



METRO COUNCIL OFFICE

MEMORANDUM TO: All Members of the Metropolitan Council

FROM: Jon Cooper, Director
Metropolitan Council Office

COUNCIL MEETING DATE: **June 2, 2015**

RE: **Analysis Report**

Unaudited Fund Balances as of 5/27/15:

4% Reserve Fund	\$13,283,776*
Metro Self Insured Liability Claims	\$3,581,493
Judgments & Losses	\$2,857,371
Schools Self Insured Liability Claims	\$2,451,427
Self-Insured Property Loss Aggregate	\$6,908,429
Employee Blanket Bond Claims	\$667,004
Police Professional Liability Claims	\$2,684,168
Death Benefit	\$980,258

*Assumes unrealized estimated revenues in fiscal year 2015 of \$2,538,554.

– BILLS ON PUBLIC HEARING AND SECOND READING –

ORDINANCE NO. BL2015-1122 (PRIDEMORE) – This ordinance is the operating budget of the Metropolitan Government for the fiscal year 2015-2016. The budget filed by the mayor provides for the following proposed funding:

• General Fund of the General Services District	\$ 843,800,700
• Schools Fund of the General Services District	810,000,000
• Schools Debt Service Fund	75,173,600
• Debt Service – General Services District	<u>104,122,800</u>
TOTAL GENERAL SERVICES DISTRICT BUDGET	\$1,833,097,100
• General Fund of the Urban Services District	\$ 117,607,700
• Debt Service – Urban Services District	<u>17,581,100</u>
TOTAL URBAN SERVICES DISTRICT BUDGET	\$ 135,188,800
TOTAL OPERATING BUDGET	\$1,968,285,900

The substitute budget adopted by the council for the current fiscal year is \$1,891,647,000. The mayor’s proposed budget represents an overall increase of \$76,638,900 (4.1%).

The budget appropriates a total of \$73,870,700 from the unreserved fund balances of the primary budgetary funds. These amounts are as follows:

• General Fund of the General Services District	\$ 40,000,000
• Schools Fund of the General Services District	16,000,000
• Schools Debt Service Fund	3,300,000
• Debt Service – General Services District	5,000,000
• General Fund of the Urban Services District	8,070,700
• Debt Service – Urban Services District	1,500,000

Metro’s established policy is to maintain a fund balance equal to or greater than 5% for each of the six budgetary funds: GSD General Fund, USD General Fund, General Purpose School Fund, and the three primary debt service funds. The mayor’s proposed budget is projected to result in the following fund balance percentages by June 30, 2016:

• General Services District General Fund	6.1%
• General Services District Debt Service Fund	5.2%
• Schools Fund of the General Services District	5.5%
• Schools Debt Service Fund	5.2%
• Urban Services District General Fund	5.7%
• Urban Services District Debt Service Fund	9.4%

The property tax rate totals will remain unchanged for the fiscal year 2015-2016. The rate for the GSD is \$3.924. The rate for the USD is \$0.592. This gives a combined rate of \$4.516. Even with the rates remaining constant, growth is expected to generate a combined increase of \$6,000,000 in GSD and USD property taxes over the budgeted FY15 revenue. Local option sales tax revenues are (continued on next page)

ORDINANCE NO. BL2015-1122, continued

projected to be \$360,875,900 in the proposed FY16 budget, which is an increase of \$35,551,300 over the current budget of \$325,324,600. Expected increases in grants and other contributions account for an additional \$13,900,000.

The proposed budget provides a \$36,079,700 increase for Metro schools, for a total schools operating budget of \$810,000,000. The total Schools Budget will only increase by \$19,932,500 since the \$16,147,200 debt service transfer from FY15 is not needed again this year. As noted above, \$19,300,000 is being appropriated from the Metro schools reserve fund balance. The undesignated fund balance of the Schools General Purpose Fund is projected to be \$44,785,600 at the end of fiscal year 2016, or 5.5% of the schools operating budget.

The proposed budget includes an increase of \$23,600,000 for pay plan improvements. This includes full funding for the raises given in FY15 on January 1, 2015. In addition, all employees will receive a 2.5% cost-of-living raise on July 1, 2015. Funding is included for increment increases for all eligible employees on their scheduled increment dates. The proposed FY16 budget also includes funding for a pay increase for open-range employees effective July 1, 2015. This open-range funding will pay for an average increase of 2%, but the department head has the discretion to give actual raises between 0% and 4%. The purpose of this additional open-range funding is to provide the equivalent of a step increment for open-range employees that are otherwise ineligible for increments. The budget also funds a partial solution to the salary compression issue for affected public safety employees. Such affected public safety employees will receive the equivalent of a double increment, which could result in such employees receiving a total raise in excess of 8%.

Most departmental operating budgets are status quo and received no reductions. \$15,273,200 in budget savings will come from reductions in costs for health benefits, injury on duty and pension costs, and from departmental savings. Operating subsidies are not budgeted for the Farmers' Market, Municipal Auditorium, and the State Fair Board again this year.

The hospital authority would receive a subsidy of \$35,000,000 in the proposed budget, which is the same as the subsidy for fiscal year 2015.

