduction per corridor



Measurement 3: Complete review and take action on service requests within the time allotted.

FY2012	FY2013	FY2014	FY2015 Target
68 % on time	61 % on time	63% on time (so far)	75% on time

Measurement 4: savings from initially deployed, high efficiency street lights

FY2012	FY2013	FY2014	FY2015 Target
	baseline	14% (so far)	14% - or more, depending on additional deployment

Return on Investment:

How do citizens benefit? Citizens will benefit from public spaces managed for their safe and efficient movement. The ease of movement will be better relayed to the public as real time mapping of travel mode and traffic data is created.

Does this activity leverage other financial resources? Yes. Traffic engineering projects will leverage 80 to 100% funding sources.

How does this decrease costs over time? The core offer of the Traffic Engineering Division is a public service. Its metric is measured by increasing value over time. This BFO outlines the new and innovative services to be provided.



City of Chattanooga

FY15 Offers

OFFER SUMMARY

Offer Name:	Homeless to Housed - Veterans		
Offer Number:	#10	Department	
Lead		Offer Rank:	4 of 12
Department:	ECD	Collaboration:	Y__X__ N____
Administrator:	Donna Williams		
Offer Cost:	\$125,000	Primary Results Area:	Stronger Neighborhoods

RESULTS AREA

1. **Safer Streets** – Safe communities, reduced crime, positive opportunities, and alternate pathways.
2. **Growing Economy** – Growing and supporting local businesses, workforce development, business recruitment and retention, and an environment for innovation.
3. **Stronger Neighborhoods** – Neighborhood leadership, connected communities, healthy residential markets, and rapid rehousing.
4. **Smarter Students, Stronger Families** – Parents and first teachers, community support, and community health.
5. **High Performing Government** – Data-driven decision making, sound operations, outstanding customer service, resource management, and exceptional talent.
6. **Innovation Fund** – Something different – processes, services, technologies, ideas. Shifting the way government operates.

DETAILS

Description: *(What is the service/program? How will it be provided? What innovation & sustainability practice does this leverage? What difference does this offer make and how will we know? Make a compelling case for your offer.)*

Addressing chronic homelessness is a local and national priority. The Federal Government through, HUD’s Opening Doors: Federal Strategic Plan to Prevent and End Homelessness set a specific goal to address the prevention and end of homelessness. Four key goals include, among them is ending chronic and Veteran homelessness by 2015, this offer is to address the specific needs of chronically homeless veterans.

Last year the Homeless Health Care Center (a division of the Hamilton County Health Department) treated approximately 3,800 homeless individuals, **217** were homeless vets.

Additionally, the Chattanooga Regional Homeless Coalition’s annual “point-in-time” count, conducted in January, 2014, counted 408 individuals. **One hundred forty-seven** of those counted identified themselves as veterans. The Veterans Administration states that at any given time there could be more than 2,000 homeless veterans statewide.

With these widely varying figures in mind, we need to determine what percent of homeless veterans tend to



City of Chattanooga

FY15 Offers

be chronically homeless. Once determined, we'll use that number as our starting count for the Homeless to Housed Veterans program.

Our goal is to provide permanent housing for each of the chronically homeless veterans by the end of 2016.

For years, homeless service providers worked to offer medical and mental health care, addiction counseling, job training and countless other services to people living on the streets. Through this process, very few people ever escaped the streets. Data from countless studies show that we must offer **housing first** and then provide a connection to supportive services. This is also the City's position.

Homeless to Housed Initiative for Veterans

The purpose for this initiative is to create a coordinated process for moving homeless vets from the streets to permanent housing quickly and efficiently and to create innovative housing development initiatives and programs to provide housing.

Current service delivery networks for the homeless population will be assessed for gaps and redundancies and overlapping service systems will be pulled together into a single, well-oiled housing placement machine capable of moving homeless individuals into permanent housing in as little time as possible. City, federal and private resources will be sought and used to develop and or provide access to affordable housing for these citizens.

The needs in this population are great. To maximize resources and impact, the initial focus will be on local veterans. Statically, veterans face unusually high odds of homelessness and often remain homeless for long periods. Other communities have implemented strategies and initiatives that have shrunk the amount of time a homeless veteran must wait for permanent housing by as much as 80 percent.

The cities experiencing the most success are those that brought full attention to the issue through innovative campaigns. The campaigns were community-wide and focused on achieving specific objectives. Rather than reinventing the wheel, proven and cost-effective strategies and initiatives used in other cities will be replicated as follows:

Homeless to Housed Coordinator

Create a new position, Homeless to Housed Coordinator, to oversee and coordinate efforts to address homelessness. The coordinator will work directly with the Community Development Specialist who currently works with non-profit homeless agencies, community stakeholders and various service providers servicing the homelessness and those at risk of becoming homeless.

The coordinator also will serve a key role in creating strategies and identifying resources to combat homelessness in the City. The coordinator will be responsible for producing housing units specifically viable for the income, social services and physical needs of chronically homeless veterans. This would include working with the Community Development staff to secure housing subsidies and special housing vouchers for



City of Chattanooga

FY15 Offers

veterans with very low incomes and/or physical and mental disabilities.

However, in the long term much of the work undertaken by the coordinator will be transferable and applied to solving similar housing challenges faced by the general homeless population throughout the city.

City employees, such as firefighters, would be incredibly beneficial, particularly any that are veterans. Their credibility and visibility would add value to the marketing and community outreach efforts for the program, not to mention the assistance they could provide with implementation.

The initial strategies will include:

Streamline the System

Work with the Community Development Specialist and Neighborhood Relations Specialists to conduct a Rapid Results Housing Boot Camp, an approach used in a couple of other cities. The Boot Camp brings together cross-agency teams, maps out existing housing placement systems, identifies ways to improve and streamline these systems and establishes a clear, intentional process for identifying and moving homeless people from the streets to permanent housing quickly and efficiently.

All successful cities focused on streamlining their systems first. However, because of the head start we have with our Affordable Housing Initiative, we can take a parallel approach to creating housing, while also improving the social services aspects of the problem.

Manage Outreach Events Successfully Used in Other States

Facilitate and cohost outreach events like the *Arizona StandDown* to get accurate data on the population. Events like this target specific populations of homeless, like veterans. Over the course of several days they are offered food, shelter beds and other basic needs items. When their basic needs are met they are better able to access the services available to assist them and it provides opportunities to get more accurate assessments and counts of the populations and their needs rather than relying on the annual, one night "Time-In-Point Count" required by HUD.

Lead Development of Awareness Campaigns

Work with communications staff to create campaigns aimed at accelerating efforts to assist the homeless, such as Nashville's "**HOW'S NASHVILLE Ending Chronic Homelessness**" which was recently featured on 60 Minutes. Their goal was to house 50 individuals and 50 families of the highest acuity. Other campaigns included setting an "unreasonable but achievable" goal like; identifying and moving all chronically homeless veterans into permanent housing within 100 days. This can later be replicated and used on the other goals to address the prevention and end of homelessness.

Innovation and Best Practices

The streamlined process will also provide opportunities for the development of even more innovative and cost saving measures, such as *homeless and veteran's courts*, successfully used in Salt Lake City, UT and other



City of Chattanooga

FY15 Offers

cities to connect individuals to needed services and housing rather than repeatedly incarcerating them.

Making Housing Available

Coordinate efforts with Neighborhood Services, Community Development and other agencies to create an inventory of housing units for those needing homes through construction, renovation, identifying landlords and vouchers.

The City's Affordable Housing Initiative will continue to infuse the market with housing units available for low-to-moderate income families. This will significantly increase the occurrence of veterans being placed in safe, quality housing.

Examples of Successful Models

Payment in Lieu of Taxes:

Each year, Salt Lake City contributes back to the Housing Authority the PILOT funds it pays. This contribution is used for Homeless Programs the HASLC administers such as transitional housing for homeless families; Freedom Landing, a homeless program for veterans; Valor Apartments, a transitional homeless veterans program with a mandatory work component; and Sunrise Metro Apartments, permanent housing for chronically homeless individuals.

Salt Lake City takes pride in the number and variety of supportive and special needs housing facilities located here which provide critically needed housing to eligible persons in our community. Several recent projects include Palmer Court which provides 201 units of supportive housing for chronically homeless single men, women, and families with children, the Freedom Landing Apartments which provide 110 units of permanent supportive housing for homeless veterans, and the YWCA Crisis Shelter & Residence for Women and Children which provides 24 units of short-term crisis shelter, 12 units of extended shelter for women with dependent children, and 12 units of transitional housing for single, homeless women.

HAND (Housing And Neighborhood Development) will use Housing Trust Fund monies as match for acquisition, rehabilitation and new construction of transitional and permanent housing projects proposed by local housing development agencies to provide affordable and special needs housing.

Recent projects include the Freedom Landing Apartments for homeless veterans, the Palmer Court Apartments for the chronically homeless, and the Kelly Benson Apartments for homeless seniors.

HOST Outreach Teams- The latest effort of the City's Homeless Outreach Service Team (HOST) program is an outreach team. Once a week, various services providers, along with members of the City's police department go to Pioneer Park or other outdoor locations and contact people who do not usually use homeless services. This effort helps identify new users and gets people the help they need



City of Chattanooga

FY15 Offers

Veterans' Court-The Salt City Justice Court Veterans' Court has been operating since April 2011. Court sessions are attended by a justice court judge, court staff, a Veterans Justice Outreach Coordinator from the federal Department of Veterans' Affairs, Salt Lake Legal Defenders' Association personnel, and Salt Lake City Prosecutors' Office personnel. This collaboration offers a unique "direct connection to veterans' treatment options", and other veterans' resources, for veterans with cases in the Salt Lake City Justice Court .

Homeless Court-The Salt Lake City Justice Court Homeless Court has been in operation since 2004 under the guidance of Judge John Baxter. It allows homeless individuals the option of appearing before a judge well-versed in homeless issues and in the company of others similarly situated and facing similar challenges. Certain offenses are not fully considered in the homeless court based on their seriousness (for example, DUI, domestic violence, or other assaultive conduct). Homeless court does allow other offenses (examples: public intoxication, open container, trespass) that are appropriate for a more informal setting to be heard. These cases can be resolved in a judicially efficient manner, and warrants can be recalled for later appearance before the regular court if the matter cannot be resolved in the homeless court.

Identify Which Desired Outcomes from Request for Offer(s) that this Offer Impacts:

1. Increase housing affordability, **Stronger Neighborhoods**
2. Fewer kids dropping out of school, **Smarter Students & Stronger Families**
3. Increase employment, **Growing Economy**
4. Increase the sense of safety in neighborhoods, **Safer Streets**
5. Decrease in chronic absenteeism, **Smarter Students & Stronger Families**
6. Reduce incidents of domestic violence, **Safer Streets**

BUDGET REQUEST

Summary: (Please complete based on Dept. Operating Detail and Dept. Personnel Detail Forms)

Department	Personnel Cost (including Benefits)	Operations	Request	% of offer	FTEs required
Homeless Advisor	\$75,000	\$50,000	\$110,000	100%	1
Total	\$ 75,000	\$ 50,000	\$ 125,000	100%	1

The personnel funding request is for a full-time staff member who would devote the majority of their time toward chronically homeless veterans, but would also utilize many of the same resources to develop systems and partner relationships to address the needs of the general homeless population.

**Amounts MUST agree with collaborating Department totals for this offer*

Capital Budget Impact? **NO**

**Please prepare and attach Capital Budget Request Form*

Financial Offsets: (Please list any Revenue e.g. golf course revenue, Grants, Private/Corporate Contributions, Etc.)



City of Chattanooga

FY15 Offers

Name	Amount
Grants to be sought The Veterans Administration, HUD, private local and national foundations such as the Maclellan Foundation, the Ford Foundation, the Robert Wood Johnson Foundation, etc. are focused on this issue and offer grant funding.	\$50,000

PERFORMANCE DATA

Measurement 1: Identify the number of **chronically** homeless veterans

FY2012	FY2013	FY2014	FY2015 Target
		147 homeless vets according to the Homeless Coalitions annual count	

Measurement 2: Increase number of housing units available for chronically homeless veterans

FY2012	FY2013	FY2014	FY2015 Target
		No baseline data	Add 20 units

Measurement 3: Develop and begin to complete interagency plan

FY2012	FY2013	FY2014	FY2015 Target
		No baseline data	

Return on Investment:

How do citizens benefit? This population consists of the City's most vulnerable citizens. Neglecting to provide services and housing to them results in their resorting to whatever means necessary to survive, some of which could be put them and others at risk. The risks not only include their physical and mental health, which left unchecked results in them using more costly resources like hospital emergency rooms and mental hospitals and even jails, but also could lead to increases in crime and vagrancy, causing others to feel unsafe and their homes and neighborhoods.

Does this activity leverage other financial resources?

In 2013, over three million dollars alone came to local providers from HUD for services specifically for the homeless under the Continuum of Care programs. Local, state and other federal funds puts that number over \$14.9 million.

