



METRO COUNCIL OFFICE

MEMORANDUM TO: All Members of the Metropolitan Council

FROM: Mike Jameson, Director and Special Counsel
Mike Curl, Finance Manager
Metropolitan Council Office

COUNCIL MEETING DATE: February 6, 2018

RE: Analysis and Fiscal Notes

Unaudited Fund Balances as of 1/31/18:

4% Reserve Fund	\$24,512,904*
Metro Self Insured Liability Claims	\$6,003,057
Judgments & Losses	\$3,743,081
Schools Self Insured Liability Claims	\$4,561,632
Self-Insured Property Loss Aggregate	\$7,547,889
Employee Blanket Bond Claims	\$668,545
Police Professional Liability Claims	\$2,305,211
Death Benefit	\$1,397,843

*This assumes unrealized estimated revenues in FY18 of \$18,003,972, and includes the appropriation in Resolution No. RS2018-1022 of \$15,303,700.

Note: No fiscal note is included for any legislation without significant financial impact.

– RESOLUTION ON PUBLIC HEARING –

RESOLUTION NO. RS2018-999 (O’CONNELL) – This resolution would approve an exemption for Germantown Bar, located at 1318 Sixth Avenue North, from the minimum distance requirements for obtaining a beer permit.

The Metro Code of Laws (MCL) prevents a beer permit from being issued to an establishment located within 100 feet of a religious institution, school, park, daycare, or one- or two-family residence. However, several exceptions exist to the distance requirements. Facilities within the USD separated from these protected establishments by state or federal four-lane highways are exempt, as are retailer on-sale beer permit holders in MUL districts and events catered by holders of caterers’ permits. (See, Code Section 7.08.090(A)).

Additionally, the Code provides a mechanism to exempt (a) restaurants or (b) any retail food store from Metro’s minimum distance requirements, allowing each to obtain a beer permit upon the adoption of a resolution by the Council. (See, Code Section 7.08.090(E)). As revised by Ordinance No. BL2016-454, this Code section no longer requires restaurants to have state on-premises liquor consumption licenses in order to obtain such exemption.

A public hearing must be held by the Council prior to voting on resolutions brought under Section 7.08.090(E).

An amendment is anticipated by the sponsor to reference an agreement executed between Germantown Bar and Germantown Commons HOA regarding various operating conditions for the bar.

– RESOLUTIONS –

RESOLUTION NO. RS2018-1022 (VERCHER) – This resolution would appropriate \$15,303,700 from the General Fund Reserve Fund (4% Fund) to fifteen (15) departments for various purchases. Per Section 6.14 of the Metro Charter, the 4% Fund may only be used for the purchase of equipment and repairs to buildings. By Ordinance No. 086-1534 and Section 5.04.015.F of the Metro Code, allocations from the General Fund Reserve Fund must each be supported by an information sheet, copies of which are attached to this Analysis.

The resolution provides in part: “The Director of Finance may schedule acquisitions authorized herein to ensure an appropriate balance in the Fund.” The following departments and agencies would receive funding:

Davidson County Assessor of Property — \$500,000 for CAMA System (Phase 1 of 2);

Davidson County Sheriff's Office — \$560,000 for work equipment and building repairs;

Department of Emergency Communications — \$202,000 for a Shot Spotter - Alert System (a gunfire sensing technology). MDHA will be contributing \$100,000 to the project;

Department of General Services — \$1,000,000 for fleet replacement - Fire Department ladder truck;

Department of Human Resources — \$34,000 for upgrades and renovations to Metro Southeast (MSE) training rooms;

Information Technology Services — \$3,688,700 for O/S, PC, Server & Productivity Agreement, and desktop and laptop replacements;

Metro Nashville Arts Commission — \$50,000 for repair and maintenance of 1% for the Arts projects;

Metro Nashville Municipal Auditorium — \$534,000 restroom repairs and renovations, Hall of Fame Museum repairs and renovations, and two electric forklifts;

Metro Nashville Police Department — \$4,000,000 for mobile data computer (MDC) upgrades (Phase 2 of 2);

Metro Nashville Public Works Department — \$1,480,000 for carts, dumpsters, computer system upgrades, and salt bin relocation;

Nashville Public Defender's Office — \$80,000 for a Case Management System;

Nashville Fire Department — \$500,000 for fire facility maintenance and repairs, medical equipment and supplies, personal safety equipment and technology equipment;

Nashville Public Library — \$1,600,000 for books, periodicals and library materials and materials for ESL program;

Parks and Recreation Department — \$575,000 for community center furniture, appliances, fitness equipment, and supplies; and

State Trial Courts — \$500,000 for security camera / recorders for courthouses.

Fiscal Note: The balance in the General Fund Reserve Fund prior to the appropriations in this resolution was \$63,803,913. This includes projected unrealized revenue for FY18 in the amount of \$31,320,738. After these appropriations totaling \$15,303,700, the projected remaining balance would be \$37,657,513. The detail sheets for these departmental appropriations are attached to this analysis.

RESOLUTION NO. RS2018-1023 (VERCHER) – See attached grant summary spreadsheet.

RESOLUTION NO. RS2018-1024 (VERCHER, GILMORE, & WITHERS) – This resolution would approve interlocal agreements between the Metropolitan Government and the Tennessee Department of State for the use of administrative law judges. The Metro Board of Health occasionally requires administrative law judges to preside over employee grievances, civil service matters, and pension disputes.

Tennessee Code Annotated §7-7-105 allows the Metropolitan Government to contract with the Secretary of State for the use of administrative law judges to hear appeals to boards and commissions on a case-by-case basis. Pursuant to this agreement, Metro would pay to the state a docketing fee of \$200 per case and \$100 per hour for case specific work.

The term of the contract would be from January 1, 2018, through December 31, 2022.

Fiscal Note: Compensation to the state would be based on the payment rates of \$200 per case for a docketing fee plus \$100 per hour for case-specific work time. The maximum liability to Metro for this contract would be no more than One Hundred Twenty-Five Thousand Dollars (\$125,000).

RESOLUTION NO. RS2018-1025 (VERCHER & WITHERS) – See attached grant summary spreadsheet.

RESOLUTION NO. RS2018-1026 (VERCHER & ROBERTS) – This resolution would accept a donation of fifteen thousand dollars (\$15,000) from E3 Construction Services for the use and benefit of the Metro Nashville Police Department.

E3 Construction Services wishes to make this donation to honor the memory of Ja'Donte Thompson, who recently lost his life while attempting to protect his family from a home invasion. The donation would be used to purchase ten (10) police patrol bicycles in the North Precinct to increase community policing in the area.

Donations exceeding \$5,000 may be accepted by Council resolution, pursuant to Metro Code of Laws Section 5.04.120.B.

RESOLUTION NO. RS2018-1027 (KENDALL, VERCHER, & OTHERS) – See attached grant summary spreadsheet.

RESOLUTION NO. RS2018-1028 (HENDERSON, VERCHER, & RHOTEN) – See attached grant summary spreadsheet.

RESOLUTION NO. RS2018-1029 (VERCHER, GILMORE, & OTHERS) – See attached grant summary spreadsheet.

RESOLUTION NO. RS2018-1030 (VERCHER, GILMORE, & OTHERS) – See attached grant summary spreadsheet.

RESOLUTION NO. RS2018-1031 (VERCHER & GILMORE) – See attached grant summary spreadsheet.

RESOLUTION NO. RS2018-1032 (VERCHER & GILMORE) – This resolution would appropriate an amount not to exceed \$13,231,000 from the General Fund for the benefit of the Hospital Authority and General Hospital. \$4,409,676 of this amount would be paid directly to Meharry Medical College as the amount owed to Meharry by the Hospital Authority for services provided to General Hospital as of June 30, 2017.

The \$13,231,000 appropriation would consist of \$10,831,000 from the undesignated fund balance of the General Fund of the General Services District. The remaining \$2,400,000 would be offset with Impounded Funds from six (6) expenditure accounts:

Employee Tuition Reimbursement	\$ 50,000
Stormwater Contingency	\$ 350,000
Small business Incentive	\$ 150,000
Nashville Construction Readiness	\$ 150,000
Historic Incentive Pilot	\$1,550,000
Historic Preservation Pilot	\$ 150,000

The resolution notes that Meharry is owed additional funds for services provided after June 30, 2017. The additional amount owed is to be paid as soon as practicable following a financial reconciliation determining the amount of additional funds.

This supplemental appropriation on behalf of the Hospital Authority is contingent upon timelines and conditions listed in the resolution as follows:

1. Within 10 business days following adoption of the resolution, Metro will pay \$4,409,676 directly to Meharry Medical College;
2. Of the remaining \$8,821,324, \$4,000,000 will be available to cover shortfalls in cash collected for net patient revenue, but only if net patient revenue as of June 30, 2018 is below \$42,000,000;
3. Disbursements of the remaining \$4,821,324 for operating expenses, including monthly utility and other operating expense payments to Meharry will be made based on monthly cash flow needs documented with Operating Disbursement Requests;
4. Each Operating Disbursement Request is to be delivered to the Director of Finance at least ten business days prior to the requested date of funding and must be certified by the Chief Executive and Chief Financial Officers of General Hospital as well as the Board Chair and Finance Committee Chair of the Hospital Authority;
5. Each Operating Disbursement Request is required to be accompanied by detailed supporting documentation and analysis; and
6. Within 15 days of the end of each month, the Hospital Authority shall provide the previous month's copies of the balance sheet, the budget-to-actual-income statement, and the monthly actual and projected cash flow. The reports listed here are to be sent to the Vice-Mayor, Council Budget and Finance Committee Chair, and Council Health Committee Chair. In addition electronic copies are to be sent to each member of the Metro Council and the Director of Finance.

In 1991, the Metro Council adopted Resolution R89-959 supporting the Finance Department policy that the GSD General Fund, the USD General Fund, and the General Purpose School Fund should maintain a fund balance equal or greater than five percent (5%) of the budget. This policy was expanded on July 1, 2006, per Office of Management and Budget Policy No. 8, to include the three primary budgetary debt funds in addition to these operations funds. The Finance Department has estimated the payment of this \$10,831,000 would lower the fund balance percentage to 3.85%.