\$3,643,000 of the budget will go to increases for Metro Transit Authority (MTA). This will fund a full year of Bus Rapid Transit (BRT) lite operations on Charlotte Pike and begin BRT lite operations on Nolensville Pike. BRT lite is also available on Gallatin Pike and Murfreesboro Pike. The mayor has proposed a total MTA subsidy for fiscal year 2016 of \$40,013,600. The MTA subsidy at the beginning of the 2007-2011 council term was approximately \$18,200,000.

Other increases in the proposed budget for FY16 include the following:

- Information Technology Services (ITS) \$2,417,300
- Parks Department 1,412,400
- Public Library 1,401,900
- Public Works Department 1,261,200
- Police and ECC Departments 802,200
- Public Health Department 319,800
- Elections 292,400
- Human Resources 182,100
- Beer Board (new inspector) 56,900

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ORDINANCE NO. BL2015-1122, continued

The Barnes Fund for Affordable Housing will receive a total allocation of \$6 million. This consists of \$1 million from operating funds (partially funded by short term rental property hotel occupancy tax revenues), and \$5 million from the sale of the old Nashville Convention Center.

A new Office of Family Safety will be created to coordinate domestic violence services and manage the Jean Crowe Advocacy Center. The current annual expenditures for these services are \$535,900. An additional \$76,900 is proposed for funding the new office for a total of \$741,500.

The proposed budget includes the same mechanism for appropriating grants to non-profit organizations as used in previous budgets through the Community Enhancement Fund. The proposed Community Enhancement Fund budget of \$2,150,000 for fiscal year 2016, which is the same as the 2015 budget, would award funds to agencies that best meet the priorities of the city from four categories:

- Domestic violence agencies \$675,000
- Education and afterschool care 675,000
- Miscellaneous community agencies 450,000
- Literacy 350,000

In addition to a small number of direct contributions to non-profit agencies that have routinely been made in previous budgets, the FY15 budget includes four other direct contributions:

- National League of Cities \$500,000
- Nashville Ballet 200,000
- Community Foundation (Digital Inclusion Project) 100,000
- Nashville Technology Council 75,000

The budget ordinance is amendable on third reading.

ORDINANCE NO. BL2015-1142 (PRIDEMORE) – This ordinance adopts the capital improvements budget for 2015-2016 through 2020-2021. A separate analysis providing a list of projects by district has been provided to the council. The capital improvements budget is a planning document and does not in itself appropriate any money. All capital projects must be provided for in this document before a capital improvement can be approved by the council, except in the case of a public emergency.

This budget is amendable on third and final reading. The Charter requires the council to adopt the capital improvements budget not later than June 15th of each year. The council will hold an adjourned council meeting on June 9, 2015 in order to consider the capital improvements budget on third reading prior to the June 15 Charter deadline.

Once adopted, future amendments to the capital improvements budget must be approved by the planning commission, be recommended by the mayor, and then be adopted by resolution of the council receiving twenty-seven (27) affirmative votes.

– RESOLUTIONS –

RESOLUTION NO. RS2015-1499 (PRIDEMORE) – This resolution authorizes the issuance, sale, and payment of general obligation bonds in a principal amount not to exceed \$400 million. The purpose of this bond resolution is to retire outstanding commercial paper that was issued to fund preliminary costs for capital projects authorized by previous capital spending plans. The Metropolitan Government maintains a commercial paper program that is used to provide short term financing to commence construction prior to the sale of long term bonds. This bond issuance will retire commercial paper for projects approved in 2009, 2010, 2012, 2013, and 2014, as well as pay the costs of issuance for the bonds.

These bonds will be sold through a public bid process to take place on July 14, 2015 to the bank whose bid results in the lowest true interest cost to Metro. According to the preliminary official statement, which is used to market the bonds, the bonds will have a principal bond amount of \$340,910,000. Metro will begin making principal payments on the bonds in 2017, and the bonds will have a final maturity date of 2035. Interest payments on the bonds will commence January 1, 2016. As these are general obligation bonds, the resolution provides that Metro will levy property taxes each year in an amount sufficient to pay the debt service on the bonds.

RESOLUTION NO. RS2015-1500 (PRIDEMORE) – This resolution determines to issue up to \$520 million in GSD general obligation bonds to provide funding for various projects contained in the mayor’s 2015-2016 capital spending plan. This is the first step in the process toward the ultimate sale of the bonds by public bid to provide the necessary financing for the projects. This is the largest proposed capital spending plan since the \$560.8 million plan 2010 plan, though that spending plan also de-authorized \$171.8 million in capital projects.