A primary responsibility of the Homeless to Housed Coordinator will be to aggressively seek other sources of funding that may be used by the City and/or partner agencies to address community needs. The coordinator will also establish tracking and performance mechanisms to determine effectiveness of programs and processes.



City of Chattanooga

FY15 Offers

How does this decrease costs over time?

Although many believe that housing the homeless is expensive, the average chronically homeless person costs taxpayers \$40,000 annually – the price of jail, mental institutions, emergency rooms. And after the \$40,000 is spent they still do not have a home.

The streamlining process will also provide opportunities for the development of even more innovative and cost saving measures, such as *homeless and veteran's courts*, successfully used in Salt lake City, UT to connect individuals to needed services and housing rather than repeatedly incarcerating them.

Prioritizing Offers:

Result teams were formed for each of the five result areas. Result team responsibilities included reviewing and ranking the offers for funding and providing feedback on how to improve offers. Each result team included a member of the leadership team, a budget analyst, two City department administrators or deputy administrators, and a volunteer community member knowledgeable in the result area.

The result teams reviewed all offers and ranked them twice. After the first ranking, the result teams provided feedback to departments and agencies on how to improve their offers. The second ranking was submitted to the leadership team for review, followed by input from the Mayor. The ranking process is subject to change based on the recommendations of all the reviewers until the final budget has been compiled.

The rankings are listed in priority order, with offers likely to achieve the most results at the top of the list and the offers likely to achieve the fewest results at the bottom of the list. The amount of money available for each result area is allocated to the offers beginning at the top of the ranked list until the money runs out. A line is drawn and everything above the line is recommended for funding.

Everything below the line is recommended not to be funded. If something below the line needs to be funded, an offer that is currently above the line needs to be adjusted or moved below the line. This process allows decision-makers at each level to see the impact of budget decisions.

The following are Offers for the Stronger Neighborhoods Result Area that did not receive funding:

JIM M. COPPINGER
COUNTY MAYOR



REBEKAH T. BARNES, R.N.
ADMINISTRATOR

VALERIE A. BOAZ, M.D.
HEALTH OFFICER

HAMILTON COUNTY, TENNESSEE
CHATTANOOGA—HAMILTON COUNTY HEALTH DEPARTMENT

February 21, 2014

City of Chattanooga
City Council Building
1000 Lindsay Street
Chattanooga, Tennessee 37402-4233
Attention: Mr. Randy Burns, Management Analyst

Dear Mr. Burns:

Thank you for the recent correspondence regarding non-profit organizations requesting funding from the City of Chattanooga. Please refer below for the requested information.

NAME AND ADDRESS: Chattanooga-Hamilton County Health Department
Chattanooga Homeless Health Care Center
730 E. 11th Street
Chattanooga, Tennessee 37403

CONTACT PERSON: Karen Guinn
921 East Third Street
Chattanooga, Tennessee 37403
Phone: 209-8232

AGENCY MISSION: The Chattanooga-Hamilton County Homeless Health Care Center provides outreach, primary care, social service, substance abuse, and mental health services to Chattanooga's homeless population.

RESULT AREA: Stronger Neighborhoods

AMOUNT REQUESTED: \$53,003

FEE: A \$50 check has been sent to the City of Chattanooga for application processing.

EXECUTIVE SUMMARY

February 21, 2014

PROGRAM SUMMARY:

The Homeless Health Care Center is requesting \$53,003 to put in place a coordination program to move homeless individuals and families into permanent housing. The funds would support a bachelor's prepared case manager who would work with 35 individuals to successfully achieve housing in FY 2015.

HOMELESS HEALTH CARE CENTER (HHCC) DESCRIPTION:

The HHCC is a federally qualified health center that serves the homeless population in Chattanooga. The HHCC is a part of the Chattanooga-Hamilton County Health Department (CHCHD)—a division of Hamilton County General Government.

Services at the Center include primary care, behavioral health, a substance abuse outpatient treatment program, case management services, outreach services including medical services in area shelters, transportation, and outreach and enrollment services for the Marketplace insurance. Dental services will be offered later in 2014.

USE OF MUNICIPAL FUNDS:

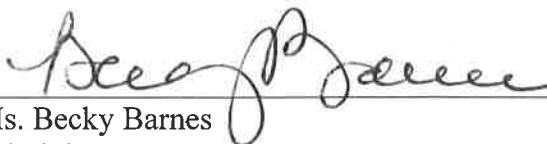
Funds from the City of Chattanooga will be used to continue the employment of one case manager to provide the previously mentioned social services. The total salary and fringe benefit package for an entry level case manager is \$55,947. The vast majority of homeless clients reside in the city and within close access to the Homeless Health Care Center and city shelters.

ASSURANCES:

The Chattanooga-Hamilton County Health Department will provide the City of Chattanooga a detailed accounting of how and for what purpose municipal funds were spent, prior to the close of the City's fiscal budget year and at the close of each succeeding fiscal budget year until all municipal funds have been spent, along with the list of the accomplishments scheduled by use of the municipal funding.

Furthermore, the Chattanooga-Hamilton County Health Department will provide the City of Chattanooga a copy of annual audits for each year that it spends funds appropriated to it by the City of Chattanooga.

2/21/14
Date


Ms. Becky Barnes
Administrator
Chattanooga-Hamilton County
Health Department

Attachment F: Budget Format Agency Name: Hamilton County Homeless Center

CITY OF CHATTANOOGA

FY 2015 Agency Funding Financial Form

Account Category	Actual FY 2011	Actual FY 2012	Actual FY 2013	Budget FY 2014	Request FY 2015	Incr (Decr) Request vs. FY 14 Budget	% Change Request vs FY 14 Budget
REVENUES							
Contributions							
Individuals/Private						\$ -	N/A
Corporate/Organizations/Churches						\$ -	N/A
Fees/Grants from Governmental Agencies							
Federal	\$ 810,094	\$ 831,892	\$ 907,520	\$ 907,000	\$ 943,481	\$ 36,481	4.0%
State	\$ 106,502	\$ 68,789	\$ 107,686	\$ 89,380	\$ 107,252	\$ 17,872	20.0%
Hamilton County	\$ 394,391	\$ 330,643	\$ 319,663	\$ 549,698	\$ 508,297	\$ (41,401)	-7.5%
City of Chattanooga	\$ 13,300	\$ 13,300	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	0.0%
Other Cities (Please list)						\$ -	N/A
United Way							
Foundations (including grants)						\$ -	N/A
Gross Proceeds Special Events						\$ -	N/A
Other UWs/Federations						\$ -	N/A
CFC/Designations received thru UWGC						\$ -	N/A
UWGC Program Allocation						\$ -	N/A
UWGC Special Funding						\$ -	N/A
Membership Dues						\$ -	N/A
Program Income						\$ -	N/A
Governmental Insurance	\$ 29,019	\$ 38,196	\$ 41,856	\$ 40,000	\$ 40,000	\$ -	0.0%
Private Insurance						\$ -	N/A
Contracted Services						\$ -	N/A
Fee for Services						\$ -	N/A
Other Program Income						\$ -	N/A
Sales to Public						\$ -	N/A
Investment Income						\$ -	N/A
Miscellaneous	\$ 5,251	\$ 415	\$ 1,060		\$ 51,000	\$ 51,000	N/A
Other Revenues: Memorial Hospital	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ -	0.0%
Transfers in from other internal budgets						\$ -	N/A
Income from Previous Year						\$ -	N/A
TOTAL REVENUES	\$ 1,398,557	\$ 1,323,236	\$ 1,442,785	\$ 1,651,078	\$ 1,715,030	\$ 63,952	3.9%
OPERATIONS							
Personnel Expenses							
Salaries	\$ 813,421	\$ 765,545	\$ 844,237	\$ 920,835	\$ 941,674	\$ 20,839	2.3%

COPY OF CHARTER

Not Applicable.

EXEMPTION STATUS

The Hamilton County Health Department is a governmental agency and has nonprofit exemption from the Internal Revenue Code.

COMPLETE ANNUAL REPORT CAN BE FOUND AT www.hamiltontn.gov.

Click on Hot Topics, then FY 2013 Comprehensive Annual Financial Report.

The following pages contain Auditor's reports pulled from the Annual Report.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Honorable Mayor and the Board of Commissioners
Hamilton County, Tennessee

Report on Compliance for Each Major Federal Program

We have audited Hamilton County, Tennessee's (the County), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2013. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, Hamilton County, Tennessee, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of Hamilton County, Tennessee, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for

each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Joseph Decasino and Company, PLLC". The signature is written in a cursive, flowing style.

Chattanooga, Tennessee
January 21, 2014

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and the Board of Commissioners
Hamilton County, Tennessee

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hamilton County, Tennessee (the County), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 21, 2014. Our report includes a reference to other auditors who audited the financial statements of the Hamilton County "911" Emergency Communications District, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of

financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Joseph Decasino and Company, PLLC

Chattanooga, Tennessee
January 21, 2014

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and the Board of Commissioners
Hamilton County, Tennessee

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hamilton County, Tennessee, (the County) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hamilton County "911" Emergency Communications District, which represent 3 percent, 4 percent, and 3 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hamilton County "911" Emergency Communications District in the discretely presented component units, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hamilton County, Tennessee, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note A(2), the County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which became effective for the year ended June 30, 2013. The County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which has an effective date of June 30, 2014.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages V through XVI of the Financial Section and the required supplementary information on pages B-1 through B-4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards on pages G-1 through G-6 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the debt service fund (presented on pages C-1 through C-19), combining and individual fund financial statements of the Board of Education (a discretely presented component unit) (pages D-1 through D-9), the financial schedules (pages E-1 through E-12) and the schedules of expenditures of federal awards (pages G-1 through G-6) were derived from and relate directly to the underlying accounting and other records

used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the debt service fund, combining and individual fund financial statements of the Board of Education (a discretely presented component unit), financial schedules and the schedule of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section (pages 1 through 17) and statistical tables (pages F-1 through F-26) have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2014, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Joseph Decasius and Company, PLLC". The signature is written in a cursive, flowing style.

Chattanooga, Tennessee
January 21, 2014

GOVERNING BOARD OF DIRECTORS

Board Member Name	Position	Contact Information	No. of Years Served
Fred Skillern	Chairman	209-7200	12
Chester Bankston	Commissioner	209-7200	4
Greg Beck	Commissioner	209-7200	8
Tim Boyd	Commissioner	209-7200	4
Jim Fields	Commissioner	209-7200	4
Joe Graham	Commissioner	209-7200	4
Marty Haynes	Commissioner	209-7200	1
Larry Henry	Chairman	209-7200	11
Warren Mackey	Commissioner	209-7200	7

ADVISORY BOARD

Board Member Name	Field of Expertise	Contact Info	No. of Years Served
Beverly Allen	Secretary	209-8230	5
Becky Barnes	Health Department Administrator	209-8000	10
Richard Beeland	Chair – City Government	425-6219	2
Floyd Boone	Veterans' Affairs	634-6488	1
David "Boomer" Brown	Substance Abuse	756-7644	13
Tammy Burke	Clinical Services	209-8010	10
Rob Cotterman	Mental Health	785-3429	1 month
Mary Ellen Galloway	Family Shelter	756-3891	1
Charlie Hughes	Vice-Chair – Community Kitchen and Shelter	756-4222	13
Donna Maddox	Mental Health	825-4377	1
Ann Martin	Public Housing	752-4176	1
Carla Sewell	Social Services	209-6386	1
Emily O'Donnell	Legal Aid	756-4013 x1109	1 month
Sister Eileen Wroblewski	Hospital Administration	495-7870	7
2-4 Substance Abuse Program Consumers at each meeting	Consumers		



City of Chattanooga

FY15 Offers

OFFER SUMMARY

Offer Name:	Permanent Housing for Homeless Individuals & Families – Housing Solutions
Lead Agency:	Chattanooga-Hamilton County Health Department DBA Homeless Health Care Center
Collaborating City Department(s):	Potential Collaborators: Economic and Community Development, Mayor’s Office, Youth and Family Development
Contact Name:	Karen Guinn
Primary Results Area:	Stronger Neighborhoods
Offer Cost (Funding Request):	\$53,003

RESULTS AREAS

1. **Safer Streets** – Safe communities, reduced crime, positive opportunities, and alternate pathways.
2. **Growing Economy** – Growing and supporting local businesses, workforce development, business recruitment and retention, and an environment for innovation.
3. **Stronger Neighborhoods** – Neighborhood leadership, connected communities, healthy residential markets, and rapid re-housing.
4. **Smarter Students, Stronger Families** – Parents and first teachers, community support, and community health.
5. **High Performing Government** – Data-driven decision making, sound operations, outstanding customer service, resource management, and exceptional talent.
6. **Innovation Fund** – Something different – processes, services, technologies, ideas. Shifting the way government operates.