Pursuant to Metro Charter Sec. 6.09, upon certification of the Director of Finance, the Mayor has the authority to impound funds in cases where the revenues are found to be insufficient to pay for appropriated expenditures. With the projected reduction in the fund balance percentage to 3.85%, this condition would now apply.

Previous operating subsidies were made to the Hospital Authority in 2016 and 2017 totaling \$26,000,000. (RS2016-100 appropriated \$10,000,000 on February 5, 2016 and RS2017-538 appropriated \$16,000,000 on February 7, 2017).

Fiscal Note: The resolution identifies two sources to be used to fund this supplemental appropriation. \$10,831,000 would be paid from the GSD General Fund's undesignated fund balance. In addition, as noted above, the resolution would authorize the redirection of \$2,400,000 from six appropriations from the current approved operating budget for FY18. Each of these appropriations is from a general administrative account and would not directly reduce any department's budget. The original appropriation and remaining balance for each of these funds, following the proposed cuts, is as follows:

<u>Account Description</u>	<u>Original Appropriation</u>	<u>Cut</u>	<u>Balance</u>
Employee Tuition Reimbursement	\$100,000	(\$50,000)	\$50,000
Stormwater Contingency	\$664,200	(\$350,000)	\$314,200
Small Business Incentive	\$250,000	(\$150,000)	\$100,000
Nashville Construction Readiness	\$844,100	(\$150,000)	\$694,000
Housing Incentive Pilot	\$2,000,000	(1,550,000)	\$450,000
Historic Preservation Pilot	\$150,000	(\$150,000)	\$0

If the decision were made to take an additional \$2,400,000 from the undesignated fund balance, rather than make these six impounded cuts, the Finance Department has estimated the percentage would drop an additional one-quarter percent, to 3.6% rather than 3.85%.

In an effort to restore the undesignated fund balance to the 5% minimum required by Metro policy, the resolution states the Director of Finance will implement a hiring and promotion freeze with a goal of further impounding a minimum of an additional \$2,000,000. The letter accompanying the resolution identifies the amounts saved by each department in their FY17 budget would become their minimum target for savings in FY18. However, even recovering this entire \$2,000,000 would still leave the fund balance at just slightly over 4%.

Not every department will be able to achieve GSD General Fund operational budget savings for FY18. In almost every budget year, it is necessary for some departments to request a supplemental appropriation. For every such case in FY18, the fund balance will be further reduced, increasing the amount necessary to restore it to 5% as required by policy.

RESOLUTION NO. RS2018-1033 (VERCHER) – This resolution would authorize the Department of Law to settle the property damage claim of Anne Clair Hamilton against the Metropolitan Government in the amount of \$24,469.16.

On August 31, 2017, a sewer backup occurred during heavy rain, flooding the home of Ms. Hamilton. This caused extensive property damage to the interior of the home as well as damage to her furnishings. Ms. Hamilton has agreed to accept a total of \$24,469.16 in full settlement of this case. The damage total consists of property damage estimates, plumbing and clean-up services, and loss of rental income.

The cause of the backup has not been conclusively determined. Nevertheless, Metro Water Services concluded that it was possible that leaking joints and illicit connections may have allowed excess flow to enter the line during a heavy rainfall. The Department of Law believes this settlement is in Metro's best interests and recommends settlement of this claim for \$24,469.16.

Fiscal Note: This settlement would reduce the balance of the Self-Insured Liability Fund by \$24,469.16.

RESOLUTION NO. RS2018-1034 (VERCHER) – This resolution would authorize the Department of Law to settle the personal injury claim of Katina Williams against the Metropolitan Government in the amount of \$125,000.

On August 6, 2015, Ms. Williams tripped and fell on a raised portion of sidewalk at the intersection of 18th Avenue and Belcourt, resulting in a knee fracture. The raised portion appears to have been caused by tree roots. Public Works has since repaired this section of sidewalk.

Ms. Williams sought treatment for a medial tibial plateau fracture of her left knee. She has agreed to accept a total of \$125,000 in full settlement of this case, based upon \$60,879 for reimbursement of her medical expenses plus \$64,121 for pain and suffering.

The Department of Law recommends settlement of this claim for \$125,000. Because of the length of time assumed to have been required for the tree root to elevate the sidewalk portion, it is likely the Metropolitan Government would be deemed to have had constructive notice of the defect.

Fiscal Note: This settlement would reduce the balance of the Self-Insured Liability Fund by \$125,000.

RESOLUTION NO. RS2018-1035 (VERCHER & ELROD) – This resolution would amend BL2014-926, which authorized Metro Water Services (MWS) to subsidize the cost of rain barrels for Metro residents.

Pursuant to BL2014-926, MWS agreed to pay \$20 of the cost of the first 1,000 rain barrels sold through the rain barrel outreach program in an effort to help reduce stormwater runoff. MWS selected a company through a competitive bid process to manage the subsidized rain barrel program through 2020. The rain barrel outreach program was successful and Metro wishes to extend this program.

This resolution would extend the rain barrel subsidy by authorizing MWS to pay \$20 of the cost of each rain barrel sold through the rain barrel outreach program, not to exceed \$20,000 annually.

Fiscal Note: This resolution would continue the outreach program by continuing to pay \$20 of the cost for each rain barrel, up to a maximum of \$20,000 annually.

RESOLUTION NO. RS2018-1036 (ELROD & HAGAR) – This resolution would amend BL2017-984, as amended, to authorize wrecker companies to charge a winching fee and to charge an increased storage fee.

BL2017-984, as amended, approved an increase in certain maximum towing and recovery rates.

This resolution would clarify an inconsistency in Metro Code of Laws Sec. 6.80.550(A)(1) by deleting language that prohibits charging additional fees for winching. Sec. 6.80.550(H)(2) would also be amended to increase the maximum storage fee for vehicles removed from private property from \$30 per day to \$40 per day. This resolution would clarify that no storage fee may be charged for cars or pickup trucks stored two hours or less.

Fiscal Note: This change in the storage fee will have no financial impact on Metro Government. The only changes are to the rates that can be charged by towing companies.

– ORDINANCES ON SECOND READING –

BILL NO. BL2017-790 (MENDES, FREEMAN, MINA JOHNSON & OTHERS) – This ordinance would modify the provision of health insurance benefits for Council members after they leave office. A detailed analysis of the ordinance was submitted for the July 6, 2017 Council meeting. However, this ordinance was deferred indefinitely following recommendations from the Budget & Finance Committee and the Personnel, Public Information, Human Relations, and Housing Committee on July 6, 2017.

Pursuant to Rule 24 of the Council Rules of Procedure, the matter has been placed back onto the agenda at the request of the sponsor for purposes of requesting override of the indefinite deferral. Per this same rule, debate upon the deferral override will be limited to (a) the sponsor of the ordinance and (b) the chairs of the committees that previously requested deferral, or their designees. If a majority of the voting Council members approve an override of the committees' recommendation of indefinite deferral, the ordinance will be placed on the agenda at the next regular Council meeting. (It is anticipated that an amendment would then be introduced revising the original ordinance.) If the override request is disapproved, the Clerk is required to permanently remove the item from the Council agenda.

BILL NO. BL2018-1054 (VERCHER) – This ordinance would amend Chapter 2.24 of the Metropolitan Code of Laws regarding leases of surplus property.

Currently, Section 2.24.250 of the Code authorizes the Director of Public Property Administration to lease real property of the Metro Government held as surplus or unused property in accordance with rules and regulations established consistent with the Code or other ordinances of the Metro Government and the Metro Charter. This ordinance would add a requirement that leases of surplus or unused property must be approved by the Metropolitan Council by resolution. Similar provisions currently exist in the Code, including a requirement in Section 2.24.210 that the Council approve both sales and leases of public property owned by Metro.

This proposed ordinance would also add a new subsection H. to Section 2.24.250 of the Code to require that any property owned by the metropolitan government to be leased for a term greater than fifty years must be declared surplus prior to the lease taking effect.

BILL NO. BL2018-1055 (GLOVER, GILMORE, & OTHERS) – This ordinance would add a new section 2.164.020 to the Metropolitan Code of Laws regarding agreements between the Metropolitan Government and the Metropolitan Hospital Authority.

This ordinance would require that, until June 30, 2019, any agreement between Metro and the Metro Hospital Authority regarding the operations of Metropolitan Nashville General Hospital or any successor hospital must include provisions requiring the hospital to offer in-patient services.

In addition, this ordinance would require that, until June 30, 2019, the mayor may not terminate any agreement between Metro and the Metro Hospital Authority without prior approval of the Metro Council by resolution.

BILL NO. BL2018-1057 (VERCHER, ELROD) – This ordinance would amend Section 10.20.360.B relative to solid waste generator fees.

Under current law, a solid waste generator fee is applied to any person collecting, hauling or disposing of construction and demolition waste at a class III or class IV disposal facility. The fee is equal to one dollar per cubic yard of construction and demolition waste accepted at such facility.

The proposed ordinance would clarify that the solid waste generator fee applies to all construction waste received or processed in Davidson County, even if ultimately disposed of outside of Davidson County.

In addition, the proposed ordinance would remove language providing that solid waste generator fees may be reduced by 50% when the generator can show at least one half of the material is being recycled. That language currently provides:

The generator fee specified in this subsection shall be reduced by fifty percent provided that the person otherwise owing such fee provides evidence reasonably acceptable to the director demonstrating that not less than fifty percent of all construction and demolition waste collected or hauled by such person during the previous year has been or will be recycled or reused and therefore diverted from landfill disposal

However, this provision has caused confusion by suggesting that recycling providers are assessed a fee that is subsequently rebated. The Metropolitan Government does not assess a recycling fee.

Fiscal Note: Public Works does not expect this to have any significant financial impact. All companies who haul C&D waste have been charged the solid waste generator fees, regardless of the ultimate destination of the waste. Most companies have been paying the fee, but a few small haulers have been protesting. The proposed clarification in the language per this ordinance should eliminate any remaining question.