Approval of this initial resolution will allow the Metropolitan Government to use its commercial paper program to provide short term financing to commence construction prior to the sale of the long term bonds. Some of the capital projects to be financed include:

- \$110 million for relocation of the sheriff’s operations
- \$22 million for relocation of the police department headquarters
- \$20 million for a new family justice center
- \$25 million for sidewalks
- \$45 million for road improvements
- \$96 million Metro school projects
- \$52 million for parks projects, including another \$10 million for the Nashville Zoo located on Metro park property. This would result in a total of \$25 million of Metro money spent for capital projects at the zoo over the past three years.
- \$4 million for general government technology improvements
- \$13 million for the replacement of MTA buses, new bus shelters, and BRT Lite infrastructure
- \$8 million for general building maintenance

A more detailed list of capital projects to be funded through the spending plan, including the estimated cost for the projects, is attached to this analysis. This resolution should be deferred to track with the capital improvements budget ordinance currently on second reading.

RESOLUTION NO. RS2015-1501 (PRIDEMORE) – This resolution approves an economic and community development incentive grant to the industrial development board (IDB) for the benefit of Asurion, LLC. Asurion is one of the largest providers of wireless headset insurance programs in North America. Asurion has expanded its existing operations by rehabilitating office space at 5720 Crossings Boulevard in Antioch and a new parking lot across the street is under construction for use by the company. Asurion anticipates it will create an additional 800 jobs in Nashville over the next five years.

In February 2011, the council approved another economic development incentive grant in the amount of \$2.4 million for the benefit of Asurion. That grant consisted of \$2.1 million to be paid over three years to compensate Asurion for costs related to: (1) the acquisition, preparation, or occupancy of office space; (2) relocation costs; and (3) employee training. The 2011 incentive for Asurion also included a grant based upon the number of new jobs created multiplied by \$500 for a maximum total of \$300,000 over the three year agreement.

This resolution approves another grant to Asurion in the amount of \$500 per year per qualifying Asurion job at the Crossings Boulevard location through June 30, 2017. The \$500 would be available for all full time jobs that have an annual compensation in excess of the average wage for all occupations (\$41,810). The grant is conditioned upon Asurion maintaining at least 640 jobs at the Crossings Boulevard location, and at least 1,840 Asurion jobs in Nashville. Asurion currently has 905 employees working at the Crossings Boulevard site, though not all of these jobs meet the minimum salary requirements to be eligible for the grant. Based upon an estimated number of qualifying jobs for the grant, this resolution will result in an annual grant to Asurion of approximately \$50,000. Asurion will be required to submit annual settlement statements detailing their expenses in order to receive the annual payment. No funds for this grant have been allocated in the mayor's proposed operating budget for fiscal year 2016. However, the office of economic and community development has advised the council office that no Asurion grant payment will be required in fiscal year 2016.

There is also a proposed four year property tax abatement for Asurion valued at around \$1 million, which is the subject matter of Ordinance No. BL2015-1128 on second reading.

RESOLUTION NO. RS2015-1502 (PRIDEMORE & BAKER) – This resolution approves a contract between the state department of mental health and substance abuse services to the general sessions court for mental health evaluations and treatment for defendants charged with misdemeanor crimes. General sessions court judges are authorized to order defendants charged with misdemeanors to undergo outpatient or inpatient mental health evaluations and treatment. This is essentially a renewal of an agreement whereby the state will provide these evaluations and treatment services to be paid for by Metro. The agreement includes a chart outlining the services the state will provide and the cost for each service, which ranges between \$100 and \$700 per outpatient service and \$450 per day for inpatient evaluation and treatment. If the court determines that the defendant has the financial means to pay for part or all of the evaluation treatment services, Metro is to seek reimbursement from the defendant. The term of the contract is from July 1, 2015 through June 30, 2016.

RESOLUTION NO. RS2015-1503 (PRIDEMORE & BAKER) – This resolution approves the continuation of a grant in the amount of \$1,302,999 from the state department of children’s services to the juvenile court to provide mental health screenings and assessments for youth in the juvenile court system. These funds are used to pay the salaries and benefits of probation workers that provide these services. The term of this grant is from July 1, 2015 through June 30, 2018.

RESOLUTION NO. RS2015-1504 (CLAIBORNE, PRIDEMORE & BENNETT) – This resolution approves a grant in the amount of \$17,185.75 from the Friends of Two Rivers Mansion to the Metropolitan parks department to provide partial funding for a parks employee that oversees activities at the mansion. There is a required local match of \$38,610.02 to be provided through the parks department budget.

RESOLUTION NO. RS2015-1505 (PRIDEMORE & BENNETT) – This resolution approves an unrestricted donation in the amount of \$350,000 from the Nashville Public Library Foundation to the public library.

RESOLUTION NO. RS2015-1506 (PRIDEMORE & GILMORE) – This resolution approves a donation in the amount of \$10,018 from 10th Avenue Multifamily Partners LLC to Metro social services for use in the transition of residents from the former James Robertson apartment building. On April 21, 2015, the council approved Resolution No. RS2015-1463 requesting 10th Avenue Multifamily Partner LLC, the new owner of James Robertson Towers, to cover the relocation expenses for the remaining tenants

RESOLUTION NO. RS2015-1507 (PRIDEMORE & GILMORE) – This resolution approves a memorandum of understanding between the state department of health and the Metro board of health for the distribution of long-acting reversible contraception drugs to eligible women. The state will purchase inter-uterine devices and a hormonal implant to be distributed through the Title X family planning program.

