

MEMORANDUM TO: All Members of the Metropolitan Council

FROM: Donald W. Jones, Director

DATE: Tuesday, June 29, 2004

RE: **Analysis for Adjourned Council Meeting
of June 29, 2004 - 7:00 p.m.**

- BILLS ON THIRD READING -

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 \$350,000 is transferred to the undesignated fund balance of the general fund of the general services district, thereby lowering the budget total by that amount. In this proposed substitute the \$1 litigation tax recently adopted by the Council generates \$196,400 which funds, 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 | 287,000 |
| Contingency EBS | 250,000 |
| Metropolitan Council – part of travel expenses | 42,000 |
| Finance | 200,000 |
| Human Relations Commission – vacant position | 52,800 |
| Public Works GSD General Fund Functions | 56,800 |

The following are additions authorized to other departments:

Additional Expenditures

| | |
|---|-----------|
| Metropolitan Council - for finance officer for one-half year | \$ 50,000 |
| Planning Commission for additional staffing | 100,000 |
| Community Education Alliance | 100,000 |
| District Attorney | 50,000 |
| 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 |
| Human Relations Commission for the Diversity Study by Scarritt Bennett College | 10,000 |
| Public Works GSD General Fund functions (traffic calming) | 100,000 |
| Nashville Career Advancement Center | 15,900 |
| Adult Literacy | 32,500 |
| YWCA Domestic Violence | 22,000 |

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 | \$ 25,000 |
| Contribute Legal Aid Society | 25,000 |
| Contribute Affordable Housing | 100,000 |

There are new contributions as follows:

New Contributions

| | |
|--|-----------|
| Contribute African American Museum | \$ 40,000 |
| Contribute CEO Academy | 30,000 |
| Contribute Hadley Park Tennis Center program | 60,000 |
| Contribute Morning Star – Domestic Violence | 35,000 |
| Contribute Women's Study Impact Project | 50,000 |

A total of \$1,407,000 is redistributed in the proposed substitute.

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.

The council office, as of the deadline set for additional amendments (Noon today), has not received any requests for amendments or other substitutes.