BILL NO. BL2018-1058 (WITHERS, BEDNE, & ELROD) – This ordinance would abandon existing easement rights for a portion of property located at 821 Porter Road, formerly known as Alley #767. It has been determined by Metro Water Services that this easement is no longer needed.

The abandonment has been requested by Catalyst Design Group, on behalf of the owner.

Future amendments to this legislation may be approved by resolution.

This has been approved by the Planning Commission.

BILL NO. BL2018-1059 (SWOPE, BLALOCK, & OTHERS) – This ordinance would abandon existing sewer main and easement and accept new sewer main and any associated easements for properties located at 5824 and 5832 Nolensville Pike.

Future amendments to this ordinance may be approved by resolution.

This has been approved by the Planning Commission.

BILL NO. BL2018-1060 (BEDNE & ELROD) – This ordinance would adopt the Geographic Information Systems Street and Alley Centerline Layer with the recordation of renaming, additions, and deletions of acceptances and abandonments as reflected on the Centerline Layer to date, as the official Street and Alley Acceptance and Maintenance Record for Metro. This map was last amended by Ordinance No. BL2017-572 on February 21, 2017. The ordinance now under consideration would update the map to include all changes made by the Council since that time.

This has been approved by the Planning Commission.

BILL NO. BL2018-1061 (BEDNE, ELROD, & HAGAR) – This ordinance would amend the official Geographic Information Systems Street and Alley Centerline Layer by abandoning portions of John L. Driver Avenue and 37th Avenue North right-of-way.

Future amendments to this ordinance may be approved by resolution.

This has been approved by the Traffic and Parking Commission and the Planning Commission.

– ORDINANCES ON THIRD READING –

BILL NO. BL2017-1031 (ELROD, GILMORE, & OTHERS) – This ordinance would adopt for referendum a public transit program, as well as a surcharge to fund the program, and further request the Davidson County Election Commission to call a referendum election on May 1, 2018 to approve the proposed transit program and surcharge. This ordinance was amended on January 23, 2018 to add the ordinance number and to clarify the proposed ballot language in Section 2. The following analysis summarizes the state enabling legislation that allows for local transit program funding, the required content of -- and procedures for considering -- the current ordinance, and the referendum election mandated by the state legislation.

State enabling legislation -- Tennessee's IMPROVE Act

In April 2017, the Tennessee General Assembly approved the IMPROVE Act ("Improving Manufacturing, Public Roads and Opportunities for a Vibrant Economy"), formally known as Public Chapter 181. This Act increased taxes on gasoline and diesel fuel, while decreasing various other taxes, for purposes of updating Tennessee's transportation infrastructure. The Act further included enabling legislation allowing local governments to approve tax surcharges to fund transit projects, subject to voter approval. This enabling legislation, codified at Tenn. Code Ann. § 67-4-3201, *et seq.*, gives rise to the current ordinance.

The IMPROVE Act authorized local governments to levy a surcharge (a tax or combination of taxes) on certain pre-existing local privilege taxes and to use the resulting revenues for public transit system projects that are part of an overall transit improvement program. The specific privilege taxes subject to surcharge are: (1) local option sales and use tax, (2) business tax, (3) motor vehicle tax, (4) local rental car tax, (5) tourist accommodation tax, and (6) residential development tax. Any applied surcharge constitutes a separate charge from pre-existing local taxes.

However, under the IMPROVE Act, surcharges cannot be levied on these privileges unless first approved by a majority of the local government's registered voters who vote in an election regarding such surcharges.

Surcharge limits, amounts, and exemptions

Any allowed surcharge is subject to certain maximum rates and amounts under Tenn. Code Ann. § 67-4-3202(g). For example, any surcharge on the local option sales and use taxes cannot separately exceed the established maximum rate for such tax. No combination of tourist accommodation taxes or fees, hotel occupancy taxes, local tourism development zone business taxes, state sales and use taxes, local option sales and use taxes, or surcharges on any combination of these taxes can exceed a combined rate of 20% on hotels, motels, or other tourist accommodations. No surcharge can be applied to a business tax, local rental car tax, or residential development tax that would separately exceed 20% of the current applicable rate of the business tax, local rental car tax, or residential development tax. And no combination of a

motor vehicle tax plus the surcharge on that tax can exceed a combined total of \$200 on any person subject to such taxes and surcharges.

The ordinance under consideration proposes surcharges within these limits as follows:

- (1) a sales tax surcharge of 0.5% for the first five years, increasing to 1% in 2023;
- (2) a hotel/motel tax surcharge of 0.25% for the first five years, increasing to 0.375% in 2023;
- (3) a 20% surcharge on the business/excise tax; and
- (4) a 20% surcharge on the rental car tax.

The state legislation establishes certain exemptions from surcharge levies. While surcharges may be placed on local option sales and use taxes, the surcharge can apply only to the first \$1,600 on the sale or use of any single article of personal property. Surcharges may not apply to dealers with no location in Tennessee who pay local sales taxes. Also, Tenn. Code Ann. § 67-4-3204 exempts the following goods and services from the surcharge on local option sales and use taxes:

- (1) water sold to or used by manufacturers and taxed at the state rate;
- (2) sales of tangible personal property to a common carrier for use outside the state;
- (3) video programming for television, cable, and internet services;
- (4) telecommunication services;
- (5) electronically transferred digital audio-visual works, digital audio works, and digital books (“specified digital products”); and
- (6) sales of tangible personal property when obtained from any vending machine or device and taxed at the local rate of 2.25%.

Uses of surcharge revenues

Under Tenn. Code Ann. § 67-4-3205, revenues raised from approved surcharges must be used for costs associated with the planning, engineering, development, construction, implementation, administration, management, operation, and maintenance of the proposed transit system projects. The surcharge revenues can be combined with other funding from local, state, or federal programs and can also be used to match state funds and federal grants. Additionally, the revenue could be combined with private moneys and used to provide the local government’s share of costs associated with a public-private initiative; or pledged to the payment of bonds issued for the purpose of financing the program.

Surcharge revenues can be directed or transferred to certain implementing agencies to carry out the transit improvement program. (In this instance, the ordinance identifies the Metropolitan Transit Authority and the Department of Public Works as the implementing agencies.)

If the program or project becomes unfeasible or impossible to implement, state law allows the surcharge revenues to be directed to a separate transit program or project approved by the Metro Council or by registered voters in an election.

The required program and plan of financing

Before any surcharge can be imposed, a transit improvement program must be developed and adopted in accordance with prescribed steps. The program must describe in “reasonable detail” the transit system projects and services to be funded and implemented. The program must specifically state:

- (1) the type and rate of surcharge that will provide funding;
- (2) the surcharge termination date or the conditions which will terminate or reduce it;
- (3) any other sources of funding for the program;
- (4) an estimate of the initial and recurring cost of the program;
- (5) the implementing agencies responsible for carrying out the program; and
- (6) the geographic location of the public transit system projects.

Per state legislation, prior to adoption of the program, the Metropolitan Government must:

- (1) solicit public comment;
- (2) make reasonable efforts to notify or coordinate with other surrounding local governments; and
- (3) prepare a “plan of financing” that demonstrates the program's financial feasibility, including the methodology and assumptions used in the forecasts and projections.

The plan of financing must also include the amount of the program's infrastructure to be financed through issuance of bonds or other debt. (Here, as set forth in the Fiscal Note below, the plan of financing includes long-term financing through bonds and/or public-private partnerships representing 34% of the funding.) The plan of financing analysis must be based on forecasts and projections for at least a 10-year period following the planned inception date.

The proposed Program

The ordinance under consideration provides a 231-word summary of the transit improvement program (“the Program”) describing the proposed projects and services, their geographic locations, proposed surcharges, conditions of termination, implementing agencies, other sources of funding, and a summary of the initial and recurring costs. (As set forth more fully in the Fiscal Note below, the capital cost of the Program is estimated at \$5,354,000,000 in present day value, with recurring operations and maintenance costs of approximately \$99,500,000 in present day value as of the year improvements are completed).

The proposed Program itself is submitted as Exhibit A to the ordinance – a 55-page document entitled “Let’s Move Nashville: Metro’s Transportation Solution.” As described in the “Transit Improvement Program Summary” (page 5), specific elements of the Program include:

1. Light rail transit, or equivalent service, along five corridors (Northwest corridor, Gallatin Pike, Murfreesboro Pike, Nolensville Pike and Charlotte Avenue). The Program provides separate descriptions of each corridor;
2. Rapid bus routes to Bordeaux, along Dickerson Pike to Briley Parkway, along Hillsboro Pike to the Mall at Green Hills, and along West End to White Bridge Road and to Charlotte;
3. A frequent transit bus network (providing 15 minute or better peak service on the busiest bus routes and longer hours of service);
4. Neighborhood transit centers in 19 separate locations served by two or more bus routes, featuring bike-share, digital wayfinding, real-time information, and improved pedestrian connections);
5. Improved commuter rail service with improvements to the Music City Star rail line, longer hours of service, installation of Positive Train Control (PTC) and enhanced frequencies;
6. Downtown improvements, such as a transit tunnel for direct connection of a multimodal transit center in SoBro, an LRT transit station near 5th & Broad and the existing transit center, Music City Central.
7. Expanded AccessRide and mobility on demand services with increased access in multiple areas, real-time information, call-ahead service and same-day schedule availability, and integrated connections; and
8. Crosstown routes that include four new routes on Trinity Lane, Edgehill Avenue, Bell Road, and the Airport-Opry Mills Connector, as well as connected activity centers and neighborhoods outside downtown that require no transfer.

The Program further includes multiple enhancements to existing MTA bus system services, including easier-to-use services, and improvements to transit access. It proposes free or reduced fares for Nashvillians who are living at or below the poverty level, living with disabilities, senior citizens, or under age 18. By connecting multiple areas of Nashville using multimodal systems, the Program intends to provide an alternative to conventional vehicles on the road and their associated traffic patterns and congestion, thereby improving mobility, safety, quality of life, and health. The Program further endeavors to compliment affordable housing policies and create significant employment opportunities. It estimates total capital investment at \$5.4 billion (in 2017 dollars) spent over 15 years, creating approximately 45,000 jobs (defined as full- or part-time jobs lasting one year) resulting in approximately \$3.1 billion in labor income in Davidson County over the 15 year period.