DETAILS

Description: *(What is the service/program? How will it be provided? What innovation & sustainability practice does this leverage? What difference does this offer make and how will we know? Make a compelling case for your offer.)*

The Homeless Health Care Center proposes to operationalize a case management program with a 1 FTE case manager to work with homeless individuals and families to move into permanent housing. This case manager would be a social sciences bachelor’s prepared employee. This case manager will work with the client(s) upon entry into the Center’s system and navigate and assist the individual to meet necessary requirements, including documents and identification, to apply for housing options. Assistance will also be provided and secured, if available, in the way of first month’s rent, housing and utility deposits, and procurement of household items and furniture. The client will also have access to wraparound services at the Center including its behavioral, medical, and substance abuse programs.

This program has been piloted in 2013 with existing staff and has shown success over a 5-month period housing 15 people. We believe that dedicating one case manager to the task, and operationalizing and fine tuning the process can result in greater success with other homeless people.

The innovation rests in having a dedicated staff person and program to achieve the goal of housing homeless people and knowing how to navigate an often fragmented system to achieve the steps that are needed to achieve housing. Many individuals need documentation and identification to attach to a housing application. Clients often do not have the money for utility deposits to put down on a place to live. This process will result in a protocol in assisting homeless people in achieving housing. Sustainability is achieved for the newly housed individual or family with the wraparound services provided. For the program, future



City of Chattanooga

FY15 Offers

resources will be explored if funding is no longer available.

Housing homeless individuals contributes to the overall health of the community in numerous ways. It transitions people into a housing market which improves blighted communities and contributes to a positive housing environment and market. Housed individuals are often on an upward mobility trek in which they gain or maintain employment and contribute to the local economy. Housing is synonymous with improved health. Homelessness aggravates chronic health conditions, interferes with needed treatments, and increases emergency room visits and length of hospital stays. For a community, housing instability aggravates rates of morbidity (a measure of poor health) and increases age adjusted mortality rates (a measure of early death).

Lack of housing stability also negatively impacts children. Studies show children who are homeless often exhibit significant delays in developing gross and fine motor skills as well as social skills. In older children there's a negative impact on educational and school performance. They experience a higher dropout rate. When 35 homeless people are successfully housed, we will know that we are making a positive impact on the community as well as the individual. Studies reflect that when homeless people are housed with supportive services they are more successful in sustaining housing and becoming a contributing citizen to the community.

Identify Which Desired Outcomes This Offer Impacts:

1. Moves homeless individuals from the streets and shelters to permanent housing.
2. Stabilizes housing status for vulnerable individuals and families.
3. Creates housing options for displaced families.
4. Strengthens neighborhoods and individuals/families when they are moved from the streets and shelters to permanent housing.
5. Contributes to overall population health. Studies show that housed people are healthier than those living in a homeless shelter.

BUDGET REQUEST

Summary: (Please complete based on information contained in Attachment F)

Offer Name	Personnel Costs (including Benefits)	Operating Costs	Total Request	FTEs required
Housing Solutions	\$64,311	\$28,250	\$53,003	1

Capital Budget Impact? Yes No \$Amount

Financial Offsets: (Please list other revenues associated with the specific program for which funding is requested)

Name	Amount
Hamilton County government	\$20,308
Churches/Social service agencies	\$19,250

PERFORMANCE DATA

Measurement 1:

35 homeless individuals will be moved into permanent housing in FY 2014-2015

Historical Comparison Data? Health Care Center piloted a program in 2013 that successfully resulted in 15 individuals



City of Chattanooga

FY15 Offers

being successfully housed over a 5-month period.

Measurement 2:

35 individuals will receive supportive case management services and a home visit after being housed.

Historical Comparison Data? Studies reflect that newly housed individuals receiving supportive services are more successful with retaining housing.

Measurement 3:

Historical Comparison Data?

Return on Investment:

How do citizens benefit? From overall improved community health. Homeless individuals moving into housing contribute to the overall community by becoming upwardly mobile and a productive citizen.

Does this activity leverage other financial resources? Yes – county government support, churches, and other social service agencies.

How does this activity decrease costs over time for the City? It decreases public resource costs for those between shelters, emergency rooms, and jails.

How can this program become sustainable without City funding? Future case management reimbursement from third party payors. Potential future grant funding sources.

Attachment B: Comparative Financial Information

**Agency Name: Chattanooga-Hamilton County Health Department
DBA Homeless Health Care Center**

This section relates to agency efforts specifically funded by Chattanooga dollars to benefit Chattanooga residents, relative to the dollars given by adjoining governmental entities.

Dollars provided to your organization in FY 2014 by the following entities:	Percent of your total annual operational funding provided by local government	% of Hamilton County Population*
Chattanooga	.01%	49.83%
Unincorporated Hamilton County		30.22%
Hamilton County Government's (General funds)	33%	
Collegedale	0%	2.46%
East Ridge	0%	6.24%
Lakesite	0%	0.54%
Lookout Mountain	0%	0.54%
Red Bank	0%	3.46%
Ridgeside	0%	0.12%
Signal Mountain	0%	2.25%
Soddy-Daisy	0%	3.78%
Walden	0%	0.56%
Other (Outside Hamilton County)	66.99%	
	Above percentages should total 100%	
Percent of Services rendered to residents of:	Estimate, if you do not now track this data.	
Chattanooga	91.2%	49.83%
Unincorporated Hamilton County	.7%	30.22%
Hamilton County Government's (General funds)		
Collegedale	0%	2.46%
East Ridge	2%	6.24%
Lakesite	0%	0.54%
Lookout Mountain	.1%	0.54%
Red Bank	1.4%	3.46%
Ridgeside	0%	0.12%
Signal Mountain	.1%	2.25%
Soddy-Daisy	1%	3.78%
Walden	0%	0.56%
Other (Outside Hamilton County)	3.5%	
	Above percentages should total 100%	

*Population numbers are from 2010 U.S. Census.

Attachment C: Program Beneficiary Statistics

Agency Name: Chattanooga-Hamilton County Health Department DBA Homeless Health Care Center
 Program: Homeless to Housed

Program Beneficiary Characteristics Clients/Patients/Recipients/Other	FY 2013	FY 2014 (YTD)	FY 2015 (Projected)
1. Unduplicated Count of Program Beneficiaries TOTAL	4055	3412	3700
a) Total Continuing From Previous Fiscal Year	0	0	0
b) Total New for the Year	0	0	0
c) Total Terminated During the Year	0	0	0
2. Age Group TOTAL	4055	3412	3700
a) Infants – Under 5	376	260	310
b) Between 5 and 12	394	327	340
c) Between 13 and 17	127	110	116
d) Between 18 and 29	710	585	650
e) Between 30 and 64	2376	2081	2229
f) 65 and over	72	49	55
g) Not Known	0	0	0
3. Sex TOTAL	4055	3412	3700
a) Male	2197	1886	2000
b) Female	1858	1526	1700
c) Not Known	0	0	0
4. Ethnic Background TOTAL	4055	3412	3700
a) White	1678	1398	1525
b) Black	2243	1889	2053
c) Hispanic	79	63	71
d) Asian	9	7	7
e) Other – Ethnic Minority	46	42	44
f) Not Known	0	13	0
5. % Income Level TOTAL	4055	3412	3700
a) Below 9,999	3873	3268	3550
b) 10,000 –19,999	115	100	106
c) 20,000 – 29,999	24	12	15
d) 30,000 and Over	9	5	7
e) Not Known	34	27	22
6. Location of Residence TOTAL	4055	3412	3700
a) Chattanooga	3690	3105	3367
b) Outside of Chattanooga	365	307	333
c) Not Known	0	0	0

Attachment D: Schedule of Positions, Salaries & Wages

Agency Name: Chattanooga-Hamilton County Health Department DBA Homeless Health Care Center

ALL FINANCIAL INFORMATION TO THE NEAREST DOLLAR. FOR ADDITIONAL EMPLOYEES, COPY THIS FORM AS NEEDED.

Title of Position	Last Name, Initial	Full Time or Part Time	Number of Years Employed	Current – FY 2014			Projected – FY 2015		
				Weeks Employed	Annual Rate	Budgeted	Weeks Employed	Annual Rate	Budgeted
Project Director	Guinn, K.	FT	28		63,040	Same as Annual Rate		Possible 3% increase to annual rate	
Health Programs Manager	Vacant	FT	N/A		46,476				
Physician	Eason, P.	PT	25		23,073				
Physician	Patel, Y.	PT	12		42,980				
Primary Care Clinician	Ebert, R.	FT	6		75,646				
Primary Care Clinician	Contarino, D.	FT		8	73,443				
Psychologist	Huston, R.	FT	3		67,599				
RN	Hartley, J.	FT	2		46,078				
A&D Counselor	Thurman, M.	FT	9		40,567				
A&D Counselor	Sweenie, W.	FT	11		39,289				
LPN	Watson, M.	FT	11		32,322				
LPN	Ray, S.	FT		26	30,889				

Note: List all employees in order of responsibility.

Attachment D: Schedule of Positions, Salaries & Wages

Agency Name: Chattanooga-Hamilton County Health Department DBA Homeless Health Care Center

ALL FINANCIAL INFORMATION TO THE NEAREST DOLLAR. FOR ADDITIONAL EMPLOYEES, COPY THIS FORM AS NEEDED.

Title of Position	Last Name, Initial	Full Time or Part Time	Number of Years Employed	Current – FY 2014			Projected – FY 2015		
				Weeks Employed	Annual Rate	Budgeted	Weeks Employed	Annual Rate	Budgeted
Case Manager	Field, J.	FT	19		40,202	Same as Annual Rate		Possible 3% increase to annual rate	
Case Manager	Baierl, P.	FT	14		39,755				
Case Manager	Gresko, B.	FT	1		38,145				
Case Manager	Boykin, S.	FT		22	38,145				
Specialist	Alejandro, J.	FT	2		30,318				
Medical Case Manager	Vacant	FT	N/A		29,889				
PSR	Maynez, D.	FT	3		27,274				
PSR	Vidalez, B.	FT	3		25,475				
PSR	Garner, J.	FT	9		26,272				
PSR	Dupree, S.	FT	2		24,576				
Clerical Technical Aide	Rogers, L.	FT	12		24,783				

Note: List all employees in order of responsibility.

Attachment F: Budget Format

Agency Name: Hamilton County Health Department DBA Homeless He

CITY OF CHATTANOOGA

FY 2015 Agency Funding Financial Form

Account Category	Actual FY 2011	Actual FY 2012	Actual FY 2013	Budget FY 2014	Request FY 2015	Incr (Decr) Request vs. FY 14 Budget	% Change Request vs FY 14 Budget
REVENUES							
Contributions							
Individuals/Private						\$ -	N/A
Corporate/Organizations/Churches					\$ 19,250	\$ 19,250	N/A
Fees/Grants from Governmental Agencies							
Federal						\$ -	N/A
State						\$ -	N/A
Hamilton County					\$ 20,308	\$ 20,308	N/A
City of Chattanooga					\$ 53,003	\$ 53,003	N/A
Other Cities (Please list)						\$ -	N/A
United Way							
Foundations (including grants)						\$ -	N/A
Gross Proceeds Special Events						\$ -	N/A
Other UWs/Federations						\$ -	N/A
CFC/Designations received thru UWGC						\$ -	N/A
UWGC Program Allocation						\$ -	N/A
UWGC Special Funding						\$ -	N/A
Membership Dues						\$ -	N/A
Program Income						\$ -	N/A
Governmental Insurance						\$ -	N/A
Private Insurance						\$ -	N/A
Contracted Services						\$ -	N/A
Fee for Services						\$ -	N/A
Other Program Income						\$ -	N/A
Sales to Public						\$ -	N/A
Investment Income						\$ -	N/A
Miscellaneous						\$ -	N/A
Other Revenues (Please list separately any major item)						\$ -	N/A
Transfers in from other internal budgets						\$ -	N/A
Income from Previous Year						\$ -	N/A
TOTAL REVENUES	\$ -	\$ -	\$ -	\$ -	\$ 92,561	\$ 92,561	N/A
OPERATIONS							
Personnel Expenses							
Salaries					\$ 44,713		N/A



City of Chattanooga

FY15 Offers

OFFER SUMMARY

Offer Name:	Economic Development - Capital for Innovation		
Offer Number:	15	Department	
Lead		Offer Rank:	
Department:	Economic Community Development	Collaboration:	Y_X__ N__
Administrator:	Donna Williams		
Offer Cost:	\$1,000,000	Primary Results Area:	Growing Economy

RESULTS AREA

1. **Safer Streets** – Safe communities, reduced crime, positive opportunities, and alternate pathways.
2. **Growing Economy** – Growing and supporting local businesses, workforce development, business recruitment and retention, and an environment for innovation.
3. **Stronger Neighborhoods** – Neighborhood leadership, connected communities, healthy residential markets, and rapid rehousing.
4. **Smarter Students, Stronger Families** – Parents and first teachers, community support, and community health.
5. **High Performing Government** – Data-driven decision making, sound operations, outstanding customer service, resource management, and exceptional talent.
6. **Innovation Fund** – Something different – processes, services, technologies, ideas. Shifting the way government operates.

