

MEMORANDUM TO: All Members of the Metropolitan Council

FROM: Donald W. Jones, Director

DATE: Thursday, June 24, 2004

RE: **Analysis for Adjourned Council Meeting
of June 24, 2004 - 7:00 p.m.**

- BILLS ON THIRD READING -

SUBSTITUTE ORDINANCE NO. BL2004-179 (BRILEY & WILHOITE) – This substitute ordinance authorizes the imposition of a \$1.00 litigation tax on all cases in the general sessions and juvenile courts to provide funds which will be used exclusively for victim mediation centers duly certified under state law. State law allows local governments to impose such a tax, provided that all of the revenue is distributed monthly to qualified mediation centers. Presently, the Victim Offender Reconciliation Program (VORP) qualifies under state law as a mediation center, though others might also qualify to receive these funds.

This ordinance provides that this tax will be taxed as part of the court costs. Revenues generated from the tax will be collected by the court clerks and remitted to the Metropolitan treasurer. Such revenue will then be distributed to qualified center(s) based on guidelines established by the district attorney general. The ordinance provides that the district attorney general will develop such guidelines for the administration of the funds in consultation with judicial officials and the Nashville Bar Association. The ordinance provides that this litigation tax shall take effect July 1, 2004.

This ordinance must receive twenty-seven (27) affirmative votes on third reading to be adopted.

ORDINANCE NO. BL2004-256 (GILMORE) – This ordinance is the operating budget of the Metropolitan Government for the fiscal year 2004-2005. The proposed budget filed by the mayor provides for the following proposed funding:

• General Fund of the General Services District	\$576,575,400
• Schools Fund of the General Services District	\$510,531,400
• Schools Debt Service Fund	\$ 55,172,200
• Debt Service – General Services District	<u>\$ 96,645,700</u>
TOTAL GENERAL SERVICES BUDGET	<u>\$1,238,924,700</u>
• General Fund of the Urban Services District	\$95,819,700
• Debt Service – Urban Services District	<u>\$22,116,700</u>
TOTAL URBAN SERVICES DISTRICT BUDGET	<u>\$117,936,400</u>
INTERFUND TRANSFER: GSD GENERAL FUND TO GSD DEBT SERVICE	(\$3,356,100)
INTERFUND TRANSFER: SCHOOLS FUND TO GSD GENERAL FUND	(\$2,591,700)
TOTAL OPERATING BUDGET	\$1,349,480,300

The substitute budget adopted by the council for the current fiscal year is \$1,352,210,300. The mayor's proposed budget is a decrease of \$2,730,000 from the FY 2004 budget, or 0.2%. The property tax revenues for FY 2005 for the GSD are projected to be \$501,958,700, which is an increase of \$965,830 over what was projected for FY 2004. The property tax revenues for FY 2005 for the USD are projected to be \$69,799,500, which is \$2,257,500 less than was projected for FY2004. Local option sales tax revenues are projected to be \$246,168,500, which is approximately \$9.3 million higher than was estimated for the FY 2004 budget.

The proposed FY 2004-2005 does not appropriate any money from the unappropriated fund balance of the GSD. The FY 2003-2004 budget appropriated \$35,707,900 from the unappropriated fund balance, which left an estimated unappropriated fund balance of 5.1%. The Council has a long-standing policy of maintaining the unappropriated fund balance for the general fund at 5% or greater. The unappropriated fund balance is currently just under 5%. The proposed FY 2004-2005 budget will leave an estimated unappropriated fund balance of \$28,600,000, or 5.0% of the FY 2005 budget.

This budget represents a cut to a number of departments in order to fill the approximate \$80 to \$100 million budget gap noted by the administration at the mid-year financial update in January 2004. Reductions in departmental budgets from the amount appropriated in the FY2003-2004 substitute budget ordinance include the following:

- Police Department \$1,014,800, a decrease of 0.86%
- Health Department \$603,300, a decrease of 1.4%
- Public Library \$1,735,800, a decrease of 8.8%
- Parks and Recreation \$2,907,800, a decrease of 10.15%
- Planning Commission \$632,900, a decrease of 16.8%
- Codes Administration \$37,300, a decrease of 0.54%
- Public Works \$5,562,600, a decrease of 10.23%
- Finance Department \$1,573,800, a decrease of 16.61%
- Mayor's Office \$526,100, a decrease of 13.86%
- Subsidy to General Hospital \$3,525,800, a decrease of 15.0%
- Subsidy to Bordeaux Hospital \$1,386,200, a decrease of 15.0%