RESOLUTION NO. RS2015-1508 (PRIDEMORE & GILMORE) – This resolution approves a fifth amendment to a contract between the Metropolitan board of health and Opus Inspection, Inc. (formerly Systech International, LLC), for operation of the automobile emission testing program. The contract with Systech was originally approved by the Council in 2006. It was subsequently amended in June 2007 to reduce the inspection fee to \$9.00, which also reduced the payment to the health department by one dollar per vehicle tested. The contract was again amended in 2008 to add a liquidated damages provision to protect Metro against Systech’s failure to fulfill certain contractual requirements that it was not in compliance with at the time. The third amendment extended the contract through June 30, 2015 and revised the scope of services the contractor would provide, such as extending the Saturday hours at the Antioch location, opening the Dickerson Road station on Saturday, and adding hours to the mobile test vans. A fourth amendment to the contract was approved by the health department in 2014 to reflect the change in the contractor’s name to Opus Inspection, Inc.

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RESOLUTION NO. RS2015-1508, continued

This amendment simply extends the existing contract through June 30, 2017. The parties will be operating under the same terms and conditions during the extension period as are currently provided in the existing contract.

RESOLUTION NO. RS2015-1509 (GILMORE) – This resolution approves a contract between the Metro board of health and Availity for the use of a secure website to submit transactions for medical services provided to health plans. Metro will use this website for the purpose of billing health insurance plans for services provided by the health department to insured persons. The agreement includes provisions pertaining to the confidentiality of health information and other business associate requirements. There is no cost to Metro for using Availity's service.

RESOLUTION NO. RS2015-1510 (PRIDEMORE & A. DAVIS) – This resolution approves an amendment to a grant from the state department of environment and conservation to the Metropolitan Government to provide assistance in maintaining and operating a permanent household hazardous waste collection site located at 941 Dr. Richard Adams Drive. This amendment increases the amount of the grant by \$42,500 for a new grant total of \$127,500, and extends the term of the grant through December 31, 2015.

RESOLUTION NO. RS2015-1511 (A. DAVIS, PRIDEMORE & HUNT) – This resolution approve the final Network Hut license agreement between Metro and Google Fiber company and approves the specific Metro properties to be used for the network fiber "huts". In May 2014, the council approved a form of the license agreement with Google Fiber for the installation of fiber optic network huts on Metro property to house network equipment. Pursuant to the 2014 agreement, Metro and Google Fiber were to work together to identify suitable Metro property for the huts, which would be subject to approval of the council by resolution once the sites are identified.

The agreement is for a term of 20 years, with two possible five year renewals. Metro will have the right to terminate the agreement for a particular site with 180 days written notice to Google if the site is needed for a public purpose. If Metro terminates the agreement for a particular site, it must use its best efforts to find a suitable replacement site on other Metro property. Google will initially pay rent in the amount of \$1.60 per square foot per year, which is to increase by 3% each year. This is consistent with the average of the rent amounts charged by Metro for the use of other Metro-owned land.

The agreement includes standard indemnification provisions protecting Metro, and requires Google to maintain commercial liability insurance for the sites in the amount of \$1 million per occurrence. Metro agrees to make the rights Google has in this agreement available to other network-based providers of internet and video services in a non-discriminatory manner.

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RESOLUTION NO. RS2015-1511, continued

This resolution approves the final license agreement and approves the following specific sites:

- 1105 Chadwell Drive in Madison 2,000 square feet
- 0 Ferrell Drive in Old Hickory 2,000 square feet
- 2589 Whites Creek Pike 1,600 square feet
- 2068 Smith Springs Road 1,600 square feet

The agreement also grants easements to Google Fiber for the purpose of running underground fiber optic cable from the individual properties to the public right-of-way.

This resolution has been approved by the planning commission.

RESOLUTION NO. RS2015-1512 (PRIDEMORE) – This resolution authorizes the employment of the law firm of Lief Cabraser Heimann & Bernstein, LLP to investigate and pursue claims against pharmaceutical companies that have illegally suppressed lower priced generic competition to the detriment of Metro’s health insurance plans. The law firm will initially investigate whether Metro should pursue litigation against one or more drug companies whose conduct unlawfully resulted in Metro’s health care plans purchasing drugs at artificially raised prices. The firm will then provide an opinion letter to the Metro director of law as to whether the firm recommends bringing a lawsuit, and whether there is an existing class action lawsuit that could be joined by Metro. The law firm agrees to front all necessary litigation costs and expenses, which the firm would recover in the event the lawsuit is successful. Further, the law firm is being contracted on a contingency fee basis, meaning Metro will not pay any attorney fees during the litigation process. The law firm would only be paid if they either win the case or reach a settlement. The firm would be paid 5% of the amount recovered if the case settles prior to litigation being filed, and between 25% and 29% of the amount recovered after litigation (depending upon the total amount of the recovery).

The Metropolitan Charter provides that the council may, by resolution, authorize the employment of special legal counsel and pay a reasonable compensation. Any monetary recovery would be deposited in the benefit board’s medical trust fund. The Metro board of education and the hospital authority have also retained this law firm to represent their similar interests regarding their own health plans.