DETAILS

Description:

Chattanooga’s middle class growth is in need of acceleration. For the last several years, much of the growth of the middle class in Chattanooga has been in the number of people employed in the public sector. In fact, the five largest employers in Chattanooga are either government or non-profit entities. The industrial base of the city workforce has experienced some resurgence, but consistent with the national trend toward a service economy, new industries are not as prevalent as they should be in our community. Moreover, even the service sector, while growing, is concentrated largely in a limited market spectrum, mostly financial services, health care, and communications services. The high technology industry is not as entrenched as it could be, nor is advanced manufacturing, the defense industry, and pharmaceuticals - all natural growth areas, given our regional economic environment.



City of Chattanooga

FY15 Offers

We needed to develop a strategic plan for economic development and set aside funds to implement it. A \$1 million commitment from the City of Chattanooga will be the seed money for this plan.

The concept of this offer is to create a revolving early stage capital fund that could be used to entice growth businesses undergoing expansion to locate new operations or relocate existing operations to Chattanooga or, more likely, to create a fertile environment to grow our own.

This early stage investment fund would be used to provide "mezzanine capital" to expansion projects or venture capital to new projects as either loans or direct investments on favorable terms compared to the typical deals available to such projects in the market, but with the prospect of much higher return potential (albeit of course with commensurate risk) to the city. The return on investment, minus administrative expense incurred, would be re-deposited in the revolving fund, thus assuring its development over time into a powerful economic growth tool.

Since we do not have and do not want to hire the quality technical staff such an investment program would require, we will partner with local venture capital professionals to act as the managing partner. This relationship will allow us to invest in a larger investment pool as an equal partner, so our funds would be highly leveraged. We will dedicate 100% of this investment into a pool dedicated only to businesses located or locating in the City of Chattanooga.

Lastly, this fund will also afford the City access to numerous opportunities to interact with potential investors and companies interested in investing in or relocating to Chattanooga. This fund should also increase the amount of venture and other early stage capital invested in Chattanooga companies.

Identify Which Desired Outcomes from Request for Offer(s) that this Offer Impacts:

1. Increase in employment
2. More higher wage jobs
3. Increase in new business created
4. Increase citizen satisfaction with services

BUDGET REQUEST

Summary: (Please complete based on Dept. Operating Detail and Dept. Personnel Detail Forms)

Economic Development Initiative	Personnel	Operations	Total	Percent of offer	FTE
Early Stage Capital Fund		\$ 1,000,000.00	\$ 1,000,000.00	100	

**Amounts MUST agree with collaborating Department totals for this offer*

Capital Budget Impact? Yes X No \$Amount



City of Chattanooga

FY15 Offers

**Please prepare and attach Capital Budget Request Form*

Financial Offsets: *(Please list any Revenue e.g. golf course revenue, Grants, Private/Corporate Contributions, Etc.)*

Name	Amount
Return on Investments Made	TBD

PERFORMANCE DATA

Measurement 1: Venture capital per capita

FY2012	FY2013	FY2014	FY2015 Target
N/A	N/A	N/A	N/A

Measurement 2: New Businesses

FY2012	FY2013	FY2014	FY2015 Target
TBD	1631	1631	1750

Measurement 3: Capital Investment

FY2012	FY2013	FY2014	FY2015 Target
\$10,000,000	\$85,690,000	\$21,700,000	\$100,000,000

Measurement 5: Number of top 15 statewide VC firms in Chattanooga

FY2012	FY2013	FY2014	FY2015 Target
1	1	1	2

Many of these measurements are not currently being tracked at the City of Chattanooga level. Establishing a baseline for comparison, as well as new tracking methodologies for these data sets, will need to take place.

Return on Investment:

How do citizens benefit? The citizens of Chattanooga will directly benefit from greater access to employment, higher wage jobs, improved access to resources to facilitate business growth and expansion, and an overall improved economy.

Does this activity leverage other financial resources? Through various relationships and other partnerships, this offer at its core leverages outside resources. Through the deployment of capital, the City will leverage resources that otherwise have been unavailable. In some cases this leverage ratio will be very pronounced. Also, through the use of strategic contract service partnerships, this offer will leverage partner resources to carry out functions in a more cost effective manner.

How does this decrease costs over time? The City should experience enhanced tax revenue, which should offset much of the cost of this offer over the long term. This offer should also help employ more Chattanoogaans, reducing the need for City services and support. Also, by facilitating business growth and expansion, this offer should help to improve neglected commercial corridors, reduce the need for public maintenance and associated costs due to higher instances of crime and nuisance. Lastly, this fund is intended



City of Chattanooga

FY15 Offers

to provide a return on investment and and ultimately become self supporting.



Hamilton County Coalition

Facilitating Community Change Through Comprehensive Strategies.
Capacity Building, Collaboration and Neighborhood Problem Solving.

804 Central Avenue | Chattanooga, TN 37403 | 423-305-1449 (ph) | 423-305-1437 (fax)

April 3, 2014

Daisy Madison, Administration and Finance
City of Chattanooga
101 East 11th Street
Chattanooga, Tn. 37402

RE: Revised Funding Request

Dear Ms. Madison,

Per our conversation on Wednesday, April 2, and on behalf of our entire agency, I want to thank you for the opportunity to resubmit our funding request for the Neighborhood Transformation Program. Attached is a copy of our revised budget. The only documents we resubmitted are ones which reflect change in the over-all funding request.

As I mention during our conversation, I realize housing development is a new venture for this agency. With no track record in the housing development arena, and the fact you are accountable for taxpayers dollars, I understand your apprehension to fund our initial request.

This revised funding request in the amount of \$145,520 represents a difference of (\$197,295). This request will fund the purchase and renovation of one property, and renovation of another property currently owned by the Coalition.

Funding this request, will allow our agency to provide safe, affordable housing for two deserving families, removing two current vacant properties from the community, and this agency an opportunity to demonstrate our ability to fulfil our agreement with the city of Chattanooga and its citizens.

Again, we appreciate your consideration,

Robert L. Schreane, Project Manager
Hamilton County Coalition

visit us online at: www.HCCoalition.org

Camilla Bibbs-Lee, Executive Director



City of Chattanooga

FY15 Offers

OFFER SUMMARY

Offer Name:	Neighborhood Transformation Project
Lead Agency:	Hamilton County Coalition
Collaborating City Department(s):	Economic and Community Development, Public Works, Chattanooga Police Dept. Department of Public Safety
Contact Name:	Robert L. Schreane
Primary Results Area:	Stronger Neighborhoods
Offer Cost (Funding Request):	\$145,520

RESULTS AREAS

1. **Safer Streets** – Safe communities, reduced crime, positive opportunities, and alternate pathways.
2. **Growing Economy** – Growing and supporting local businesses, workforce development, business recruitment and retention, and an environment for innovation.
3. **Stronger Neighborhoods** – Neighborhood leadership, connected communities, healthy residential markets, and rapid re-housing.
4. **Smarter Students, Stronger Families** – Parents and first teachers, community support, and community health.
5. **High Performing Government** – Data-driven decision making, sound operations, outstanding customer service, resource management, and exceptional talent.
6. **Innovation Fund** – Something different – processes, services, technologies, ideas. Shifting the way government operates.

DETAILS

Description: *(What is the service/program? How will it be provided? What innovation & sustainability practice does this leverage? What difference does this offer make and how will we know? Make a compelling case for your offer.)*

Neighborhood Transformation Project

The Hamilton County Coalition’s mission is to facilitate community level change through comprehensive strategies and collaborations to include intervention/ prevention strategies, neighborhood revitalization strategies and community policing & safety strategies. The Coalition’s ability to affect change relies heavily on a diverse, multi-disciplinary collaboration that includes students, parents, grandparents, community leaders, law enforcement officers, state and local government workers, intervention/ prevention specialist, clergy, school officials, university professors, merchants, public health professionals, counselors. Our members are dedicated to improving the quality of life for youth and families by facilitating *safe, healthy thriving communities!*

In the East Chattanooga area, there are more than 200 vacant properties, more than 450 section 8 rental properties, and more than 1/3 of the properties are owned by absentee landlords or are in substandard conditions. While the East Chattanooga community population is less than many other communities, the crime rates far exceed that of larger communities in Chattanooga. Avondale (located in CPD Sector 2) had almost double the number of violent crimes than any other Sector in Chattanooga. It is also well noted that the high school dropout rates, poverty rates and health disparities are highest in the Avondale/East Chattanooga community.



City of Chattanooga

FY15 Offers

On a recent tour of the community with local government and community work groups, it was obvious the Avondale Neighborhood (target area), which is a subsection of the larger East Chattanooga community, is in need of services and supports that rehab houses and people. The tour was enlightening and disturbing. The observations that were noted included an enormity of issues related to blatant corner drug dealing, illegal dumping, questionable businesses (car wash on Brant Street), leaf/ debris clogged drainage ditches, pit bulls on front porches, and abandoned/ boarded up homes throughout Avondale. After meeting with the leaders of the neighborhood association, additional community issues were expressed in relation to excessive drug and violent crimes, disengaged landlords, low community cohesiveness, no renter involvement in Association meetings or activities.

While it should be clearly noted, professionals and government alone will not create a sustainable "fix" too many of these community issues. Research supported by the Office of Community Oriented Policing and the Department of Justice (which includes the High Point Initiative) finds that a comprehensive, community centered approach with guidance and support from agency professionals and government is the best solution for community disarray. Research shows that the renters and homeowners who are involved in their community, take pride in their home and the property surrounding it. This reduces overgrowth and blight. Less overgrowth, blight and abandoned properties, increases the property values and interest in home ownership. Residents who are more connected to each other are also more likely to look out for each other (i.e. checking on an elderly neighbor), which also increases perceptions of safety and involvement in a community block leader program.

The purpose of the Neighborhood Transformation Project is to collaborate with the Avondale Community, Agency Partners and local government to rehab houses and people utilizing comprehensive supports and services to include: intervention/ prevention strategies, neighborhood revitalization strategies, and community policing and safety strategies. To this end, creating positive, sustainable changes in the Avondale Neighborhood.

While many aspects of the funding for the Neighborhood Transformation Project will focus on revitalizing homes to increase affordable rental properties and home ownership, equally as important are the supports and services that will increase community cohesiveness, improve youth and family relationships, increase positive landlord/ tenant contributions to the neighborhood, improve physical appearance of the neighborhood, provide employment and volunteer opportunities, increase community block leaders and neighborhood pride.

Neighborhood Revitalization Strategies (Community and Economic Development, Public Works, Hamilton County Coalition)

Hamilton County Coalition plans to target abandoned /boarded up properties within the low income communities of East Chattanooga (specifically Avondale Neighborhood), renovate these properties and rent to individuals or families which qualify under HUD and Chattanooga Housing Authority's low income eligibility. Home ownership will also be encouraged through our program.

HCC will work with City/ County tax assessor offices, property owners, and the community in our targeted areas in an effort to purchase or accept through donation, single and multiple family dwellings within our targeted areas. HCC, will focus on properties in low in-come areas of East Chattanooga which are facing or currently in tax foreclosure procedures, owners lack funds for proper upkeep and willing to sell below market value, or donate property to HCC.

Our contractors are licensed/ bonded and insured, and have experience in remodeling and bringing existing structures up to city/county code. Also, as part of the contractor's participation agreement, they will hire and train individuals including youth starting at the age of 16, within our targeted communities.

Abandoned housing has long been a matter of concern within the communities of East Chattanooga/ Avondale community. Our outcome is focused on providing a better standard of living for our low income families; work with our partners to develop intervention programs that will discourage crime, drug use,



City of Chattanooga

FY15 Offers

underage drinking, prostitution and other illegal activities in these underserved communities

Intervention/Prevention Strategies (Hamilton County Coalition, First things First, The Partnership, and Bradford Health)

First Things First – financial management workshops, classes for married couples, single parents, and teens, employment services

The Partnership for Family and Children Services – violence prevention workshops and safe haven

Bradford Health Services – Mental Health & Addiction services for youth and adults

Community Policing and Safety Strategies (Chattanooga Police Department, Hamilton County Coalition, Avondale Neighborhood Association)

Block Leader Training for residents

Crime Prevention Strategies

Identify Which Desired Outcomes This Offer Impacts:

1. Increased Affordable Housing for low income and homeless families
2. Increased Community Cohesion, Collaboration & Effectiveness
3. Improved Perceptions of Safety & Physical Appearance

BUDGET REQUEST

Summary: (Please complete based on information contained in Attachment F)

Offer Name	Personnel Costs (including Benefits)	Operating Costs	Total Request	FTEs required
Hamilton County Coalition	\$30,000	\$115,520	\$145,520	1

Capital Budget Impact? Yes X No \$Amount

Financial Offsets: (Please list other revenues associated with the specific program for which funding is requested)

Name	Amount



City of Chattanooga

FY15 Offers

n/a	

PERFORMANCE DATA

Measurement 1:

Increase affordable housing in the Avondale Community as measured by 2 low income families relocated to decent affordable housing by the close of FY 2015.