The Program projects completion of capital improvements in 2032 and estimates that by 2040 76% of all Davidson County residents and 89% of all Davidson County jobs will be located within ½ mile of planned transit improvements.

Required review by independent certified public accounting firm

The state legislation requires local governments to obtain a determination or opinion from an independent certified public accounting firm stating that the assumptions in the local government's plan of financing provide a reasonable basis for its forecasts or projections. Prior

to obtaining that determination or opinion, the local government must obtain approval from the Tennessee Comptroller of the Treasury for the selection of the firm and the procedures to be used by the firm in making the determination or opinion.

In this instance, the Tennessee Comptroller previously approved the selection of Kraft CPAs, and that firm issued a letter on December 15, 2017 declaring the feasibility of the financing plan for the proposed program. Following this determination / opinion, state legislation requires that it be published in its entirety, along with the plan of financing, on the Metropolitan Government's website.

Process before the Metro Council

Per state law, the ordinance must contain a brief summary of the transit improvement program for which the proposed surcharge revenue will be used, written in a clear and coherent manner, not exceeding 250 words. It must describe the projects and services to be funded and implemented and, as noted, must provide the following:

- (1) the type and rate of surcharge that will provide funding;
- (2) the surcharge termination date or the conditions that will terminate or reduce it;
- (3) any other sources of funding for the program;
- (4) an estimate of the initial and recurring cost of the program;
- (5) the implementing agencies responsible for carrying out the program; and
- (6) the geographic location of the projects.

Per state law, Ordinance No. BL2017-1031 shall be adopted if passed by majority vote of the Metro Council. If adopted, a copy of the ordinance must then be provided to the Tennessee Department of Revenue before the referendum election.

Referendum election

As noted above, state legislation provides that surcharges cannot be levied unless and until approved by a majority of the local government's registered voters who vote in an election regarding such surcharges.

Here, if the ordinance is adopted by the Metro Council, a certified copy of the ordinance would then be sent to the Davidson County Election Commission with a request to hold a referendum election on May 1, 2018 to approve or reject the surcharge levy. (Assuming each prerequisite step is completed, the Election Commission would be directed by state law to call such an election.)

The ballots used in the referendum election must have printed upon them (1) the proposed surcharge, (2) a brief summary of the program as it appeared in the Council-approved ordinance, and (3) options to vote "for" or "against" the ordinance levying the surcharge.

Post-referendum election process

At the referendum election, if approved by a majority of the registered voters who vote in that election, the ordinance would be deemed approved. But if the election results in the rejection of the levy of the surcharge, a subsequent election regarding a similar surcharge cannot be held for at least twelve (12) months from the date of the election.

In the event of voter rejection of the surcharge, no further action would be required. In the event of approval, state law would next require the Metropolitan Government to furnish a certified copy of the adopted ordinance to the Tennessee Department of Revenue within ten (10) days of the approval. But no surcharge could be collected until the first day of a month occurring at least 60 days after approval date. Any surcharge would then apply only to tax periods beginning on or after October 1, 2017.

The subsequent financing and operations of a transit improvement program must be accounted for in a manner approved by the Tennessee Comptroller of the Treasury in conformity with generally accepted accounting principles. The Comptroller would retain the authority to audit the revenues and expenditures of the program, its financing or operations, and to charge a reasonable fee for its services.

Any approved surcharge would remain in effect until either (a) the date specified within the ordinance, (b) the occurrence of a “condition of termination” described in the ordinance, or (c) such surcharge is repealed in the same manner as adopted. In this instance, the ordinance does not specify a termination date, but rather a “condition of termination” wherein the surcharge would end “once all debt issued for the program has been paid and the Metropolitan Council determines upon the adoption of a resolution that the revenues from the surcharges are no longer needed for operation of the program.”

Because state law requires the proposed ballot language to be approved 75 to 90 days prior to a scheduled referendum election, the February 6, 2018 Council meeting would be the latest meeting at which the ordinance could be adopted for a May 1, 2018 referendum election.

Fiscal Note: Wilmot Inc. was hired to prepare economic impact analysis of the various components of the entire Program. According to their study, they estimate that it would take \$4.362 billion in capital costs between the Project design and construction period of 2018 through 2032 to build the Light Rail Transit (LRT) Corridor Transit System, which includes LRT, Commuter Rail improvements, a Downtown Tunnel and O&M facilities. However, this would result in \$5.902 billion in total economic impact to the Davidson County region, consisting of labor income and value added.

The necessary capital improvements for the bus improvements portion of the overall plan would not be as expensive, costing \$992 million in capital costs during the same Project design and construction period of 2018-2032. This would be projected to result in a net economic impact to the Davidson County region of \$1.092 billion in labor income and value added.

Paying for these improvements and their operations and maintenance would only be possible by the new local surcharges authorized for transit by the IMPROVE Act of April, 2017. The Project would be funded in part by increases to four surcharges, as follows:

- 1. The Local Option Sales Tax (LOST) in Davidson County is currently set at 2.25%. This is on top of the base rate of 7% for the state. The Council currently has the authority to increase this to as much as 2.75%. At least one-half of the entire LOST revenue must be allocated to public education. The IMPROVE Act has now authorized Metro to increase LOST by as much as an additional 2.25% for transit purposes. The Project does not propose to increase LOST by this much. Instead, it would increase by 0.5% (2.75% total) during the period of September 1, 2018 through December 31, 2022. After that, it would increase by an additional 0.5% (3.25% total) and remain at that level unless changed by some future Council.*
- 2. The Hotel Occupancy Tax is currently set at 6%, plus an additional \$2.50 per night additional occupancy tax. The IMPROVE Act authorized an increase in the current rate by as much as 20%, which would allow Davidson County to charge an additional 1.25%. Again, the Project does not propose to use this entire additional capacity. Instead, an additional 0.25% (6.25% total) would be charged during the period of July 1, 2018 through December 31, 2022. After that, it would increase by an additional 0.125% (6.375% total) and remain at that level unless changed by some future Council.*
- 3. The Business Tax currently ranges from 0.02% to 0.3% of gross income in Davidson County, depending on the classification of the business. The current average paid for this tax is \$1,673 per year. The Improve Act authorized as much as a 20% increase in this tax. The Project proposes to increase the Business Tax by this full 20% starting January 1, 2019.*
- 4. The Local Rental Car Tax is currently set at 1%. The IMPROVE Act authorized as much as a 20% increase in this rate, which would mean an additional 0.2% for Davidson County. The Project proposes to increase the Local Rental Car Tax by this full amount starting July 1, 2018.*

Long-Term Financing is also addressed by the Project in five main areas, as follows:

- 1. Up to \$500 million in federal financing would be sought through the Transportation Infrastructure Finance and Innovation Act (TIFIA) program, representing approximately 6% of the funding through the design and construction period. The TIFIA Program provides Federal credit assistance to eligible surface transportation projects, including highway, transit, intercity passenger rail, some types of freight rail, intermodal freight transfer facilities, and some modifications inside a port terminal.*

There are three distinct types of financial assistance available:

- a) Secured direct Federal loans to project sponsors offering flexible repayment terms and providing combined construction and permanent financing of capital costs*
 - b) Loan guarantees that provide full-faith-and-credit guarantees by the Federal Government, and*
 - c) Lines of credit that are contingent sources of funding in the form of Federal loans that may be drawn upon to supplement project revenues, if needed, during the first 10 years of project operations. [23 U.S.C. 603 and 604].*
- 2. Bonds and/or public-private partnerships, representing approximately 34% of the funding through the design and construction period.*
 - 3. Federal Support, consisting of combined federal funding of \$1.5 billion from the Capital Investment Grant (CIG) Program and formula grants. The Project assumes CIG grant awards would cover approximately 25% of the total costs during the design and construction period.*
 - 4. Farebox recovery rates for the ADA and high-capacity corridor services are anticipated to generate approximately \$192 million, which would be approximately 2% of the sources during the design and construction period.*
 - 5. Other revenues, including funding from the Airport, Music City Center, and investment income. For example, the Murfreesboro LRT line to the airport would be projected to receive \$200 million in funding from the airport. The total funding from this final group would generate approximately 3% of the sources during the design and construction period.*

The Wilmot analysis addressed the potential benefits of the Project as well as the costs. Capital investment totals (in 2017 dollars) would be expected to be \$5.354 billion over 14 years. A total of 44,753 local job equivalents (one person in a job for one year) would be created, associated with more than \$3.112 billion in labor income in Davidson County. This is projected to create an increase of \$4.016 billion to the Gross Regional Product (GRP). Spending for operations and maintenance would include \$541 million for bus system improvements and \$148 million for LRT between 2018 to 2032. This would support 9,136 local job equivalents (calculated prior to extending the Charlotte line to White Bridge Road).

The total economic impacts would be projected to be \$5,354 billion (2017 dollars) over the 14 years of capital investment, related to 44,753 local job equivalents and \$3.112 billion in labor income. The increase for the gross regional product would be \$4.016 billion.

For reference, three sources utilized by the Transit Improvement Program are attached to this analysis. These include the following:

- 1. Plan of Finance Overview – Discusses the various revenue sources that are planned to be used to fund the Project,*
- 2. Financing Plan Assumptions – Summarizing the assumptions that were used during the preparation of the Project, and*
- 3. Detailed Cash Flows.*

BILL NO. BL2018-1041 (O'CONNELL, VERCHER, & OTHERS) – This ordinance would approve a lease agreement between the Metro Government and the Joslin Sign and Maintenance Company, Inc. (Joslin) for the real property located at 630 Murfreesboro Pike and would authorize the Director of Public Property Administration, or the Director's designee, to execute the lease.