– BILLS ON SECOND READING –

ORDINANCE NO. BL2015-1123 (PRIDEMORE) – This ordinance adopts the property tax levy for fiscal year 2015-2016. The Metropolitan Charter provides 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 proposed by the mayor is the same as the current fiscal year tax rate, which is \$3.924 per \$100 assessed value in the general services district (GSD) and an additional \$0.592 per \$100 assessed value in the urban services district (USD), for a total tax rate of \$4.516 in the USD.

ORDINANCE NO. BL2015-1124 (PRIDEMORE) - This ordinance establishes the property tax relief program for low-income elderly residents of the Metropolitan Government for fiscal year 2015-2016. This is basically an extension of the existing tax relief program. State law provides that funds shall be appropriated from the state general fund to qualifying low-income taxpayers 65 years of age or older to pay or reimburse such taxpayers for all or part of their local property taxes. In addition, state law allows county legislative bodies to appropriate funds for the purpose of providing assistance to low-income elderly residents of the county and to establish guidelines for participation in the program and the disbursement of such funds. For many years, Metro has provided a double match of the state funds for the program.

The proposed fiscal year 2015-2016 operating budget includes \$3,700,000 for the property tax relief program for the elderly, which is an increase of \$200,000 over the current fiscal year’s appropriation.

This ordinance authorizes the Metropolitan trustee to establish rules and procedures for implementation of the program and directs the trustee to disburse the funds accordingly to all eligible taxpayers. All persons who qualify for the state property tax relief program and whose income does not exceed \$28,690 annually will qualify for this program. As this budgetary appropriation is non-recurring funding, this program will expire on June 30, 2016.

ORDINANCE NO. BL2015-1125 (PRIDEMORE) – This ordinance establishes the Office of Family Safety as a standalone department of the Metropolitan Government. The Jean Crowe Advocacy Center was established in 2014 and is currently funded through the mayor’s office operating budget and an administrative account. Nine employees currently work at the center. The purpose of the center is to provide one place where victims can go to talk to an advocate, plan for their safety, interview with the police, meet with a prosecutor, receive medical assistance, and receive information regarding shelter and other needed services. In addition to the Jean Crowe Center, the mayor has proposed building a family justice center on Murfreesboro Road that will not only provide help to domestic violence victims, but will also assist sexual assault and child abuse victims.

The mayor’s domestic violence executive committee, which is comprised of the chief of police, sheriff, director of law, district attorney, judges that handle domestic violence cases, as well as representatives from the mayor’s office, finance department, and Jean Crowe Advocacy Center, has recommended that a new department be created in Metro to oversee the advocacy center (continued on next page)

ORDINANCE NO. BL2015-1125, continued

and family justice center. This ordinance creates the new department, which is to be headed by a director appointed by the mayor. The existing employees at the Jean Crowe Center will become employees of this new department. Neither the director nor any employees in the department will be civil service employees. The powers and duties of the new department will be as follows:

- Oversee the implementation of the recommendations in the various assessments regarding domestic violence, sexual assault, child abuse, and elder abuse.
- Advise Metro regarding policies and procedures that affect domestic violence, sexual assault, child abuse, and elder abuse victims and their families.
- Maintain data pertaining to client demographics, services provided, and outcomes, to use for future projections and policy decisions.
- Create an annual report for the Mayor and Vice Mayor regarding the services provided.
- Oversee and manage the coordination and collaboration of all Metro partner departments and private non-profit agencies in furtherance of Metro's coordinated community response to domestic violence, sexual assault, child abuse, and elder abuse victims and their families.
- Establish and annually review agreements with partner non-profit agencies and Metropolitan Government departments that provide services to domestic violence, sexual assault, child abuse, and elder abuse victims and their families.
- Work to provide victim advocacy center facilities that are safe and victim-sensitive in an effort to reduce risk and victim trauma.
- Oversee the staff, volunteers, and partner agencies working for or with the victim advocacy center facilities.
- Provide education and training for Metro employees and the public on domestic violence, sexual assault, child abuse, and elder abuse.
- Establish departmental regulations and procedures.
- Seek grant funding to aid in accomplishing departmental objectives, and oversee the implementation and budget of awarded grants.

The mayor's proposed operating budget includes an appropriation of \$741,500 for this new department. This consists of \$79,700 in new money for an additional position. The remainder of the funds are being transferred from the mayor's office budget and the current fiscal year's line item for the Jean Crowe Advocacy Center.

ORDINANCE NO. BL2015-1126 (PRIDEMORE) – This ordinance amends the Metro Code to impose a \$2.00 litigation tax on all civil cases filed in general sessions court to defray the costs of salary increases for the general sessions judges. The enabling legislation for this litigation tax was recently expanded to include Metro during the last session of the Tennessee general assembly. The council is authorized to approve a tax of up to \$6.00 per case for this purpose, but the general sessions court is requesting that the amount initially be set at \$2.00.