Historical Comparison Data?

More than 200 vacant or boarded up properties exist in the Avondale Community. Initially 1 structures will be purchased in the first quarter and Monthly progress will be reported on the rehabilitation. A 2nd^h property has been deeded over to Hamilton County Coalition. Renovation of this property included in this request.

Measurement 2:

Increase in active neighborhood association members by 50% as measured by sign in sheet records at meetings and activities

Increased cooperation among local government agencies (CPD and Public Works) and residents by 25% as measured by an Increase in resident reporting to 311 relative to over growth and blight.

Historical Comparison Data?

Currently there are 8 active members in the Avondale Neighborhood Association, the Coalition plans to increase by 50% and will report the increase quarterly.

Base data will be established and monthly progress will be recorded on the number of 311 reports from the Avondale community.

Measurement 3:

Increase perceptions of safety as measured by resident collaboration with law enforcement and the Hamilton County Coalition as measured by the training for block leaders and establishment of a community block leader program (20 block leaders initially) and resident survey report increased safety.

Decrease in the number of blighted overgrown properties in the community by 25%

Historical Comparison Data?

Return on Investment:

How do citizens benefit? Increase in affordable housing for 2 families, increase in perceptions of safety and physical appearance, increase in community cohesiveness and reduction in bight and community disarray.

Does this activity leverage other financial resources? Yes, there is an excess of \$60,000 in leveraged funds



City of Chattanooga

FY15 Offers

from in-kind supports and services to implement the intervention/ prevention programs and community oriented policing and safety programs. (Hamilton County Coalition \$25,000, Bradford Mental Health \$10,000 First Things First \$9,000, Partnership for Family and Children's Services 11,000, in-kind labor donation 5,000

How does this activity decrease costs over time for the City? The City will be able to collect tax dollars on rented property and decrease costs associated with police man power and public works man power to remove criminal and blight issues.

How can this program become sustainable without City funding? The rental fees will help sustain the program and the community based programs will help sustain the program.

Attachment E: Major Sources of Funding for the Past Five Years

Agency Name: Hamilton County Coalition

Program/Project Title	Name of Funding Source	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 (Projected)
Partnership for Success Grant	TN Department of Mental Health and Substance Abuse Services		89,523	89,523	186,587	89,666	89,666
Established Coalition Grant	TN Department of Mental Health and Substance Abuse Services			83,632	83,632	83,832	83,632
Strategic Prevention Framework Grant	TN Department of Mental Health and Substance Abuse Services	112,887					
Drug Free Communities Grant	SAMSHA						125,000
Foundation Funds	Sun trust Foundation						10,000
Neighborhood Transformation Project	City of Chattanooga						145,520
Subtotal, Major Funding Sources		112,887	89,523	173,155	270,219	173,498	453,818
Total, All Revenue Sources		112,887	89,523	173,155	270,219	173,498	453,818



City of Chattanooga

FY15 Offers

OFFER SUMMARY

Offer Name: Scenic Cities Beautiful

Offer Number: 1	Department
Lead	Offer Rank: 1

Department: Scenic Cities Beautiful	Collaboration
	: Y X N_____

Administrator: Lee Norris

Offer Cost: \$68,637	Primary Results Area: Stronger Neighborhoods
----------------------	--

RESULTS AREA

1. **Safer Streets** – Safe communities, reduced crime, positive opportunities, and alternate pathways.
2. **Growing Economy** – Growing and supporting local businesses, workforce development, business recruitment and retention, and an environment for innovation.
3. **Stronger Neighborhoods** – Neighborhood leadership, connected communities, healthy residential markets, and rapid rehousing.
4. **Smarter Students, Stronger Families** – Parents and first teachers, community support, and community health.
5. **High Performing Government** – Data-driven decision making, sound operations, outstanding customer service, resource management, and exceptional talent.
6. **Innovation Fund** – Something different – processes, services, technologies, ideas. Shifting the way government operates.

DETAILS

Description:

The Scenic Cities’ Beautiful Commission has sustained a long history of eco-efficiency. Chartered in 1962 Scenic Cities was the key organization that initiated the first downtown tree planting in 1966. Scenic Cities was the first organization in the state of Tennessee to become an affiliate of Keep America Beautiful in 1977. SCBC is no longer alone in its efforts and, today, is driven by strong and expanding projects such as: The Great American Cleanup, TDOT Stop Litter, TDEC America Recycles Day, USDA Peoples Gardens, and Earth Day Party for the Planet with the Tennessee Aquarium. SCBC is cosponsor of countywide educational programs such as Enviro-thon, a high school academic event, with TN RC&D and USDA Soil Conservation, Hamilton Shines county Mayor Coppinger’s student initiative and Head Start teacher’s workshops with the Creative Discovery Museum.

The Scenic Cities Beautiful Commission’s mission to engage individuals to take greater responsibility for improving their neighborhoods.

As the RFO identifies and neighborhood leader’s feedback indicates that they want support in the articulation



City of Chattanooga

FY15 Offers

of a high level of community norms. Our program gives support for the moral voices and an outlet for moral engagement. The high level of demand for our programs by neighborhood leaders is because community beautification and volunteer litter cleanup efforts model nonviolent norms of community engagement and provide an outlet for pro-social life.

Through public private partnerships we work hard to help create neighborhoods that are socially connected, environmentally healthy and economically sound.

- This offer satisfies the legal requirements of the city Charter: Scenic Cities Beautiful Commission was established and ratified by Charter of the city of Chattanooga: Chapter 9. Beautification...
- Meets the requirements for Tennessee Department of Transportation Hamilton County Litter Grant funds. Scenic Cities is a currently funded contractor.
- Meets requirements for affiliation to Keep America Beautiful, Inc. [KAB] the nation's largest community improvement organization. Current affiliate in good standing with President's Circle Recognition Award status for the standards of excellence achieved by the affiliate.
- Meets requirements for 160 points towards the designation of Hamilton County's Level III certification as a Three Star Community by Tennessee Department of Economic & Community Development.

This offer will accomplish neighborhood improvement by:

- coordinating and providing materials for volunteer neighborhood roadside cleanups as projects and as platforms for enacting positive neighborhood change
- assist volunteers in annual watershed cleanups and coordinate additional as needed or requested.
- Provide student and teacher education in Head Starts, schools and informal education sites on the domain of a) Self, Family and Community, b) People and the Environment
- provide bins and 'how to' education to increase public recycling options
- provide education on TCA Title 39, Chapter 14, Part 5 TN Litter Law to the public, business, government and students

In 2009 Chattanooga was one of 100 cities across the nation to participate in the first Keep America Beautiful comprehensive survey on litter in 40 years. The ultimate goal of this research was to supply defensible, comprehensive data to aid KAB in its ongoing efforts to elevate the issue of litter among national and local leaders as an important quality-of-life issue, and suggest actionable strategies based on conclusions in the final report.

Through these actionable strategies we help create clean, beautiful places, reduce waste and increase recycling.

SCBC is participating in a recommendation of the study which is to develop a Litter Study Methodology for municipal level "rapid litter assessment" gauging litter quantities within a single city or county to help politicians and senior managers understand the extent of litter and determine remediation commitments.



City of Chattanooga

FY15 Offers

OFFER SUMMARY

Offer Name:	Active Living & Transportation Network (ALTN)		
Offer Number:	7	Department Offer Rank:	4
Lead Department:	Transportation	Collaboration:	Y X N
Administrator:	Blythe Bailey		
Offer Cost:	\$120,000	Primary Results Area:	Stronger Neighborhoods

RESULTS AREA

- Safer Streets** – Safe communities, reduced crime, positive opportunities, and alternate pathways.
- Growing Economy** – Growing and supporting local businesses, workforce development, business recruitment and retention, and an environment for innovation.
- Stronger Neighborhoods** – Neighborhood leadership, connected communities, healthy residential markets, and rapid rehousing.
- Smarter Students, Stronger Families** – Parents and first teachers, community support, and community health.
- High Performing Government** – Data-driven decision making, sound operations, outstanding customer service, resource management, and exceptional talent.
- Innovation Fund** – Something different – processes, services, technologies, ideas. Shifting the way government operates.

DETAILS

ALTN provides coordinated consulting services to leverage public and private support for multimodal transportation solutions that promote stronger neighborhoods by connecting communities.

Service/Program: Support continued administration, operation, and expansion of the Bike Chattanooga Bicycle Transit System and its relationship to other transportation modes; development of innovative transportation solutions such as electric vehicle car share to complement transportation choice; coordinate improvement of public transportation network.

How service will be provided: Coordinate key activities within Transportation Department, Economic & Community Development/Outdoor Chattanooga, and the private sector. Coordinate outreach activities through city neighborhoods to provide increased accessibility to transportation choices.

Innovation: Bike Chattanooga was the largest US launch for bike share in 2012. It is leading edge use of a shared bike system to promote environmentally friendly active transportation options for the public. Integration with one of the nation’s first all-electric car share programs will set a new benchmark.

Difference this offer makes: Bike Chattanooga strives to connect people with places by providing a transportation choice. This proposal wants to increase access for communities through the purchase of hardware, education and encouragement, and integration with new technologies.

Measurement: The Bike Chattanooga system records every trip and can provide detailed demographic and trip data, including origins and destinations, route taken, calories burned, and air quality emissions avoided. Similar data is



City of Chattanooga

FY15 Offers

available from car share and public transportation metrics. Additional performance measures include retail sales volumes, housing and transportation cost totals for residents, collected sales tax revenues, and health impact assessments. Evaluation of transportation mode share splits will be conducted to measure overall community impact.

ALTN is the development, research, and programming arm of the Friends of Outdoor Chattanooga, Inc. (FOC), a Tennessee non-profit corporation and IRS designated 501(c)3 charitable organization. Formed in 2007, FOC supports Outdoor Chattanooga and the City through a MOU established under Parks & Recreation. An updated agreement is under draft. ALTN provides the City with project development and leadership services free from long term encumbrances that is scalable to specific projects and directly linked to positive return on investment.

Budget Total: \$120,000
 General Administration: \$12,000
 ALTN Director: \$20,800 (20% time)
 ALTN Associate Director: \$62,500 (62.5% time)
 Supporting Staff: \$24,700 – This includes student internships and research support, communications, data collection, development, and analysis for related projects.

Philip Pugliese serves as project coordinator for the MTCS Project, funded by federal UPWP Planning dollars (80%) with local match (20%) provided by the Benwood Foundation, as an intermediate temporary employee (no more than 32 hours/week) through the Regional Planning Agency. Philip supervises part-time staff funded 100% by the Benwood Foundation. This project is expected to continue through 2015 at minimum.

Stefanie deOlloqui serves as Outreach and Development Coordinator as an intermediate temporary employee with the Transportation Department (approximately 20 hours/week). These funds could be reallocated to ALTN. ALTN strives to minimize financial cost to the City and opportunities to flex grant and private sector funding toward these budgeted elements will be used whenever possible.

Identify Which Desired Outcomes from Request for Offer(s) that this Offer Impacts:

- 1.Connects communities through transportation networks
- 2.Active transportation has recognized health benefits and reduces health care costs
- 3.Transportation choice provides for improved job access and encourages safer streets

BUDGET REQUEST

Summary: (Please complete based on Dept. Operating Detail and Dept. Personnel Detail Forms)

Department	Personnel Cost (including Benefits)	Operations	Request	% of offer	FTEs required
Transportation Dept		\$120,000	\$ 120,000	100%	0
			\$ -	0%	
Total	\$	\$ 120,000	\$ 120,000	0%	0

**Amounts MUST agree with collaborating Department totals for this offer*

Capital Budget Impact? Yes X No Amount \$145,000

**Please complete and attach Capital Budget Request Form*



City of Chattanooga

FY15 Offers

Financial Offsets: *(Please list any Revenue e.g. golf course revenue, Grants, Private/Corporate Contributions, Etc.)*

Name	Amount
BCBST Tennessee Health Foundation – Bike Chattanooga	\$1,500,000 (Pending Award)
TVA Solar Assisted Electric Vehicle Charging Station	\$1,603,000 (Under contract)
Electric Vehicle Car Share Deployment	\$1,800,000 (est.; in contract negotiation)

PERFORMANCE DATA

Measurement 1: Bicycle Transit Neighborhood Expansion

FY2012	FY2013	FY2014	FY2015 Target
		3 new neighborhood stations 20% Increase in trip rates	6 new neighborhood stations 40% increase in trip rates

Measurement 2: Solar Assisted Electric Vehicle Charging Station Infrastructure

FY2012	FY2013	FY2014	FY2015 Target
		40 Charging Units Installed	40 Charging Units Installed

Measurement 3: Electric Vehicle Car Share Deployment

FY2012	FY2013	FY2014	FY2015 Target
		25 Vehicles operating	50 Vehicles operating

Return on Investment:

How do citizens benefit? Reduced vehicle emissions improve air quality. Improved transportation choice provides greater access to employment, services, medical care, and recreation. Capital infrastructure provided at no cost to taxpayer. Flexibility of arrangement minimizes government’s commitment to individual projects reduces long-term taxpayer burdens.