The Metropolitan Government has determined that this property is needed to provide approximately 97 parking spaces for the new police headquarters and Family Justice Center, currently under construction. Pursuant to the terms of the lease agreement, Metro would pay Joslin \$4,000 per month in fixed monthly rent for the use of this property. The lease would terminate five (5) years after the date of commencement of the lease (with commencement beginning upon completion of the parking lot). However, Metro would have the right to terminate the lease upon written notice of six (6) months to Joslin.

At the end of the term, the lease may be extended up to two (2) times for additional periods of five (5) years each upon the same terms and conditions of this lease at the option of Metro, provided that Metro gives written notice to Joslin of not less than one hundred twenty (120) days prior to the termination date of the lease term then in effect.

Future amendments to the lease agreement may be approved by resolution.

This ordinance has been approved by the Planning Commission.

Fiscal Note: Metro would pay \$4,000 per month to Joslin during the term of this lease.

GRANTS AND DONATIONS LEGISLATION – FEBRUARY 6, 2018

Legislative Number	Parties	Amount	Local Cash Match	Term	Purpose
RS2018-1023	<p>From: Tennessee Arts Commission</p> <p>To: Metropolitan Nashville Arts Commission</p>	\$100,000	\$100,000	July 1, 2018 through June 15, 2019	<p>This resolution approves an application for a Major Cultural Institution grant.</p> <p>If approved, the proceeds from this grant would be used to provide general operating support for the Metro Nashville Arts Commission.</p>
RS2018-1025	<p>From: Tennessee Department of Labor and Workforce Development</p> <p>To: Nashville Career Advancement Center</p>	N/A	\$0	Extend end date to June 30, 2018	<p>This amendment would extend the end date of the previously approved grant of \$14,150 to provide reemployment services and eligibility assessment services to help unemployment insurance claimants to return to work faster.</p> <p>There are no changes to the financial terms of the grant.</p>
RS2018-1027	<p>From: Tennessee Department of Transportation</p> <p>To: Parks and Recreation Department</p>	\$510,943.68	\$127,735.92	N/A	<p>This resolution approves an application for a Transportation Alternative Program grant.</p> <p>If approved, the proceeds from this grant would be used to continue the 440 Greenway from Oman Street at Park Plaza to the 28th Avenue Connector at Centennial Park.</p>

Legislative Number	Parties	Amount	Local Cash Match	Term	Purpose
RS2018-1028	From: Friends of Warner Parks To: Metropolitan Board of Parks and Recreation	Not to exceed \$23,539	\$23,539	N/A	The grant proceeds would be used to assist in the funding of a fully developed engineering study to more accurately estimate the cost of restoration of the Allee in Percy Warner Park.
RS2018-1029	From: Best Friends Animal Society To: Metropolitan Board of Health	Not to exceed \$5,000	\$0	N/A	The proceeds from this grant would be used for a Lagunitas sponsored "Adopt a Shelter Dog" promotion to Metro Animal Care and Control (MACC).
RS2018-1030	From: PetSmart Charities To: Metropolitan Board of Health	Not to exceed \$25,000	\$0	12 months following date of full execution	The proceeds from this grant would be used to provide low-cost medical services and behavioral vouchers to assist in decreasing the number of animals relinquished to Metro Animal Care and Control (MACC).

Legislative Number	Parties	Amount	Local Cash Match	Term	Purpose
RS2018-1031	<p>From: Tennessee Department of Health</p> <p>To: Metropolitan Board of Health</p>	(\$231,600) reduction	\$0	FY15 through FY19	<p>Resolution No. RS2014-1280 originally approved a grant of \$20,501,600 to provide nutrition education and services to eligible women, infants, and children (WIC) and breast-feeding peer counseling programs.</p> <p>This amendment would reduce the amount of the grant to a new five-year total of \$20,270,000. Iran Divestment Act language would also be added. Attachment 2, containing the Revised Grant Budget and Line-Item Detail, would be updated.</p>

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
GENERAL FUND 4% RESERVE FUND
INFORMATION SHEET
(As Required By Ordinance 086-1534)**

**Office of the Assessor
3rd Quarter – FY 2012
16201000**

Object Code	Item	Qty.	Estimated Cost	Replacement or New Equipment	Age of Equipment Replacing (In Years)	Estimated Life of Equipment (In Years)
507450	CAMA System – Phase 1 of 2	1	\$500,000	Replace	8+	8
	TOTAL		\$ 500,000			

- Is expenditure federal or state reimbursable? No
- Can this equipment be used year around? Yes
- Has the price been verified by Division of Purchases? Yes
- Have you checked Public Property Division for usable surplus equipment? No
- Is equipment absolutely necessary at this time? Yes
- Will equipment reduce present cost? Yes
- Is equipment to extend services? Yes
- Is equipment to reduce manpower? No
- Will equipment require new manpower? No
- Will equipment increase productivity? Yes
- Will equipment promote public health? No
- Will equipment promote public safety? No

Have all previously adopted resolutions appropriating funds from the General Fund Reserve Fund (4% Fund) been complied with by expending said funds as required? Yes

If not, do you expect to expend funds and the date expected for the expenditure? (By June 2018)..... Yes

COMMENTS: _____

Agency Head Virvia M. Wilhoite

Date January 24, 2018

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
GENERAL FUND 4% RESERVE FUND
INFORMATION SHEET
(As Required By Ordinance 086-1534)**

**Emergency Communications Center
3rd Quarter – FY 2018
91201000**

Object Code	Item	Qty.	Estimated Cost	Replace or New Equipment	Age of Equipment Replacing (In Years)	Estimated Life of Equipment (In Years)
507450	Shot Spotter – Alert System	1	\$ 202,000	New	–	5+
	<i>(MDHA will be contributing \$100,000 to the project)</i>					
	TOTAL		\$ 202,000			

- Is this expenditure federal or state reimbursable? No
- Can this equipment be used year around? Yes
- Has the price been verified by Division of Purchases? Yes
- Have you checked Public Property Division for usable surplus equipment? Yes
- Is equipment absolutely necessary at this time? Yes
- Will equipment reduce present cost? No
- Is equipment to extend services? Yes
- Is equipment to reduce manpower? Yes
- Will equipment require new manpower? No
- Will equipment increase productivity? Yes
- Will equipment promote public health? Yes
- Will equipment promote public safety? Yes

Have all previously adopted resolutions appropriating funds from the General Fund Reserve Fund (4% Fund) been complied with by expending said funds as required? Yes

If not, do you expect to expend funds and the date expected for the expenditure? (June 2018) Yes

COMMENTS: _____

Department Head Nichole Donegan
Date 1/24/2018

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
GENERAL FUND 4% RESERVE FUND
INFORMATION SHEET
(As Required By Ordinance 086-1534)**

**Fire Department
3rd Quarter – FY 2018
Various Business Units**

Object Code	Item	Qty.	Estimated Cost	Replace or New Equipment	Age of Equipment Replacing (In Years)	Estimated Life of Equipment (In Years)
32260200 502920	Maintenance / Repairs on Fire facilities	1 Lot	\$ 200,000	Replace	4 – 5	5
32214400 503400	Medical Equipment / Supplies	1 Lot	150,000	Replace	4 – 5	5
32214600 503640	Personal Safety Equipment / Supplies	1 Lot	75,000	Replace	5 – 6	5
32260100 507450	Technology Equipment	1 Lot	75,000	Replace	5 – 6	5
	TOTAL		\$ 500,000			

Is this expenditure federal or state reimbursable? No
 Can this equipment be used year around? Yes
 Has the price been verified by Division of Purchases? Yes
 Have you checked Public Property Division for usable surplus equipment? Yes
 Is equipment absolutely necessary at this time? Yes
 Will equipment reduce present cost? Yes
 Is equipment to extend services? Yes
 Is equipment to reduce manpower? Yes
 Will equipment require new manpower? No
 Will equipment increase productivity? Yes
 Will equipment promote public health? Yes
 Will equipment promote public safety? Yes

Have all previously adopted resolutions appropriating funds from the General Fund Reserve Fund (4% Fund) been complied with by expending said funds as required? Yes
 If not, do you expect to expend funds and the date expected for the expenditure? (June 2018) Yes

COMMENTS: _____

Department Head W. J. [Signature]
 Date 1-24-18

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 GENERAL FUND 4% RESERVE FUND
 INFORMATION SHEET
 (As Required By Ordinance 086-1534)**

**General Services
 1st Quarter – FY 2018
 10201001**

Object Code	Item	Qty.	Estimated Cost	Replace or New Equipment	Age of Equipment Replacing (In Years)	Estimated Life of Equipment (In Years)
10201001 507480	Fleet Replacement - Ladder Truck for Fire Dept	1	\$1,000,000	Replace	15+	15+
	TOTAL		\$1,000,000			

- Is this expenditure federal or state reimbursable? No
- Can this equipment be used year around? Yes
- Has the price been verified by Division of Purchases? Yes
- Have you checked Public Property Division for usable surplus equipment? No
- Is equipment absolutely necessary at this time? Yes
- Will equipment reduce present cost? Yes
- Is equipment to extend services? Yes
- Is equipment to reduce manpower? Yes
- Will equipment require new manpower? No
- Will equipment increase productivity? Yes
- Will equipment promote public health? Yes
- Will equipment promote public safety? Yes

Have all previously adopted resolutions appropriating funds from the General Fund Reserve Fund (4% Fund) been complied with by expending said funds as required? Yes

If not, do you expect to expend funds and the date expected for the expenditure? (June 2018) Yes

COMMENTS: _____

Department Head *Kay Whitten*
 Date 1-24-18

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 GENERAL FUND 4% RESERVE FUND
 INFORMATION SHEET
 (As Required By Ordinance 086-1534)**


**Human Resources
 3rd Quarter – FY 2018
 08202000**

Object Code	Item	Qty.	Estimated Cost	Replacement or New Equipment	Age of Equipment Replacing (In Years)	Estimated Life of Equipment (In Years)
507250	Upgrades / Renovations to MSE Training Rooms	1	\$ 34,000	Replace	10+	10+
	TOTAL		\$ 34,000			