Unlike other counties in Tennessee, the Metro Charter requires general sessions judges to be paid the same as state trial court judges, which on July 1, 2015 will be \$170,375. Pursuant to state law, the increase in salary from year to year is based upon the change in the average consumer price index. This ordinance would impose a \$2.00 tax on all civil cases filed in general (continued on next page)

ORDINANCE NO. BL2015-1126, continued

sessions court, such as traffic citations and civil warrants. These funds could only be used to aid in defraying the costs of the general sessions judges' salaries. It is estimated that this ordinance will generate approximately \$132,000 per year. The mayor's proposed fiscal year 2015-2016 operating budget includes this amount as anticipated revenue.

ORDINANCE NOS. BL2015-1127 & BL2015-1128 (PRIDEMORE) – These two ordinances authorize the industrial development board of the Metropolitan Government (IDB) to negotiate and accept payments in lieu of ad valorem taxes for the benefit of American General Life Insurance Company and Asurion. State law permits local governments to delegate the authority to industrial development boards to enter into payment-in-lieu-of-tax (PILOT) agreements provided the payments are in furtherance of the public purpose of the board. PILOT agreements essentially provide tax abatements for real and/or personal property taxes the company would otherwise be required to pay to the Metropolitan Government. PILOTs are a tool utilized by Metro to provide incentives to large employers to create more job opportunities, and are subject to approval by the council. PILOT agreements are typically used to incentivize companies to either relocate or expand their existing operations in Nashville prior to such relocation or expansion. It is not customary to provide tax abatements to companies that have either already completed their expansion or have commenced construction, as is the case for these two PILOTs. However, the council office has been advised that the administration agreed to propose these PILOT agreements a couple of years ago, but the terms of the agreements have only recently been finalized.

Ordinance No. BL2015-1127 approves a PILOT agreement for the benefit of American General Life Insurance Company. American General is a Texas-based insurance company that is a wholly-owned subsidiary of AIG. American General plans to relocate 750 business operations employees to a 3.65-acre site located at 340 Seven Springs Way on the Davidson County side of Brentwood. The building, which is currently under construction, will consist of 200,000 rentable square feet with American General operating 155,000 square feet of this space. The company expects to employ 950 people at this site within five years after beginning operations. The company's total investment at the site is estimated to be \$60 million.

This ordinance would provide a 50% real property tax abatement for three years, which could be extended by one year for each 100 new jobs created in a calendar year. It is unclear at this point what the total value of the abatement would be, as it will depend upon the assessment of the portion of the building AIG is occupying. Simply using a capital investment of \$60 million as a basis for calculation, the amount of the abatement would be approximately \$540,000 per year.

There are no performance milestones incorporated into the proposed PILOT agreement, and American General has not committed to maintaining or increasing the number of jobs at the corporate headquarters. The agreement also allows American General to assign its interest in the agreement to another company. As required by the Metro Code, American General will be required to manage a diversified business enterprise (DBE) program with a goal of 20% of the project's hard construction costs spent with DBE firms. The company would be required to provide quarterly reports to the council regarding the DBE participation. The company will also be required to use Metro's workforce development program to ensure reasonable efforts are made to use Davidson County residents in the construction of the project.

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ORDINANCE NOS. BL2015-1127 & BL2015-1128, continued

Ordinance No. BL2015-1128 approves a PILOT agreement for the benefit of Asurion, LLC. Asurion is one of the largest providers of wireless headset insurance programs in North America. In 2011, the council approved an economic development incentive grant having a total value of \$2.4 million for the benefit of Asurion as an incentive to keep the company in Nashville and to incentivize the location of its North American operations center in Nashville. In 2014, Asurion rehabbed an office building located at 5720 Crossings Boulevard in Antioch. This office space consists of 121,596 square feet plus a 164,571 square-foot parking lot that will be completed in 2015. Asurion's total investment is \$9.6 million in property improvements and \$8.5 million in personal property (equipment, furniture, etc.)

This ordinance would grant a 100% tax abatement for four years on the value of the improvements Asurion made to the property. This includes a tax abatement for both the real property and the personal property. Asurion would still pay the base tax amount of \$136,448 per year. The amount of lost property tax revenue to Metro as a result of the abatement based upon a \$9.6 million property improvement and \$8.5 million in personal property would be approximately \$288,300 per year, or \$1.15 million over the four year term of the PILOT agreement. This does not factor in any amount for depreciation of the personal property, which would lower the amount of the abatement. Asurion would be required to start paying the full amount of the property taxes if their number of employees at the site drops below 640. In December 2014, Asurion laid off 178 technology systems employees in Nashville, but these employees were not located at the Crossings Boulevard site.

ORDINANCE NO. BL2015-1129 (BEDNE) – This ordinance amends the Metro code to establish a codes offender school. This school, which would be similar to the traffic school, DUI school, and the animal offender school currently in existence, would be operated under the supervision of the codes department. This ordinance would give the environmental court the discretion to order a person found to be in violation of the property standards code to attend the codes offender school in addition to, or in lieu of, any monetary fine. The purpose of the school would be to provide education about the purpose of the property standards code and the impact of violations on the health, safety, and welfare of the community. Persons ordered to attend the school would be responsible for paying a fee up to ninety dollars, which would be used to cover the expenses of the school. The ordinance would give the codes department the authority to select a nonprofit organization or organizations to operate the codes offender school subject to approval of the council by resolution.