Does this activity leverage other financial resources?

Projects leverage a mix of foundation and private sector investment with direct and indirect benefits. These and future outside funding sources may be used to reduce City’s investment as projects evolve and generate a virtuous cycle of development.

How does this decrease costs over time? Coordination of alternative transportation programs provides opportunity for greater efficiencies in operations while reducing user costs for transportation. Increased use of active transportation has direct relationship to a reduction health care costs.



City of Chattanooga

FY15 Offers

KAB has just closed on a request for proposals that will: Commission a National Literature Review on the Economic Impacts of Blight on Communities across America and the Development of Metrics for Measuring the Economic Impacts of Blight. Objective of request [in part] The entire affiliate network would greatly benefit from being able to reference measure and articulate the economic impacts of blight on our communities particularly as we work to: 1) Develop sustainable sources of income to work on these issues, 2) Educate our stakeholders of the importance of our role in building vibrant communities, and 3) Promote a strategic path forward to achieve our shared mission locally.

As an active affiliate we will be part of this unprecedented effort both supplying data and receiving results papers.

Identify Which Desired Outcomes from Request for Offer(s) that this Offer Impacts:

1. Reduce the number of blighted properties in the city
2. Abate and reduce litter along the right-of-way

BUDGET REQUEST

Summary: (Please complete based on Dept. Operating Detail and Dept. Personnel Detail Forms)

Department	Personnel Cost (including Benefits)	Operations	Request	% of offer	FTEs required
Scenic Cities Beautiful	58,683	9,954	68,637	100%	1
Total	\$58,683	\$9,954	\$68,637	100%	1

**Amounts MUST agree with collaborating Department totals for this offer*

Capital Budget Impact? Yes XNo \$Amount

**Please complete and attach Capital Budget Request Form*

Financial Offsets: (Please list any Revenue e.g. golf course revenue, Grants, Private/Corporate Contributions, Etc.)

Name	Amount
TN Department of Transportation	\$32,600
Hamilton County Litter Grant	

PERFORMANCE DATA



City of Chattanooga

FY15 Offers

Measurement 1:

The Scenic Cities Beautiful Keep America Beautiful, Inc. Cost Benefit Analysis tracks volunteer participation and benefits returns.

FY2011	FY2012	FY2013	FY20'14'15 Target
Cost Benefit Ratio: for every \$1.00 of city and county/state litter grant support given to SCBC in 2011 we returned \$9.16 worth of benefits to the community.	Cost Benefit Ratio: for every \$1.00 of city and county/state litter grant support given to SCBC in 2012 we returned \$13.58 worth of benefits to the community.	Cost Benefit Ratio: for every \$1.00 of city and county/state litter grant support given to SCBC in 2013 we returned \$10.73 worth of benefits to the community.	Cost Benefit Ratio: for every \$1.00 of city and county/state litter grant support given to SCBC in return \$14.00 worth of benefits to the community.

Return on Investment: *How do citizens benefit?*

Scenic Cities is a solution provider for neighborhoods looking to unlock their potential. With a focus area of public places our activities offer a neutral space for positive actions.

By emphasizing personal responsibility, the impact one individual can make in a neighborhood, leads to a stronger sense of self, our connectedness to others and our belonging to a neighborhood.

Our behavioral based approach of enforcing community values is borne out by a national study* which indicate 81% of observed littering acts were intentional. Similarly, the litter characterization study estimated that more than 90% of litter found at transition points could be traced back to an individual's disposal decision. Study estimates show that as much as 85% of littering behavior can be attributed to the individual (and conversely, 15% to the context).

Two important person-level variables emerged from the analyses. The first is age, where it was consistently found that younger individuals are more likely to litter (and report littering) than older individuals. This group presents a clear market segment for focused messaging and campaigns. But going beyond the passive media and messaging campaigns, the finding also highlights the need to actively involve youth in clean-up and beautification activities. Involving individuals in clean-up activities can help to raise their awareness about litter as an issue, and to increase their commitment to prevent litter.

A second variable that emerged from study findings is a personal obligation to not litter. Individuals who hold the belief that littering is wrong, and consequently feel a personal obligation not to litter, are less likely to do so (both in their self-reports, and in their observed littering rates).

The indirect costs of litter on quality of life are considerable. Indirect costs include the degree in which litter reduces the value of real estate, deters a customer from entering a business, or a new employer from locating to a neighborhood.

Does this activity leverage other financial resources?

Scenic Cities is the Tennessee Department of Transportation and Hamilton County Litter Grant Education



City of Chattanooga

FY15 Offers

Coordinator contractor. One of our goal areas is business education as a major source of litter is from loading docks and dumpsters as well as commercial hauling of improperly tarped loads.

Business according to the 2009 Litter Cost study by MidAtlantic Solid Waste Consultants pay about 80% of litter cleanup costs. As a KAB affiliate we receive grants and products from national sponsors such as Home Depot, Solo, and RJ Reynolds, Glad, Nestle, Purell ,etc.

Locally we have waste haulers that donate services and a network of business that donate goods and services to cleanup events.

How does this decrease costs over time?

Transition points [areas where individuals consuming a food or tobacco product are required to discard the product before proceeding] have more than twice the visible litter as other off road locations. 83% of litter in gutters and storm drains consists of smaller items less than 4 inches. Most litter- 32%- at storm drains is tobacco products*.

Direct costs are for cleaning blocked drains and flooding from blocked drains, indirect costs are non point source pollution in waterways. In 2007 Scenic Cities received a Cigarette Litter Prevention Grant from KAB and in the study area had a 92% reduction of littered cigarette butts and related packaging in the survey area. Cleanups & beautification by volunteers is a trend that likely will grow as local and state governments struggle with finances while trying to maintain services. As part of the strong national network of KAB affiliates we receive national brand products, grants from sponsors, administrative & program support and training

*The 2009 National Litter Survey and Litter Cost Study was prepared by MidAtlantic Solid Waste Consultants for Keep America Beautiful, Inc.

Return on Investment: How do citizens benefit?

Scenic Cities is a solution provider for neighborhoods looking to unlock their potential. With a focus area of public places our activities offer a neutral space for positive actions.

By emphasizing personal responsibility, the impact one individual can make in a neighborhood, leads to a stronger sense of self, our connectedness to others and our belonging to a neighborhood.

Our behavioral based approach of enforcing community values is borne out by a national study*which indicate 81% of observed littering acts were intentional. Similarly, the litter characterization study estimated that more than 90% of litter found at transition points could be traced back to an individual's disposal decision. Study estimates show that as much as 85% of littering behavior can be attributed to the individual (and conversely, 15% to the context).

Two important person-level variables emerged from the analyses. The first is age, where it was consistently found that younger individuals are more likely to litter (and report littering) than older individuals. This group presents a clear market segment for focused messaging and campaigns. But going beyond the passive media and messaging campaigns, the finding also highlights the need to actively involve youth in clean-up and beautification activities. Involving individuals in clean-up activities can help to raise their awareness about litter as an issue, and to increase their commitment to prevent litter.

A second variable that emerged from study findings is a personal obligation to not litter. Individuals who hold the belief that littering is wrong, and consequently feel a personal obligation not to litter, are less likely to do



City of Chattanooga

FY15 Offers

so (both in their self-reports, and in their observed littering rates).

The indirect costs of litter on quality of life are considerable. Indirect costs include the degree in which litter reduces the value of real estate, deters a customer from entering a business, or a new employer from locating to a neighborhood.

To measure these impacts of litter the 2009 study* surveyed homeowners, realtors and business development officials. 93% of homeowners say a littered neighborhood would decrease their assessment of a home's value and influences their decision to purchase a property. And estimated that litter would reduce a home's value by 10% to 24%. 36% of business development officials say that litter impacts a decision to locate to a community. 55% of realtors think that litter reduces property values by about 9%. 60% of property appraisers would reduce a home's value if it was littered. The presence of litter in a neighborhood decreases property values by a little over 7% according to the National Association of Home Builders pricing model.

Does this activity leverage other financial resources?

Scenic Cities is the Tennessee Department of Transportation and Hamilton County Litter Grant Education Coordinator contractor. One of our goal areas is business education as a major source of litter is from loading docks and dumpsters as well as commercial hauling of improperly tarped loads.

Business according to the 2009 Litter Cost study by MidAtlantic Solid Waste Consultants pay about 80% of litter cleanup costs. As a KAB affiliate we receive grants and products from national sponsors such as Home Depot, Solo, and RJ Reynolds, Glad, Nestle, Purell ,etc.

Locally we have waste haulers that donate services and a network of business that donate goods and services to cleanup events.

How does this activity decrease costs over time for the City?

Transition points [areas where individuals consuming a food or tobacco product are required to discard the product before proceeding] have more than twice the visible litter as other off road locations. 83% of litter in gutters and storm drains consists of smaller items less than 4 inches. Most litter- 32%- at storm drains is tobacco products*.

Direct costs are for cleaning blocked drains and flooding from blocked drains, indirect costs are non point source pollution in waterways. In 2007 Scenic Cities received a Cigarette Litter Prevention Grant from KAB and in the study area had a 92% reduction of littered cigarette butts and related packaging in the survey area. Cleanups & beautification by volunteers is a trend that likely will grow as local and state governments struggle with finances while trying to maintain services. As part of the strong national network of KAB affiliates we receive national brand products, grants from sponsors, administrative & program support and training

*The 2009 National Litter Survey and Litter Cost Study was prepared by MidAtlantic Solid Waste Consultants for Keep America Beautiful, Inc.

The Litter Law amendment [TCA 39-14-5] contains language to encourage the use of fines to go into the



City of Chattanooga

FY15 Offers

general fund of municipalities to help fund programs like Scenic Cities Beautiful. Scenic Cities is dedicated to the enforcement of the litter law and is working in partnership to increase the number of citations thereby generating potential fund assistance.



City of Chattanooga

FY15 Offers

OFFER SUMMARY

Offer Name:	Park Usage Data Collection	Department	
Offer Number:	8	Offer Rank:	9
Lead			
Department:	Public Works	Collaboration:	Y_x_N
Administrator:	Lee Norris		
Offer Cost:	\$41,530	Primary Results Area:	High-performing Government

RESULTS AREA

- High Performing Government** – Data-driven decision making, sound operations, outstanding customer service, resource management, and exceptional talent.

DETAILS

Description: *(What is the service/program? How will it be provided? What innovation & sustainability practice does this leverage? What difference does this offer make and how will we know? Make a compelling case for your offer.)*

This is an offer begin a new program to gather and evaluate accurate user information for the parks system. The information will be gathered using electronic devices to capture pedestrian, vehicular, and bike use. The information gathered will be used to program maintenance and in collaboration and sharing of information with Transportation, Economic and Community Development, for the development of parks and connectivity in multi-model transportation models.

Public Works is collaborating with Regional Planning Agency, Transportation and Outdoor Chattanooga to install reliable data collection devices and conduct regular surveys to track park usage and satisfaction. Currently, data is collected sporadically by maintenance and operations staff. These counts and surveys are sporadic and do not provide usage information needed to make informed decisions. Many parks are only visited once or twice each week by staff, typically only Monday through Friday during business hours and at opening and closing. Park usage tends to be highest from mid-afternoon to evening when children are out of school and adults are off work. Because of these limitations, determining actual park usage and satisfaction is difficult using current methods.

Several vendors have accurate systems to monitor pedestrian, bicycle and vehicular traffic. The Chattanooga-Hamilton County Regional Planning Agency uses similar systems to collect data for evaluation of proposed developments and plan future growth for communities. Collection devices are usually not noticeable by users; data is transmitted wirelessly eliminating need for staff to download data from devices manually.

Public Works has selected park sites based on high volumes of known vehicle traffic, heavy facility use, remoteness of trail locations where usage is unknown, and parks with a single entrance or access road.

- Five vehicle traffic counters will be installed at Heritage Park, Greenway Farm, Rivermont Park and Coolidge Park.
- Pedestrian counters will be installed at Aquarium Plaza restrooms, Renaissance Park restrooms, Walnut Street Bridge, Stringer’s Ridge at Spears Trailhead and Bell Trailhead, South Chickamauga Creek Greenway at Sterchi Farm Trailhead, Jefferson Park restrooms, East Lake Park restrooms, and one system to move between pocket and outlying parks.
- Bicycle counters will be installed at Stringer’s Ridge at Highridge Trailhead and Walnut Street Bridge.