The proposed budget also includes an increase in the operating budget for some departments. Some of increases are as follows:

- Fire Department \$152,000, an increase of 0.17%
- Emergency Communication Center \$152,700, an increase of 1.57%
- District Attorney \$193,700, an increase of 5.0%
- Subsidy to Metro Transit Authority \$450,000, an increase of 3.8%
- Sheriff's Office \$8,629,600, an increase of 23.03%

The proposed budget anticipates \$9,916,300 in budget adjustment savings. Although this amount is appropriated as an expenditure, this savings is shown as a reduction in the expenditure portion of the budget.

The operating budget for schools is increased by \$25,300,000, for a total of \$510,531,400, an increase of 1.5%. In the schools fund of the GSD, \$11,262,400 is appropriated from the unappropriated fund balance, as compared to \$24,975,700 in FY 2003-2004. This will leave an estimated unappropriated fund balance of \$44,737,600, or 8.8% of the FY 2004-2005 schools budget. The current school fund unappropriated fund balance is \$38,771,091, which is estimated to increase by \$5.9 million even after the appropriation by this year's budget.

The budget ordinance is amendable on third and final reading.

PROPOSED SUBSTITUTE BUDGET

The Budget & Finance Committee chair proposes a substitute budget which spends the same amount of money as the mayor’s budget, except that \$341,700 is transferred to the undesignated fund balance, thereby lowering the budget by that amount. In this proposed substitute the \$1 litigation tax recently adopted by the Council on third reading generates \$196,400 which fund, by law, will go to fund mediation services. In the mayor’s budget there was also an appropriation in that same amount which is available for redistribution, therefore, those funds are available to supplement the chair’s substitute budget. The substitute budget by the chair reduces the following accounts and departments:

Reductions

Post Audits	\$ 672,600
Contingency Local Match	236,000
Contingency EBS	200,000
Metropolitan Council – part of travel expenses	42,000
Finance	800,000
Human Relations Commission – vacant position	52,800
Public Works GSD General Fund Functions	372,700

The following are additions authorized to other departments:

Additional Expenditures

Metropolitan Council - \$45,000 for Best Practices Study and \$50,000 for finance officer for one-half year	\$ 95,000
Planning Commission for additional staffing	100,000
Community Education Alliance	100,000
Public Defender	226,700
General Sessions Court to fund the Mental Health Court, Drug Court and the Alive @ 25 program	235,500
Social Services for homemaker services and nutritional services for senior citizens and others	100,000
Public Library to open five regional libraries on Friday	348,200
Human Relations Commission for the Diversity Study by Scarritt Bennett College	10,000
Nashville Career Advancement Center	15,900
Adult Literacy	32,500
YWCA Domestic Violence	<u>22,000</u>
Subtotal	\$1,285,800

The following contributions were omitted in the mayor’s budget this year and are being restored in the following amounts:

Restored Contributions

Bill Wilkerson Hearing/Speech	\$ 50,000
Contribute Legal Aid Society	65,000
Contribute Affordable Housing	<u>100,000</u>
Subtotal	\$ 215,000

There are new contributions as follows:

New Contributions

Contribute African American Museum	\$ 40,000
Contribute CEO Academy	60,000
Contribute Hadley Park Tennis Center program	100,000
Contribute Matthew Walker Mental Health	200,000
Contribute Morningstar – Domestic Violence	35,000
Contribute Meharry Community Outreach	70,000
Contribute Women’s Study Impact Project	<u>50,000</u>
Subtotal	\$ 555,000

There are also three reserves created as follows:

Reserves

Reserve for Parks – South Nashville Needs Assessment	\$ 25,000
Reserve for Council District Economic Redevelopment program	100,000
Reserve for Neighborhood Grants	<u>50,000</u>
Subtotal	\$ 175,000

In addition, in both the general services and the urban services district, \$2.5 million for each district is removed from the public works solid waste budget and placed in reserves subject to being appropriated to public works solid waste when the contracts for services are submitted to the council.

Several authorizations granted to the director of finance concerning transfers of funds are being required to be submitted for approval by resolution of the council, to provide information to the council about such transactions and their necessity.

Staff understands that there may possibly be offered two other substitute budgets. One would make very minor changes in the amount of \$560,000, and another which would provide changes of approximately \$1.2 million and would allow for the reduction of the GSD tax rate in the amount of one penny. This budget contains similar appropriations and reductions as the Budget & Finance Committee chair’s budget, but the amounts are somewhat different and it has different funding sources.