Is expenditure federal or state reimbursable? No
 Can this equipment be used year around? Yes
 Has the price been verified by Division of Purchases? Yes
 Have you checked Public Property Division for usable surplus equipment? No
 Is equipment absolutely necessary at this time? Yes
 Will equipment reduce present cost? Yes
 Is equipment to extend services? No
 Is equipment to reduce manpower? No
 Will equipment require new manpower? Yes
 Will equipment increase productivity? No
 Will equipment promote public health? No
 Will equipment promote public safety? No

Have all previously adopted resolutions appropriating funds from the General Fund Reserve Fund (4% Fund) been complied with by expending said funds as required? Yes
 If not, do you expect to expend funds and the date expected for the expenditure? (June 2018) Yes

COMMENTS: _____

Department Head 
 Date 1/24/2018

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 GENERAL FUND 4% RESERVE FUND
 INFORMATION SHEET
 (As Required By Ordinance 086-1534)**

**Information Technology Services
 3rd Quarter – FY 2018
 Multiple Business Units**

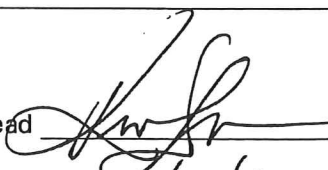
Object Code	Item	Qty.	Estimated Cost	Replacement or New Equipment	Age of Equipment Replacing (In Years)	Estimated Life of Equipment (In Years)
14201000 507455 . MICROEA	O/S, PC, Server & Productivity Agreement. Microsoft Enterprise	1	\$2,488,700	Replace	4+	4+
14203000 503130	Tech Revolving Fund – Desktop and Laptop Replace	1 Lot	1,200,000	Replace	4+	4+
	TOTAL		\$3,688,700			

- Is this expenditure federal or state reimbursable? No
- Can this equipment be used year around? Yes
- Has the price been verified by Division of Purchases? No
- Have you checked Public Property Division for usable surplus equipment? Yes
- Is equipment absolutely necessary at this time? Yes
- Will equipment reduce present cost? Yes
- Is equipment to extend services? Yes
- Is equipment to reduce manpower? No
- Will equipment require new manpower? No
- Will equipment increase productivity? Yes
- Will equipment promote public health? No
- Will equipment promote public safety? No

Have all previously adopted resolutions appropriating funds from the General Fund Reserve Fund (4% Fund) been complied with by expending said funds as required? Yes

If not, do you expect to expend funds and the date expected for the expenditure? (June 2018) Yes

COMMENTS: _____

Department Head 

Date 1/23/18

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
GENERAL FUND 4% RESERVE FUND
INFORMATION SHEET
(As Required By Ordinance 086-1534)**

**Metro Arts Commission
3rd Quarter – FY 2018
41201000**

Object Code	Item	Qty.	Estimated Cost	Replacement or New Equipment	Age of Equipment Replacing (In Years)	Estimated Life of Equipment (In Years)
502920	Repair / Maintenance of 1% for the Arts Projects	1 Lot	\$ 50,000	Replace	10+	10+
	TOTAL		\$ 50,000			

- Is this expenditure federal or state reimbursable?..... No
- Can this equipment be used year around?..... Yes
- Has the price been verified by Division of Purchases? Yes
- Have you checked Public Property Division for usable surplus equipment? No
- Is equipment absolutely necessary at this time? Yes
- Will equipment reduce present cost? Yes
- Is equipment to extend services? Yes
- Is equipment to reduce manpower? No
- Will equipment require new manpower? No
- Will equipment increase productivity? Yes
- Will equipment promote public health? No
- Will equipment promote public safety? No

Have all previously adopted resolutions appropriating funds from the General Fund Reserve Fund (4% Fund) been complied with by expending said funds as required?..... Yes
If not, do you expect to expend funds and the date expected for the expenditure? (June 2015)..... Yes

COMMENTS: _____

Agency Head _____

Date 1/24/18

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
GENERAL FUND 4% RESERVE FUND
INFORMATION SHEET
(As Required By Ordinance 086-1534)**

**Municipal Auditorium
3rd Quarter - FY 2018
61201000**

Object Code	Item	Qty.	Estimated Cost	Replacement or New Equipment	Age of Equipment Replacing (In Years)	Estimated Life of Equipment (In Years)
531005	Restroom Repairs / Renovations	1 Lot	\$ 400,000	Replace	20+	15+
531005	Hall of Fame Museum / Repairs / Renovations	1 Lot	84,000	Replace	20+	15+
531005	Two Electric Forklifts	2	50,000	New	--	15+
	TOTAL		\$ 534,000			

- Is this expenditure federal or state reimbursable? No
- Can this equipment be used year around? Yes
- Has the price been verified by Division of Purchases? No
- Have you checked Public Property Division for usable surplus equipment? No
- Is equipment absolutely necessary at this time? Yes
- Will equipment reduce present cost? Yes
- Is equipment to extend services? Yes
- Is equipment to reduce manpower? No
- Will equipment require new manpower? No
- Will equipment increase productivity? Yes
- Will equipment promote public health? Yes
- Will equipment promote public safety? Yes

Have all previously adopted resolutions appropriating funds from the General Fund Reserve Fund (4% Fund) been complied with by expending said funds as required? Yes

If not, do you expect to expend funds and the date expected for the expenditure? (June 2018) Yes

COMMENTS: _____

Department Head Robert C Skomj

Date 1/24/18

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
GENERAL FUND 4% RESERVE FUND
INFORMATION SHEET
(As Required By Ordinance 086-1534)**

Parks and Recreation
3rd Quarter – FY 2018
40220100

Object Code	Item	Qty.	Estimated Cost	Replace or New Equipment	Age of Equipment Replacing (In Years)	Estimated Life of Equipment (In Years)
	New Community Centers – Madison and Smith Springs					
503850	Fitness Equipment	1 Lot	\$ 150,000	New	--	10+
503850	Office Furniture / Tables & Chairs	1 Lot	120,000	New	--	10+
503850	Appliances	1 Lot	20,000	New	--	10+
503850	Recreation Equipment	1 Lot	20,000	New	--	10+
503850	Computers and Point of Sale Equipment	1 Lot	40,000	New	--	10+
503850	Electronics (TVs, Game Systems, etc.)	1 Lot	10,000	New	--	10+
503850	Aquatic Supplies (Smith Springs)	1 Lot	5,000	New	--	10+
	All Other Community Centers					
503850	Fitness Equipment	1 Lot	100,000	New / Replace	10+	10+
503850	Aquatic Supplies	1 Lot	10,000	New / Replace	10+	10+
503850	Recreational Equipment / Supplies	1 Lot	50,000	New / Replace	10+	10+
503850	Gym Curtains	1 Lot	50,000	New / Replace	10+	10+
	TOTAL		\$ 575,000			

Is this expenditure federal or state reimbursable?No
 Can this equipment be used year around?Yes
 Has the price been verified by Division of Purchases?Yes
 Have you checked Public Property Division for usable surplus equipment?No
 Is equipment absolutely necessary at this time?Yes
 Will equipment reduce present cost?No
 Is equipment to extend services?Yes
 Is equipment to reduce manpower?No
 Will equipment require new manpower?No
 Will equipment increase productivity?Yes
 Will equipment promote public health?Yes
 Will equipment promote public safety?Yes

Have all previously adopted resolutions appropriating funds from the General Fund Reserve Fund (4% Fund) been complied with by expending said funds as required?Yes
 If not, do you expect to expend funds and the date expected for the expenditure? (June 2018).....Yes

COMMENTS: _____

Department Head *Louise N. Adams*
 Date *1/24/18*

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
GENERAL FUND 4% RESERVE FUND
INFORMATION SHEET
(As Required By Ordinance 086-1534)**

**Police Department
3rd Quarter – FY 2018
31201000**

Object Code	Item	Qty.	Estimated Cost	Replacement or New Equipment	Age of Equipment Replacing (In Years)	Estimated Life of Equipment (In Years)
507450	Mobile Data Computers (MDCs) – Upgrades (Phase 2 of 2)	1 Lot	\$ 4,000,000	Replace	4+	4+
	TOTAL		\$ 4,000,000			

- Is this expenditure federal or state reimbursable? No
- Can this equipment be used year around? Yes
- Has the price been verified by Division of Purchases? Yes
- Have you checked Public Property Division for usable surplus equipment? No
- Is equipment absolutely necessary at this time? Yes
- Will equipment reduce present cost? Yes
- Is equipment to extend services? Yes
- Is equipment to reduce manpower? No
- Will equipment require new manpower? No
- Will equipment increase productivity? Yes
- Will equipment promote public health? Yes
- Will equipment promote public safety? Yes

Have all previously adopted resolutions appropriating funds from the General Fund Reserve Fund (4% Fund) been complied with by expending said funds as required? Yes

If not, do you expect to expend funds and the date expected for the expenditure? (June 2018) Yes

COMMENTS: _____

Department Head 

Date 1-24-18

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
GENERAL FUND 4% RESERVE FUND
INFORMATION SHEET
(As Required By Ordinance 086-1534)**

**Public Defender
3rd Quarter – FY 2018
21201000**

Object Code	Item	Qty.	Estimated Cost	Replacement or New Equipment	Age of Equipment Replacing (In Years)	Estimated Life of Equipment (In Years)
507450	Case Management System	1	\$ 80,000	Replace	8+	8+
	TOTAL		\$ 80,000			

- Is this expenditure federal or state reimbursable? Yes
- Can this equipment be used year around? Yes
- Has the price been verified by Division of Purchases? Yes
- Have you checked Public Property Division for usable surplus equipment? No
- Is equipment absolutely necessary at this time? Yes
- Will equipment reduce present cost? Yes
- Is equipment to extend services? Yes
- Is equipment to reduce manpower? No
- Will equipment require new manpower? No
- Will equipment increase productivity? Yes
- Will equipment promote public health? No
- Will equipment promote public safety? Yes

Have all previously adopted resolutions appropriating funds from the General Fund Reserve Fund (4% Fund) been complied with by expending said funds as required? Yes

If not, do you expect to expend funds and the date expected for the expenditure? (By June 2018)..... Yes