The director of finance has refused to certify funds are available for this ordinance as a result of a lack of information regarding whether the costs of the program would be offset by the revenue generated from the class.

ORDINANCE NO. BL2015-1130 (PRIDEMORE & BAKER) – This ordinance approves agreements between the Metropolitan Government and Nashville Electric Service (NES), and the U.S. Marshals Service, Belmont University, and Smyrna/Rutherford County Airport Authority for access to the 800-MHz emergency radio dispatch and response system. The Metropolitan Government and NES jointly own and operate the emergency radio dispatch and radio response (continued on next page)

ORDINANCE NO. BL2015-1130, continued

system utilizing 800-MHz radio frequencies licensed by the Federal Communications Commission. This system was jointly funded by Metro and NES, with Metro general services now maintaining the system and NES contributing funds to help pay for its maintenance.

These agreements will allow these entities to connect to the emergency radio dispatch system. The U.S. Marshals Service and the Smyrna/Rutherford County Airport Authority will pay for access to the system, usage, and the maintenance of equipment. However, Belmont will not be charged for access to the system since the Metro radio management committee has a policy of not charging for interoperability access. The terms of the U.S. Marshals and Smyrna/Rutherford county agreements are through June 30, 2024, and the term of the Belmont agreement extends through June 30, 2025. The agreements may be terminated by either party with 90 days written notice.

The council has approved similar agreements with other entities.

ORDINANCE NO. BL2015-1131 (PRIDEMORE, A. DAVIS & HUNT) – This ordinance approves an agreement between Metro and Google Fiber to provide for the relocation of certain Metro equipment on poles in the right-of-way as needed to accommodate Google Fiber’s placement of its fiber optic cables on the poles (primarily Nashville Electric Service poles). Google Fiber recently selected Nashville as one of the areas for the expansion of its service, and the company has obtained a state cable and video services franchise allowing it to install equipment in the public rights-of-way. Metro currently maintains radio equipment, cameras, and cabling on some NES poles needed for Metro facilities and other government purposes. In order to install its fiber optic cable, Google Fiber will need to relocate some of the Metro equipment on certain poles. This agreement will allow Google Fiber to move the equipment or pay Metro to move it as the circumstances may warrant.

Google Fiber agrees to pay all actual, reasonable, and documented costs incurred by Metro in connection with the relocations within 45 days of being invoiced by Metro. Google Fiber will provide Metro with the location of Metro equipment that needs to be relocated. If the relocation of certain equipment is deemed by Metro to be complex, Metro will have the right to relocate it or use a contractor of its choice to undertake the relocation. All relocations will be subject to the approval of a statement of work that identifies the nature and extent of the work, as well as the estimated costs of the work. If Google Fiber is performing the relocation work, it agrees to only use contractors approved by Metro and to provide a relocation schedule before undertaking the work. Metro will have the right to monitor and inspect the relocation of its equipment. The agreement includes indemnification provisions protecting Metro, and requires Google to maintain commercial liability insurance in the amount of \$1 million per occurrence.

There is no fixed termination date for this agreement, but the agreement does reserve Metro’s rights to exercise its police powers and enforce all applicable Metro ordinances pertaining to use of the right-of-way. This would arguably include the ability to terminate the agreement at a later date in the event Metro’s ability to enforce its laws was being negatively impacted. Obviously, the bulk of the relocations would occur while Google Fiber is initially building out the system.

ORDINANCE NO. BL2015-1132 (LANGSTER, PRIDEMORE & HUNT) – This ordinance authorizes the director of public property administration to sell property located at 2508 Finland Street and 4802 Hopedale Drive to Google Fiber company. In May 2014, the council enacted Ordinance No. BL2014-744 to approve an agreement between Metro and Google Fiber for the identification of suitable Metro property for the installation of fiber optic network “huts” to house network equipment. It was contemplated that Google Fiber would lease most of the sites, which would be subject to approval of the council by resolution once the sites are identified. However, Google Fiber has decided it would like to purchase two of the parcels owned by Metro for the fair market appraised value of the property. The Finland Street property was acquired as a result of a demolition lien on the property and has an appraised value of \$28,000. The Hopedale Drive property was acquired through a back tax sale and is appraised at \$36,000.

This ordinance has been referred to the planning commission.

ORDINANCE NO. BL2015-1133 (PRIDEMORE & A. DAVIS) – This ordinance approves a construction agreement between the Metropolitan Government and CSX Transportation, Inc., related to the installation and maintenance of traffic signals at the grade crossing located at 40th Avenue North and Charlotte Avenue. Metro plans to install new signals at this location and connect them with the circuitry for the railroad warning signals at the crossing to change the sequence of the traffic signals when a signal is received from the crossing warning device. Metro agrees to reimburse CSX for its costs associated with the interconnection, which is estimated to be \$38,173.