Software analyzes traffic data and report the information segmented by time. Web-based software allows staff to create



City of Chattanooga

FY15 Offers

OFFERSUMMARY

Offer Name:	Volunteer Income Tax Assistance (VITA)
Lead Agency:	Office of Multicultural Affairs
Collaborating City Department(s):	OMA , Urban League of Greater Chattanooga, IRS
Contact Name:	James McKissic
Primary Results Area:	Stronger Neighborhoods
Offer Cost (Funding Request):	\$32,000

RESULTS AREAS

1. **Safer Streets** – Safe communities, reduced crime, positive opportunities, and alternate pathways.
2. **Growing Economy** – Growing and supporting local businesses, workforce development, business recruitment and retention, and an environment for innovation.
3. **Stronger Neighborhoods** – Neighborhood leadership, connected communities, healthy residential markets, and rapid re-housing.
4. **Smarter Students, Stronger Families** – Parents and first teachers, community support, and community health.
5. **High Performing Government** – Data-driven decision making, sound operations, outstanding customer service, resource management, and exceptional talent.
6. **Innovation Fund** – Something different – processes, services, technologies, ideas. Shifting the way government operates.

DETAILS

Description: *(What is the service/program? How will it be provided? What innovation & sustainability practice does this leverage? What difference does this offer make and how will we know? Make a compelling case for your offer.)*

What is the service/program?The Volunteer Income Tax Assistance (VITA) program offers free tax preparation and filing to Chattanooga residents and families earning up to \$51,000 annually. The Urban League of Greater Chattanooga (ULGC) has coordinated the VITA program for the Chattanooga region since 2006, working in partnership with the IRS SPEC office in Nashville, the City of Chattanooga, and more than two dozen other program partners who provide space for program sites, assist with volunteer recruitment, provide financial literacy and education support, and help publicize the program to low-income individuals. The total number of accepted returns for the program in 2013 was 6,481, exceeding the goal of 6,393 returns. The ULGC program relies on over 170 volunteers each year for local sites and has had a significant impact on the Chattanooga region. This request asks for funds to engage four certified, part-time tax preparers to support the cadre of volunteers, especially during weekend hours when sites are often overwhelmed.

How will it be provided?VITA program staff work throughout the year educating Chattanooga’s low-income communities about the Earned Income Tax Credit and how the funds it provides can be used wisely to pay down debt and save for a down-payment on a home. Financial education is a major element of the program and is coordinated by the UT Extension and Tennessee Saves. In November, volunteers begin to gather at



City of Chattanooga

FY15 Offers

OFFER SUMMARY

Offer Name:	Code and Development Review Reform – Phase I		
Offer Number:	#6	Department	Offer Rank: 6 of 12
Lead			
Department:	Economic Community Development	Collaboration:	YES
Administrator:	Donna C. Williams, Administrator		
Offer Cost:	\$75,000	Primary Results Area:	High-performing Government

RESULTS AREA

1. **Safer Streets** – Safe communities, reduced crime, positive opportunities, and alternate pathways.
2. **Growing Economy** – Growing and supporting local businesses, workforce development, business recruitment and retention, and an environment for innovation.
3. **Stronger Neighborhoods** – Neighborhood leadership, connected communities, healthy residential markets, and rapid rehousing.
4. **Smarter Students, Stronger Families** – Parents and first teachers, community support, and community health.
5. **High Performing Government** – Data-driven decision making, sound operations, outstanding customer service, resource management, and exceptional talent.
6. **Innovation Fund** – Something different – processes, services, technologies, ideas. Shifting the way government operates.

DETAILS

Description: *(What is the service/program? How will it be provided? What innovation & sustainability practice does this leverage? What difference does this offer make and how will we know? Make a compelling case for your offer.)*

1) What is the service/program? How will it be provided?

Implementation a new structure within LDO, combined with an implementation of form-based code, would refine the development process and dramatically increase customer service.

Chattanooga’s existing development review system can be confusing for customers navigating the approval process and tends to be focused on code compliance with limited opportunities to work with clients on bigger picture objectives of improving development quality and connectivity. While there is a pre-submittal meeting that provides customers an opportunity to meet with development review staff and discuss their project prior to formally entering the system, there is no formal staff resource, procedure or tool to work with the customer as they move through the process. In addition, the pre-submittal meetings tend to be focused on providing feedback to the customer as it relates to code compliance and safety, but not the bigger picture objectives of improving the quality of the built environment or enhancing connectivity.



City of Chattanooga

FY15 Offers

OFFER SUMMARY

Offer Name: **Public Art in the MLK District**

Offer Number: **8**

Department

Offer Rank: **11 of 12**

Lead

Department: **ECD/Public Art Chattanooga**

Collaboration: **Transportation Department**

Administrator: **Donna C. Williams**

Offer Cost: **\$304,000**

Primary Results Area: **Stronger Neighborhoods**

RESULTS AREA

1. **Safer Streets** – Safe communities, reduced crime, positive opportunities, and alternate pathways.
2. **Growing Economy** – Growing and supporting local businesses, workforce development, business recruitment and retention, and an environment for innovation.
3. **Stronger Neighborhoods** – Neighborhood leadership, connected communities, healthy residential markets, and rapid rehousing.
4. **Smarter Students, Stronger Families** – Parents and first teachers, community support, and community health.
5. **High Performing Government** – Data-driven decision making, sound operations, outstanding customer service, resource management, and exceptional talent.
6. **Innovation Fund** – Something different – processes, services, technologies, ideas. Shifting the way government operates.

DETAILS

Description: *(What is the service/program? How will it be provided? What innovation & sustainability practice does this leverage? What difference does this offer make and how will we know? Make a compelling case for your offer.)*

This offer is a collaboration between Public Art Chattanooga/Economic & Community Development and the Department of Transportation to strengthen the MLK District through an innovative public art initiative.

Through community visioning and planning, Chattanooga has transformed a once dormant urban core into a thriving residential, business and tourist city center. We are now one of the nation's most livable mid-sized cities, with world-class attractions, a rich cultural scene, and an award-winning waterfront. In 2012, *Travel Industry of America* showed that Hamilton County is now the fourth largest in the state with an \$893.3 million impact of tourist spending in our hotels, attractions and restaurants. Recent revitalization efforts on the Southside and Glass Street have taken severely neglected areas and given them new life through reinvestment. They are now becoming thriving neighborhoods that embrace innovation and diversity, attract new businesses, families, and entrepreneurs and offer a variety of housing and recreation options. **Including public art in the planning and design has been critical to the success these revitalization**



City of Chattanooga

FY15 Offers

efforts. Strategically integrating public art into our city has contributed to its distinct sense of place, its livability and its economic health.¹

Background:

The MLK corridor has greatly improved over the past two decades. Much of the worst blight has been removed, there is new multi and single family housing, a new elementary school, two-way traffic has been restored and new businesses have been established. While progress has been made, there is still much more to be done to significantly revitalize this neighborhood and return it to a thriving, safe and vibrant neighborhood that provides such a crucial link to our urban core and surrounding neighborhoods.

Current Investment and Momentum:

The Benwood Foundation, among others, has made significant investment in revitalizing the MLK District. Specifically, they have invested in a market study for affordable artist housing, a spring music festival, Jazzanooga, and a banner program. The Foundation would like to augment these investments by integrating a major public art initiative into the plan for this important district and neighborhood. RiverCity Company estimates in FY2014 there will be approximately 3.5 million dollars investment in the district and a projected 12.7 million in FY2015.

In addition, The Transportation Department is collaborating across departments and agencies, such as the River City Company, the Benwood Foundation, and Public Art Chattanooga, in its requests for transportation enhancement funding (sidewalks, crosswalks, and other streetscape elements).

Specifically, the Transportation Department has applied for \$100k of funding through CDBG application (grant reviews in progress) directly targeted toward improvements in the MLK neighborhood and an additional \$300,000 funding for general capital infrastructure improvements to supplement parking and public space improvements in streets and alleys in MLK to leverage private development investment.

Offer | Public Art in the MLK District :

Providing distinct and functional transportation enhancements to support the new growth and reinvestment in this neighborhood is critical.

This offer would fund the commission of a series of unique artist-designed transportation infrastructure elements which would include crosswalks, bike lanes, sidewalks and pavers. These unique elements would enhance, add value, and connect the MLK district and UTC neighborhoods, with an emphasis on Douglas Street which has been identified as a vital connection corridor.

The UTC and surrounding communities have already requested transportation enhancements from DOT for Douglas Street as it has the potential to be the spine between the city core and the University community. Incorporating art into these infrastructure elements will create a special, user-friendly place and much define a much needed neighborhood identity.

Through a national juried art competition, Public Art Chattanooga would issue an RFQ for artist designed infrastructure elements such as sidewalks, crosswalks, bike racks, lighting and sculpture. Public Art Chattanooga has used this same process for artwork in projects like the Main Terrain, The Light Masts for the Pier, The Passage, Art on Main, Glass Street, to name a few. As with all of PAC's projects, neighborhood residents, business owners and other stakeholders would be involved in the RFQ and selection process.

In our city and in progressive cities through the world, creative approaches towards the design and implementation of city transportation infrastructure is effective. In Europe, innovative yet simple traffic calming systems are created so that

¹ *American Planning Association Briefing Papers: How Cities Use Parks for Economic Development* "a community's arts and culture assets are an important element of economic & workforce development and positive quality of life"



City of Chattanooga

FY15 Offers

streets create and preserve a sense of place, that their purpose is for people to walk, stroll, look, gaze, meet, play, shop and even work alongside cars – but not dominated by them.²Public art signals that care has been spent on a space which reduces feelings of danger and a real reduction of crime, violence and negative behavior.³

The funding for placing artworks in our city comes from both city and private sources.

The majority of funding for works we raise from private grants from local foundations and we have also received a large federal grant for the NEA for a project in the past.

Local private foundation funding is typically restricted to a specific initiative or district.

Only one rotating sculpture exhibition is funded with city funds--every two years--The Biennial Sculpture exhibition-- which is 7 sculptures placed along first street sculpture garden, Chattanooga green, Renaissance Park and other public green spaces.

The Public Art Committee is not an entity that receives or raises contributions. It is an advisory board of volunteer citizens appointed by the Mayor that oversees Public Art Chattanooga.

Public Art Chattanooga is a division of city government and is housed within the City of Chattanooga Office of Economic and Community Development. Two part-time staff, both city employees, administer all project and programs.

This offer is for a specific public art initiative for the MLK district and should not be considered a restoration of past funds which were not restricted to a specific project.

At this time, it's difficult to quantify the performance measures without a full understanding of the contribution of partners from both the private and public sectors. However, it has been shown over the years that the infusion of art within redevelopment efforts boosts the tangibles and intangibles in the surrounding neighborhoods. Improvements include property values, neighborhood engagement, presence of new businesses, etc.

Using public art as a tool throughout crosswalks, bike lanes, lighting, sidewalks, planters and other infrastructure would:

- Make a distinct and special place that will create an active public realm, and attract business and talent.⁴
- Diminish blight, create activity and "eyes and feet on the streets".
- Increase bike and transit ridership through connectivity between MLK district, UTC and downtown core

² *Project for Public Spaces | Traffic Calming 101*

³ *Public Art: A Vehicle for Crime Reduction* | Partners for Livable Cities, December 2010

⁴ *The Knight Foundation's Soul of the Community* initiative surveyed some 43,000 people in 43 cities and found that "social offerings, openness and welcome-ness," and, importantly, the "aesthetics of a place – its art, parks, and green spaces," ranked higher than education, safety, and the local economy as a "driver of attachment."



City of Chattanooga

FY15 Offers

- Strengthen neighborhood identity, safety and increase market value.
- Increase the feet of sidewalks and bike lanes.
- Continue to position Chattanooga as an innovator and leader in creative place making.
- Foster community pride by involving the neighborhood in the process.

Identify Which Desired Outcomes from Request for Offer(s) that this Offer Impacts:

1. Increase civic engagement, **Strong Neighborhoods**
2. Multi-year strategic planning, **High-performing Government**
3. Increase the feet of sidewalks, **Stronger Neighborhoods**
4. Increase the feet of bike lanes, **Stronger Neighborhoods**
5. Street in good repair, **Safer Streets**

BUDGET REQUEST

Summary: (Please complete based on Dept. Operating Detail and Dept. Personnel Detail Forms)

Department	Personnel Cost (including Benefits)	Operations	Request	% of offer	FTEs required
Public Art Chattanooga		\$4000	\$4,000	1%	
*Public Art Chattanooga-Capital		\$200,000	\$200,000	66%	
Department of Transportation		\$100,000	\$100,000	33%	
TOTAL		\$304,000	\$304,000	100%	

**Amounts MUST agree with collaborating Department totals for this offer*

Funds would only be used for the procurement and commissioning of the art and related expenses (installation, lighting, maintenance etc.) No personnel costs are requested in this offer.