COMMENTS: _____

Agency Head *C. Paula*

Date 1-24-18

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
GENERAL FUND 4% RESERVE FUND
INFORMATION SHEET
(As Required By Ordinance 086-1534)**

**Public Library
3rd Quarter – FY 2018
39201000**

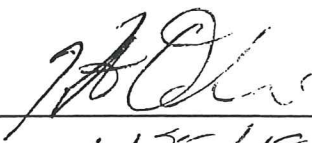
Object Code	Item	Qty.	Estimated Cost	Replacement or New Equipment	Age of Equipment Replacing (In Years)	Estimated Life of Equipment (In Years)
503330	Books / Periodicals / Library Materials	1 Lot	\$1,500,000	New / Replace	10+	10+
503330	ESL Program - Books / Periodicals / Library Materials	1 Lot	100,000	New / Replace	10+	10+
	TOTAL		\$1,600,000			

- Is this expenditure federal or state reimbursable? No
- Can this equipment be used year around? Yes
- Has the price been verified by Division of Purchases? Yes
- Have you checked Surplus Property Division for usable surplus equipment? No
- Is equipment absolutely necessary at this time? Yes
- Will equipment reduce present cost? Yes
- Is equipment to extend services? Yes
- Is equipment to reduce manpower? No
- Will equipment require new manpower? No
- Will equipment increase productivity? Yes
- Will equipment promote public health? No
- Will equipment promote public safety? No

Have all previously adopted resolutions appropriating funds from the General Fund Reserve Fund (4% Fund) been complied with by expending said funds as required? Yes

If not, do you expect to expend funds and the date expected for the expenditure? (June 2018) Yes

COMMENTS: _____

Department Head 
 Date 1/25/18

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
GENERAL FUND 4% RESERVE FUND
INFORMATION SHEET
(As Required By Ordinance 086-1534)**

**Public Works Department
3rd Quarter – FY2018
Multiple Accounts**

Object Code	Item	Qty.	Estimated Cost	Replacement or New Equipment	Age of Equipment Replacing (In Years)	Estimated Life of Equipment (In Years)
42206000 503850	Annexation – Carts	1 Lot	\$845,000	New	--	6+
42206000 503850	Annexation – Dumpsters	1 Lot	10,000	New	--	6+
42206000 507450	Annexation – Computer Systems Upgrades	1	125,000	New	--	6+
42204000 507400	Salt Bin Relocation	1	500,000	New	--	15+
	TOTAL		\$1,480,000			

- Is this expenditure federal or state reimbursable? No
 - Can this equipment be used year around? Yes
 - Has the price been verified by Division of Purchases? Yes
 - Have you checked Public Property Division for usable surplus equipment? Yes
 - Is equipment absolutely necessary at this time? Yes
 - Will equipment reduce present cost? No
 - Is equipment to extend services? Yes
 - Is equipment to reduce manpower? No
 - Will equipment require new manpower? No
 - Will equipment increase productivity? Yes
 - Will equipment promote public health? No
 - Will equipment promote public safety? No
- Have all previously adopted resolutions appropriating funds from the General Fund Reserve Fund (4% Fund) been complied with by expending said funds as required? No
- If not, do you expect to expend funds and the date expected for the expenditure? (June 2018) Yes

COMMENTS: _____

Department Head *Mark A. Stutz*
Date 1-24-18

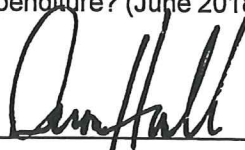
**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
GENERAL FUND 4% RESERVE FUND
INFORMATION SHEET
(As Required By Ordinance 086-1534)**

**Sheriff's Office
3rd Quarter – FY 2018
30201000**

Object Code	Item	Qty.	Estimated Cost	Replacement or New Equipment	Age of Equipment Replacing (In Years)	Estimated Life of Equipment (In Years)
507400	Work Equipment	1 Lot	\$ 560,000	Replace	10+	10+
	Repair, upgrade, and replacement of HVAC units at multiple sites, repair MCC cell doors, replace fence slats at HDC, repair fire system valves, replace leaking pipes at CDM, increase emergency power at CDM, CDM B pod water heater replacement, repair Birch sallyport door, power supplies for mobile offices at CSC,					
	replace building pole lights at SE Complex, replace fire panel at HDC, replace CDM back-up generator, repair CDM grease trap drains, Metro & telephone connectivity to Metro network, replace humidifier canister and drain valve in computer room, replace regulator & potentiometer for HDC generator, CDM E pod water heater replacement.					
	TOTAL		\$ 560,000			

Is this expenditure federal or state reimbursable? No
Can this equipment be used year around? Yes
Has the price been verified by Division of Purchases? No
Have you checked Public Property Division for usable surplus equipment? No
Is equipment absolutely necessary at this time? Yes
Will equipment reduce present cost? Yes
Is equipment to extend services? Yes
Is equipment to reduce manpower? No
Will equipment require new manpower? No
Will equipment increase productivity? Yes
Will equipment promote public health? Yes
Will equipment promote public safety? Yes

Have all previously adopted resolutions appropriating funds from the General Fund Reserve Fund (4% Fund) been complied with by expending said funds as required? Yes
If not, do you expect to expend funds and the date expected for the expenditure? (June 2018) N/A

Agency Head 
Date 1.26.18

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 GENERAL FUND 4% RESERVE FUND
 INFORMATION SHEET
 (As Required By Ordinance 086-1534)**

**State Trial Courts
 3rd Quarter – FY 2018
 28201000**

Object Code	Item	Qty.	Estimated Cost	Replacement or New Equipment	Age of Equipment Replacing (In Years)	Estimated Life of Equipment (In Years)
507450	Security Cameras / Recorders for Courthouses	1 Lot	\$ 500,000	Replace	8	6
	TOTAL		\$ 500,000			

- Is this expenditure federal or state reimbursable? No
- Can this equipment be used year around? Yes
- Has the price been verified by Division of Purchases? Yes
- Have you checked Public Property Division for usable surplus equipment? No
- Is equipment absolutely necessary at this time? Yes
- Will equipment reduce present cost? Yes
- Is equipment to extend services? Yes
- Is equipment to reduce manpower? No
- Will equipment require new manpower? No
- Will equipment increase productivity? Yes
- Will equipment promote public health? No
- Will equipment promote public safety? No

Have all previously adopted resolutions appropriating funds from the General Fund Reserve Fund (4% Fund) been complied with by expending said funds as required? Yes

If not, do you expect to expend funds and the date expected for the expenditure? (By June 2018) Yes

COMMENTS: _____

Agency Head Jim D. Townsend
 Date 1/24/18

- Madison Discussion: Fifty-Forward Madison - Tuesday, November 28; 5:30 p.m. -7:30 p.m.
- Bellevue Discussion: Bellevue Middle School - Thursday, November 30; 5:30 p.m. -7:30 p.m.
- West Nashville Discussion: West Police Precinct - Wednesday, December 6; 5:30 p.m. - 7:30 p.m.⁶
- Donelson Discussion: Fifty-Forward Donelson - Thursday, December 7; 5:30 p.m. -7:30 p.m.⁶
- Antioch Discussion: Southeast Community Center - Saturday, December 9; 10:00 a.m. - 12:00 p.m.⁶

Plan of Finance Overview

The Let’s Move Nashville Program will be funded by a combination of new voter-approved local surcharges, federal grants and loans, long-term financing, fares, and other revenues. These surcharges will terminate on December 31, 2068.

Local Option Transit Surcharges

The IMPROVE Act – signed into law by Governor Bill Haslam in April 2017 – provided Nashville and other local governments with the option to levy additional local surcharges specifically for transit purposes. The Program will be funded in part by newly authorized surcharges on: the local option sales and use tax, hotel occupancy tax, business tax, and local rental car tax. The surcharges require local voter referendum approval, anticipated on May 1, 2018, with revenue collections beginning mid-2018. Nashville must receive majority approval from the Metropolitan Council to add the referendum to the primary ballot.

Table 16 summarizes the total capital costs for implementation years 2018 - 2032 and the first full year of service (2032) operating costs of the Program are in today’s dollars (2017).

However, a number of factors might increase the costs of the program over time. The actual capital and operating costs incurred will increase with inflation and are expressed as year of expenditure (YOE) dollars. Additionally, the annual operating costs will be incurred year-over-year for the duration of the Plan of Finance. Financing the construction cost also increases the total cost of the Program (similar to the way one would pay interest on a loan to purchase a home). These factors, together with the sources and uses of funds, are described in detail in the Plan of Finance located in the Appendix.

The Metro Council must approve by ordinance the language of the referendum placing the sucharges and Program on the ballot.

Local Option Sales and Use Tax

Prior to the passage of the IMPROVE Act, Tennessee levied a 7 percent state sales tax and authorized counties to assess an optional 2.75 percent local sales tax with the requirement that half of the local option revenues be dedicated to public education. Davidson County, which includes the City of Nashville, currently levies a 9.25 percent tax, including a 7 percent state sales tax and 2.25 percent local option sales tax. In 2017, the IMPROVE Act authorized counties to levy up to a 100 percent increase in the existing local option sales tax for transit purposes, allowing Davidson County to levy up to an additional 2.25 percent in local option sales taxes for transit purposes.

The Plan of Finance assumes an incremental increase of the local option sales tax. Specifically, the Program will be funded in part by a proposed 0.5 percent local sales tax increase for the period from August 1, 2018 through December 31, 2022, and will increase an additional 0.5 percent local sales tax on January 1, 2023, for a total of 1 percent thereafter.