ORDINANCE NO. BL2004-257 (GILMORE) – This ordinance adopts the property tax levy for the fiscal year 2004-2005. The Metropolitan Charter requires that the council’s next order of business upon adopting the annual operating budget is to adopt a tax levy that fully funds the operating budget. The property tax levy proposed by the mayor is identical to the property tax levy adopted for fiscal year 2003-2004. The property tax proposed by the mayor is in assessed value, which represents \$3.84 per \$100 assessed value in the general services district (GSD) and an additional \$0.74 per \$100 assessed value in the urban services district (USD), for a total tax of \$4.58 in the USD.

ORDINANCE NO. BL2004-258 (JAMESON) – This ordinance amends the Metro Code by reducing the number of false alarms permitted during a permit year prior to a penalty being imposed, and increasing the amount of

the penalty. The number of false burglar alarms is reduced from five to three, the number of false robber/panic alarms is reduced from three to two, and the number of false fire alarms is reduced from three to two during a permit year, prior to a penalty being imposed. In addition, the penalty will be increased from \$25 per violation of a false alarm provision to \$50.

ORDINANCE NO. BL2004-259 (MCCLENDON, HAUSSER & JAMESON) – This ordinance amends the Metro Code relative to graffiti to make it unlawful to sell graffiti implements to minors. This ordinance provides that no person or firm shall sell or cause to be sold to any person under the age of eighteen graffiti implements. The code defines “graffiti implements” as aerosol paint containers, felt tip markers (greater than 1/8 inch), and graffiti sticks. The “graffiti stick” is a device that contains paint, chalk, wax, or similar substance capable of being applied by pressure leaving a mark of at least 1/8 inch in width, and which is not water soluble. Presently, it is unlawful to have graffiti implements in your possession in any public facility, recreation facility or public building, and within 100 feet of any underpass, bridge abutment, or similar type of infrastructure, unless authorized by the Metropolitan Government.

ORDINANCE NO. BL2004-260 (WALLACE & GILMORE) – This ordinance amends the Metro Code to increase fees for permits related to obstructions, excavations, right-of-way closures, and meter occupancies by the department of public works. Public works has determined the cost of issuing such permits has increased more than the cost currently imposed. The fee for cutting trenches is increased from \$35 to \$55 each; the fee for obstructions is increased from \$10 to \$55 per day; the fee for permitting construction-type trailers on the right-of-way is increased from \$1,000 per year to \$2,000 per year.

The fee for taking a parking meter out of operation is increased from \$7.50 to \$15 per meter day. Fees for temporary closure of right-of-way will increase from basically \$15 to \$55 for five days or less, and \$10 per day if closure is longer than five days. Right-of-way closures of 90 days are prohibited unless specifically approved by the Metropolitan Government. It is anticipated in the mayor’s proposed budget that this fee increase will result in an additional \$300,000 per year.

ORDINANCE NO. BL2004-262 (GILMORE) – This ordinance, as amended, proposes to increase traffic school fees and fees charged by the planning commission for zoning applications, reviews and mandatory referrals. These fees are to become effective January 1, 2005. The fee for attending the traffic school is increased from \$50.00 to \$55.00 and the makeup fee is increased from \$20.00 to \$35.00.

The mayor’s proposed budget anticipates an increase of \$495,000 on the traffic school fee increases, and \$139,000 on the zoning fee increases. Since these increased revenues are realized as revenue in the proposed operating budget for fiscal year 2004-2005, this ordinance should be adopted on third reading prior to the adoption of the budget ordinance on third reading.

ORDINANCE NO. BL2004-263 (GILMORE) – This ordinance authorizes the mayor’s office of children and youth to accept and appropriate cash donations for the purpose of underwriting the costs of the 2004 Mayor’s Summit on Children and Youth. This summit was held March 9-10, 2004, at the Nashville Convention Center, with the purpose of bringing policymakers, experts, youth, and advocates together to analyze issues facing Nashville’s youth. Centerstone, HCA Foundation, and Vanderbilt’s Children’s Hospital have pledged a total of \$12,500 to help underwrite the costs of the summit. The funds pledged by each donor are as follows:

- Centerstone \$2,500.00
- HCA Foundation \$5,000.00
- Vanderbilt Children’s Hospital \$5,000.00