ORDINANCE NO. BL2015-1134 (GILMORE, A. DAVIS & HUNT) – This ordinance abandons the water and sewer easement rights that were retained by Ordinance No. O92-318 when a portion of Alley No. 12 was abandoned for properties located at 200, 206, 216, and 222 2nd Avenue South. Metro water services has no future need for these easements. This ordinance has been approved by the planning commission.

ORDINANCE NO. BL2015-1135 (HARRISON) – This ordinance abandons a portion of Woodfolk Avenue, Alley No. 1089, and an unnumbered alley on various properties located west of Brick Church Pike. This abandonment has been requested by Hawkins Development, Co. for improvements to the Tennessee Processing Center. This ordinance retains all existing utility easements. A petition evidencing the consent of the affected property owners is included as an attachment to the ordinance. This ordinance has been approved by the planning commission and the traffic and parking commission.

ORDINANCE NO. BL2015-1136 (LANGSTER) – This ordinance abandons a portion of an unnumbered alley from Alley No. 701 southward to its terminus. This section of alley is located near the Long Boulevard and Avoca Street intersection. This alley closure has been requested by Dewey-Estes Engineering. The ordinance also abandons all existing utility easements. A petition evidencing the consent of the affected property owners is included as an attachment to

the ordinance. This ordinance has been approved by the planning commission and the traffic and parking commission.

ORDINANCE NO. BL2015-1137 (STITES) – This ordinance renames Woodland Point Drive as “Woodland Pointe Drive” from Bell Road to the cul-de-sac. This change has been requested by the Woodland Pointe homeowners association so that the street name will match the name of the subdivision.

This ordinance has been approved by the planning commission and the ECD board.

ORDINANCE NO. BL2015-1138 (WESTERHOLM) – This ordinance abandons a portion of Alley Nos. 766 and 767 between Powers Avenue, Tillman Lane, and Porter Road. This alley closure has been requested by Littlejohn Engineering. The ordinance retains all existing utility easements. A petition evidencing the consent of the affected property owners is included as an attachment to the ordinance. This ordinance has been approved by the planning commission and the traffic and parking commission.

ORDINANCE NO. BL2015-1141 (GILMORE) – This ordinance authorizes Nashville Urban Venture, LLC to install and maintain an encroachment consisting of a garage entry sign located within the sidewalk of 11th Avenue South between Laurel Street and Demonbreun Street. The applicant has agreed to indemnify the Metropolitan Government from all claims in connection with the installation and maintenance of the encroachments and is required to provide a certificate of public liability insurance of \$2 million per occurrence naming the Metropolitan Government as an insured party. This ordinance has been approved by the planning commission.

– BILLS ON THIRD READING –

ORDINANCE NO. BL2015-1106 (MCGUIRE) – This ordinance abandons a portion of Benham Avenue right-of-way from Woodmont Boulevard to Graybar Lane. The abandonment of this unused right-of-way has been requested by Walter Davidson & Associates. The reason given for the abandonment is that the neighborhood wants to ensure this section of roadway is not built out. This ordinance retains all existing utility easements. A petition evidencing the consent of the affected property owners is included as an attachment to the ordinance. This ordinance has been approved by the planning commission and the traffic and parking commission.

Although the caption of the ordinance references a prohibition on the resale of tickets, the actual ordinance itself does not reference ticket sales. Although the term is not defined in the ordinance, “tickets” theoretically could be considered goods or personal property.

ORDINANCE NO. BL2015-1115 (A. DAVIS & HUNT) – This ordinance authorizes the acceptance of permanent easements for property located at 9262 and 9269 Hester Beasley Road for a stormwater project. There is no cost associated with the acquisition of the easements. This ordinance has been approved by the planning commission.

ORDINANCE NO. BL2015-1116 (BAKER, A. DAVIS & HUNT) – This ordinance abandons the water and sewer easement rights that were retained by Ordinance No. BL2004-176 when the former right-of-way was abandoned for property located at 4911 Tennessee Avenue. There is no longer a government need for this easement. This ordinance has been approved by the planning commission.

ORDINANCE NO. BL2015-1117 (BAKER, A. DAVIS & HUNT) – This ordinance abandons the water and sewer easement rights that were retained by Ordinance No. O77-71 when the former 50th Avenue North right-of-way was abandoned for property located at 4913 Kentucky Avenue. There is no longer a government need for this easement. This ordinance has been approved by the planning commission.

ORDINANCE NOS. BL2015-1118 & BL2015-1119 (BAKER, A. DAVIS & HUNT) – These two ordinances abandon water and sewer lines and easements that are no longer being used by the department of water and sewerage services, and accepts replacement infrastructure. These ordinances have been approved by the planning commission.

Ordinance No. BL2015-1118 abandons 51 linear feet of an 18-inch sewer main and easement, accepts 385 linear feet of a 10-inch sewer main and easement along with two fire hydrant assemblies, and accepts 21 feet of 8-inch sewer for property located at 6834 Charlotte Pike. This is for the Overlook at Nashville West project.

Ordinance No. BL2015-1119 abandons an 8-inch sewer main, manhole, and easement, and accepts a new manhole for properties located at 1202 and 1204 Tremont Street.