Capital Budget Impact? YES \$200,000

**Please prepare and attach Capital Budget Request Form*

Financial Offsets: (Please list any Revenue e.g. golf course revenue, Grants, Private/Corporate Contributions, Etc.)

Name	Amount



City of Chattanooga

FY15 Offers

The Benwood Foundation	<p>The Benwood Foundation has already made significant investment in this district. The foundation has approached Public Art Chattanooga about implementing an initiative in this district. Exact funds have not yet been allocated, but we anticipate an investment.</p> <p>Benwood has indicated that they have strong interest in investing in public art in the MLK district and continuing to invest in Public Art Chattanooga. At this time, we do not have a specific grant amount from Benwood, but due to the scope of the project, city funds would enable us to leverage significant funds from Benwood and perhaps others to realize and implement the project.</p>
Department of Transportation	<p>The DOT has several capital requests for the MLK district</p> <p>MLK infrastructure : \$300,000 CDBG Sidewalks: \$300,000 Streetscape TEI: \$120,000</p>

PERFORMANCE DATA

Measurement 1: New dollars invested in the district

FY2012	FY2013	FY2014	FY2015 Target
0	0	3.5 million	12.7 million

Measurement 2: commute mode share: percent of bike riders

FY2012	FY2013	FY2014	FY2015 Target
5.4%	6% (estimates--these figures have not been released yet)	8% (estimates--these figures have not been released yet)	10%

Measurement 3 : commute mode share: percent of bus riders

FY2012	FY2013	FY2014	FY2015 Target
3.3%	4% (estimates--these figures have not been released yet)	6% (estimates--these figures have not been released yet)	10%

Measurement 4 : commute mode share: percent of walkers



City of Chattanooga

FY15 Offers

FY2012	FY2013	FY2014	FY2015 Target
28.4%	30% estimates--these figures have not been released yet)	35% estimates--these figures have not been released yet)	40%

Return on Investment:

How do citizens benefit?

- Quality of life is improved for all by creating friendlier, safer neighborhood streets and public spaces in which we live work and play.
- Blight will be reduced and the market values of enhanced property will increase.
- Investment in improving the neighborhood will create a safer public space, community pride and vibrancy.⁵
- Public art is a vehicle that attracts businesses, tourists and talent, which drives local economy.
- Property value increase for adjacent residential properties of 1% per reduction of 100 vehicles per day and 2% per 5-10 MPH reduction in speed.⁶

Does this activity leverage other financial resources?

Yes. We anticipate investment from The Benwood Foundation.

The Transportation Department is collaborating across departments and agencies, such as the River City Company, the Benwood Foundation, and Public Art Chattanooga, in its requests for transportation enhancement funding (sidewalks, crosswalks, and other streetscape elements). Specifically, the Transportation Department has applied for \$100k of funding through CDBG application (grant reviews in progress) directly targeted toward improvements in the MLK neighborhood and an additional \$300,000 funding for general capital infrastructure improvements to supplement parking and public space improvements in streets and alleys in MLK to leverage private development investment.

How does this decrease costs over time?

- As market values increase due to added value and enhancement with public art, tax base revenue will increase;
- Improving blighted areas will prevent vandalism, negative behaviors and costs associated with managing those behaviors;
- Partnerships leveraged will enable us to share resources, which will lower costs incurred by the City.

⁵ *Public Art: A Vehicle for Crime Reduction* | Partners for Livable Cities, December 2010

⁶ Statistics from: Gordon Bagby, *Effects of Traffic Flow on Residential Property Values*, Journal of the American Planning Association, Vol. 46, No. 1, January 1980 and M. Modra, *Cost-Benefit Analysis of the Application of Traffic Noise Insulation Measures to Existing Houses*, EPA (Melbourne), 1984)



City of Chattanooga

FY15 Offers

The Economic & Community Development Department proposes to restructure the current development review system to achieve the following:

- ❖ Development Review Process Reform: provide more focus on customer experience by consolidating waypoints for development review, develop technology tools so customers can easily track their project status, and provide appropriate staffing resources and training to monitor and assist with customer movement through the development review process. Establish a new “front door” gateway to the City development review process with appropriate City staffing to work with clients to promote high quality development designs that are consistent with the City’s vision for connectivity and quality of place. This new team will also orient new applicants to the development review process and assist them to create a personalized “permitting punch list”.

Customers will access LDO through two separate tracks – one strictly for construction, inspection and building codes and the other for development planning.

The implementation of this new process will require the realignment of existing staff and leadership in the LDO as well and the addition of one new planning position in LDO. The Construction and Inspection side will be managed by Gary Hilbert, current director of LDO, while the Development Planning side will have its own director.

For even greater efficiency and customer satisfaction, the Chattanooga Fire Department will have an inspector located at the DRC. As proposed by CFD in separate offer.

This division of functions will have minimal budget impact due to the fact that there is currently a funded vacancy as a result of a retirement. The new planning position referenced above will report to Development Planning.

2) What innovation & sustainability practice does this leverage? What difference does this offer make and how will we know?

Acknowledging these challenges and responding with a thoughtful solution will demonstrate the City’s commitment to the highest possible level of customer service and engagement.

Implementation of the new structure will require facilities adjustments as a result of rearranging staff offices and cubicles in a way that makes sense to customers and provides them a logical flow. This will not be an easy task, but must be undertaken. The changes in process and facilities will result in the type of one-stop shop the DRC was originally intended to be.

Examination of the various steps associated with every aspect of the built and natural environments needs to be made, with an eye toward how those involved in the process interface with the customer. This would include activities and policies of the Land Development Office, Storm Water, Regional Planning Agency, Transportation and Public Works departments, etc.



City of Chattanooga

FY15 Offers

Identify Which Desired Outcomes from Request for Offer(s) that this Offer Impacts::

1. Streamlined permitting process, **Growing Economy**
2. Focus on providing high-quality customer service, **High-performing Government**
3. Constituent-centric operations, **High-performing Government**
4. One-stop center, **High-performing Government**
5. Employee performing at an efficient & high level, **High-performing Government**
6. Efficient and effective delivery of services w/o increasing tax load, **High-performing Government**

BUDGET REQUEST

Summary:(Please complete based on Dept. Operating Detail and Dept.Personnel Detail Forms)

Department	Personnel Cost (including Benefits)	Operations	Total Request	% of offer	FTEs required
ECD/RPA	\$75,000	0	0	0%	1
TOTAL	\$75,000	0	75,000	0%	

This personnel request would be for a staff member if a form-based code ordinance is adopted. See separate offer from RPA

Capital Budget Impact? No \$Amount

**Amounts MUST agree with collaborating Department totals for this offer*

Financial Offsets:(Please list any Revenue e.g. golf course revenue, Grants, Private/Corporate Contributions, Etc.)

Name	Amount
None	None

PERFORMANCE DATA

Measurement 1: Customer Satisfaction Index

FY2012	FY2013	FY2014	FY2015 Target
		Establish baseline	Improve by 10%

Measurement 2: Average time to process permits

FY2012	FY2013	FY2014	FY2015 Target
		Establish baseline	Improve by 10%

Measurement 3: Reduce the number of trips customers have to make to the DRC

FY2012	FY2013	FY2014	FY2015 Target
		Establish baseline	Improve by 10%



City of Chattanooga

FY15 Offers

the ULGC offices for IRS led tax preparer training and certification. Each volunteer must complete three days of training and two levels of certification to serve in the program. Many volunteers drop out prior to certification, but many complete the program. Near the end of January, the program kicks off and volunteers complete 10-20 hours a week of service to the project completing returns for Chattanooga's low and moderate income citizens. Returns are usually e-filed and filers receive their refunds typically within two weeks. Weekends are the busiest times for the program, and volunteers can become overwhelmed with the volume of customers. One of the busiest sites is the Brainerd Youth and Family Center.

This funding request would allow the ULGC to train and engage four preparers who could be deployed throughout Chattanooga to provide assistance whenever needed. The ULGC receives funds from the IRS to support the program, but their funding specifies that none of the volunteers can be paid. However, an outside source of funds is allowable to compensate paid preparers who support the program.

The following represents the program over the past three years:

Year	Returns Completed	Percent E-filed
2012	6,481	98%
2011	5,605	96%
2010	4,036	94%

What difference does this offer make and how will we know? Specifically, this offer is being requested to supplement the volunteer staff with four paid tax preparers. We will know that the funding has made a difference because at the end of the tax year, we will see a significant increase in the number of Chattanooga returns completed.

Identify Which Desired Outcomes This Offer Impacts:

1. Increase housing affordability

BUDGET REQUEST

Summary: (Please complete based on information contained in Attachment F)

Offer Name	Personnel Costs (including Benefits)	Operating Costs	Total Request	FTEs required
VITA	\$32,000 (4 contract tax preparers for 4 months)		\$32,000	0

Capital Budget Impact? **Yes X No** **\$Amount**

Financial Offsets: (Please list other revenues associated with the specific program for which funding is requested)

Name	Amount
Internal Revenue Service	\$29,500

PERFORMANCE DATA



City of Chattanooga

FY15 Offers

Measurement 1: Number of Returns Completed in FY2015

The program will complete 6,700 returns in FY2015

Measurement 2: Number of Chattanooga residents counseled on Financial Education and the EITC

The VITA Program will counsel at least 500 low-income Chattanooga residents on Financial Education, with a focus on using the refund to buy or improve housing.

Return on Investment:

How do citizens benefit? Almost 6500 citizens benefit each year. Our goal is to reach 6700 in FY2015. The financial impact of the program since its inception has returned over \$25 million in refunds to Chattanooga.

Does this activity leverage other financial resources? Yes, the UL receives \$29,000 from the IRS to support the program in Chattanooga.

How does this activity decrease costs over time for the City? The program puts money back into the City and allows people the funds to improve their homes and neighborhoods, pay property taxes, reducing blight and the need for the City to take over and manage residential properties. It also supplements City funding by encouraging participants to use refunds to become homeowners.

How can this program become sustainable without City funding? It has been sustainable for many years without City funding, but with additional funding it could become more efficient and serve a greater number of low and moderate income Chattanooga residents.



City of Chattanooga

FY15 Offers

reports, graphs and charts to convey data easily.

Accurate pedestrian, bicycle and vehicular traffic data will allow staff to evaluate current park usage and effectively assign resources accurately.

Public Works wants to receive continual customer feedback about parks in general and park and playground maintenance. The department proposes to develop an electronic survey form on a tablet device which the park rangers will assist park users in completing.

This will provide immediate, high-volume feedback about trail, playground, greenway, and park usage, and user satisfaction and demographics.

Strong influence from regularly collected data will drive changes in programmed maintenance to increase efficiency in high-use areas.

Identify Which Desired Outcomes from Request for Offer(s) that this Offer Impacts:

1. Increase citizen satisfaction with services.
2. Allocate resources more effectively.
3. Improve safety of park users.

BUDGET REQUEST

Summary: (Please complete based on Dept. Operating Detail and Dept. Personnel Detail Forms)

Department	Personnel Cost (including Benefits)	Operations	Request	% of offer	FTEs required
Parks Administration		41,530	41,530	100%	0
Total		\$41,530	\$41,530	100%	0

**Amounts MUST agree with collaborating Department totals for this offer*

Capital Budget Impact? Yes x No \$Amount

**Please complete and attach Capital Budget Request Form*

Financial Offsets: (Please list any Revenue e.g. golf course revenue, Grants, Private/Corporate Contributions, Etc.)

Name	Amount

PERFORMANCE DATA

Measurement 1: Percentage increase in park participation.

FY2012	FY2013	FY2014	FY2015 Target
			3%

Measurement 2: Number of park user surveys completed.

FY2012	FY2013	FY2014	FY2015 Target
			2000



City of Chattanooga

FY15 Offers

Measurement 3: Citizens and visitors who rank the conditions of parks as very good.

FY2012	FY2013	FY2014	FY2015 Target
			90%

Return on Investment:

How do citizens benefit?

Users are asked their opinions and ideas about specific park sites; their ideas are incorporated in park planning and development. Communities are empowered to develop parks to meet their residents' needs and desires.

Survey data tells decision makers which improvements or changes would create the most community benefit; this minimizes opportunity cost of alternative improvements.

High-usage parks receive additional maintenance to ensure they stay in good condition.

Park rangers patrol parks during their peak usage times to improve safety and security of users.

Does this activity leverage other financial resources?

Public Works works with the Chattanooga-Hamilton County Regional Planning Agency to evaluate sites and determine best locations for collection devices and learn methods of data collection. Public Works will incorporate available data from other agencies or departments that is identical or similar to data being collected.

How does this decrease costs over time?

Usage data allows supervisors to determine the appropriate maintenance standard for each park. Resources are maximized for each park site.

Improved scheduling of park rangers minimizes vandalism and damage to city properties.