⁶ Scheduled meetings

Table 16. Summary of Capital and Operating Costs for 2018 to 2032

Bus System Improvements	Mode	Total Capital Cost (2018 to 2032)	Annual Operating Cost (2032)
		2017 \$M	
Make Service Easier To Use	Bus	\$29	\$0.9
Improve Existing System	Bus	\$288	\$35.4
Improve Access to Transit	Bus	\$9	\$9.3
Make Service More Comfortable	Bus	\$83	\$0.1
Develop a Network of Regional Transit Centers	Bus	\$145	\$1.0
Bordeaux	Rapid Bus	\$59	Included in Improve Existing System Operating Costs
West End	Rapid Bus	\$62	
Hillsboro	Rapid Bus	\$48	
Dickerson	Rapid Bus	\$65	
Reduction of Existing MTA Subsidy	Other	\$90	NA
Low-Income Subsidy	Other	NA	\$2.5
Other Transportation Improvements	Other	\$114	NA
Subtotal		\$992	\$49.2

Rail Corridors	Mode	Total Capital Cost (2018 to 2032)	Annual Operating Cost (2032)
		2017 \$M	
Gallatin Pike	LRT	\$789	\$8.8
Northwest Corridor	LRT	\$252	\$7.1
Charlotte Avenue	LRT	\$697	\$7.2
Murfreesboro Pike	LRT	\$828	\$11.4
Nolensville Pike	LRT	\$666	\$8.5*
Downtown Tunnel	LRT & Rapid Bus	\$936	\$3.3
O&M Facility - Primary	LRT	\$100	NA
O&M Facility - Secondary	LRT	\$64	NA
Music City Star	Commuter Rail	\$30	\$4.0
Subtotal		\$4,362	\$50.3
Grand Total		\$5,354	\$99.5

Note: Numbers may not add due to rounding.

*Nolensville Pike LRT will open in 2032 with its first full year of operating costs occurring in 2033. A full year of operating cost is shown here to better represent ongoing operations and maintenance costs.

In terms of the potential impact on individuals, a resident or visitor purchasing \$100 worth of taxable goods within Davidson County would pay an additional 50 cents in sales tax from August 1, 2018 through December 31, 2022, and a total of \$1 in additional sales tax from January 1, 2023 and thereafter. According to the Nashville Area Chamber of Commerce, Davidson County receives nearly \$6 billion annually in direct visitor/tourist spending.

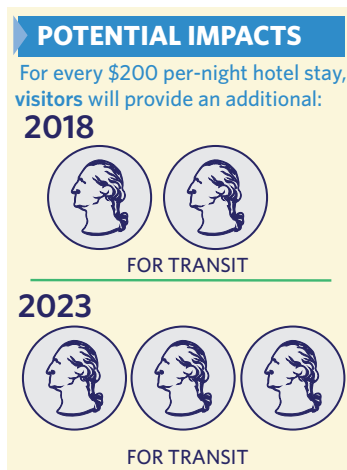


The Chamber of Commerce estimates that approximately 47 percent of all sales tax collected in Davidson County is from visitors, tourists, or out-of-county residents.

Hotel Occupancy Tax

Prior to the passage of the IMPROVE Act, Davidson County levied a maximum 6 percent hotel occupancy tax plus a \$2.50-per-night additional occupancy tax. The IMPROVE Act authorized up to a 20 percent increase in the existing local hotel occupancy tax, allowing Davidson County to levy up to an additional 1.2 percent in local hotel occupancy taxes for transit purposes.

Similar to the local option sales and use tax, the Plan of Finance assumes an incremental ramp-up of local hotel occupancy taxes. The Program will be funded in part by



a proposed 0.25 percent local hotel occupancy privilege tax increase from July 1, 2018 through December 31, 2022, and a 0.375 percent increase from January 1, 2023 and thereafter.

In terms of the potential impact on individuals, a person spending \$200 for a room in a Davidson County hotel would pay an additional 50 cents from July 1, 2018 through December 31, 2022, and 75 cents from January 1, 2023 and thereafter.

Business Tax

The IMPROVE Act also authorized up to a 20 percent increase in the existing local business tax for transit purposes. The business tax rates currently range from one-fiftieth of 1 percent to three-tenths of 1 percent of the business's gross income depending on the business's classification. At the current rate, the average business in Davidson County pays \$1,673 per year (the median paid is \$255). Exemptions are available for some businesses conducting amusement, farming, and other activities. Nashville's Transit Improvement Program will be funded in part by a proposed 20 percent local business tax increase. For a Davidson County business that currently pays \$1,000 in taxes, the increase would mean an additional \$200.

Local Rental Car Tax

Prior to the passage of the IMPROVE Act, Davidson County assessed a 1 percent local rental car tax. The IMPROVE Act authorized up to a 20 percent increase in the existing local rental car tax for transit purposes, allowing Davidson County to levy up to an additional 0.2 percent in local rental car taxes for transit purposes. Nashville's Transit Improvement Program will be funded in part by a proposed 20 percent rental car tax increase.

Long-Term Financing

Program financing is expected to be supported by up to \$500 million in federal financing

through the Transportation Infrastructure Finance and Innovation Act (TIFIA) program. In addition to TIFIA, long-term financing through bonds and/or public-private partnerships will be used to help implement the Program. TIFIA represents approximately 6 percent of the funding through the design and construction period. Long-term financing through bonds and/or public-private partnerships represent approximately 34 percent.

Federal Support

The Plan of Finance assumes combined federal funding of \$1.5 billion from the Capital Investment Grant (CIG) Program and formula grants during the anticipated design and construction period from 2018 to 2032.

The discretionary CIG program provides funding for fixed guideway investments such as new and expanded light rail, commuter rail, and bus rapid transit investments. Proposed investments must meet statutorily defined eligibility requirements in order to apply and compete for these grants administered by FTA and appropriated by Congress. The two categories of CIG Grants that would be pursued are:

- **New Starts projects** are new fixed guideway projects or extensions to existing fixed guideway systems with a total estimated capital cost of \$300 million or more, or that are seeking \$100 million or more in CIG program funds.
- **Small Starts projects** are new fixed guideway projects, extensions to existing fixed guideway systems with a total estimated capital cost of less than \$300 million and which are seeking less than \$100 million in CIG program funds.

In recent years, transit agencies that have obtained FTA CIG funds have requested grant awards of approximately 50 percent of total project costs. The Program assumes that the

projects would receive CIG grant awards of approximately 25 percent of the total costs.

Total estimated federal CIG funding is estimated to be \$1.4 billion, which is approximately 16 percent of the sources during the 2018-2032 construction period.

Additionally, the Plan of Finance anticipates the use of annual federal formula funds to support the implementation of the bus program improvements and life-cycle costs associated with bus and rail car vehicles rehabilitation and replacement. Over the 15-year period from 2018 to 2032, total estimated federal formula funds and capital replacement grants are anticipated to total \$153.3 million.

Farebox and Other Revenue

The Program reflects passenger fare revenue for bus service enhancements that will result in a 23 percent farebox recovery rate and operating revenue for ADA service will result in an 8 percent fare box recovery ratio. The assumptions are based on MTA's 2014 and 2015 National Transit Database reports.

For the HCC's, it is assumed that passenger fare revenue for the high-capacity corridor services will result in a 28 percent farebox recovery rate. This is based on a review of the differentials in LRT and bus fare box recovery ratios achieved by transit systems across the country. In the systems reviewed, the LRT farebox recovery ratio ranged from 3 percent to 10 percent higher than bus farebox recovery. For this analysis, it was assumed that the farebox recovery ratios for high-capacity corridors would be 5 percent higher than MTA's bus system.

During the anticipated design and construction period from 2018 to 2032, the Program is anticipated to generate approximately \$192 million in farebox revenue, representing approximately 2 percent of the sources during that period.

The Other Revenues category includes a combination of funding participation from the Nashville International Airport, contributions from the Music City Center, and investment income. Specifically, the finance plan includes \$200 million in revenues from the BNA to support the Murfreesboro LRT line to the airport. Revenues from the Music City Center, which is currently being funded by an existing hotel occupancy tax, will start in 2018 at \$3 million per year beginning in 2028.

During the anticipated design and construction period from 2018 to 2032, total funding from Other Revenues is anticipated to provide 3 percent of sources.

State Funding

While the Nashville MTA currently receives approximately \$4.7 million in State Operating Assistance for the existing transit system; the Program currently anticipates the State will not increase this amount for this Program.

Financing Plan Assumptions (1/2)

Category	Description
<p>Local Option Surcharges</p>	<ul style="list-style-type: none"> ■ Local sales tax <ul style="list-style-type: none"> — Base amount: 2017 tax base projection from Nashville — 5-year tax increase ramp: <ul style="list-style-type: none"> – August 1, 2018 – December 31, 2022: 0.5% increase (\$88.7 mm base year) – January 1, 2023 – thereafter: 1.0% increase — Growth rates: UT tax study (2018-2032) ■ Hospitality tax <ul style="list-style-type: none"> — Base amount: 2017 tax base projection from Nashville — 5-year tax increase ramp: <ul style="list-style-type: none"> – July 1, 2018 – December 31, 2022: 0.250% increase (\$2.9 mm base year) – January 1, 2023 – thereafter: 0.375% increase — Growth rates: UT tax study (2018-2032) ■ Business tax <ul style="list-style-type: none"> — Base amount: 2017 tax base projection from Nashville — Tax increase: \$7,340,000 (base year) <ul style="list-style-type: none"> – Starting January 1, 2020 — Growth rates: Moody’s Nashville CPI Projections ■ Rental car tax <ul style="list-style-type: none"> — Base amount: 2017 tax base projection from Nashville — Tax increase: \$316,101 (base year) <ul style="list-style-type: none"> – Starting July 1, 2018 — Growth rates: Moody’s Nashville CPI Projections
<p>Long Term Financing (Revenue Bonds or P3)</p>	<ul style="list-style-type: none"> ■ Issuance on June 1 of any year with required capital to meet funding gap ■ Term: 30 years ■ Interest rate: 5.5% ■ Amortization: Sculpted for 7 years after project completion, aggregate level debt service thereafter ■ Issuance expenses: 1% of par + \$1 million per issuance

Financing Plan Assumptions (2/2)

Category	Description
TIFIA	<ul style="list-style-type: none"> ■ Amount: Up to \$500 mm ■ Disbursements: Annual, beginning June 1, 2021 ■ Interest rate: 4.75% ■ Term: 35.5 years ■ TIFIA project completion: 12/1/2027 ■ Amortization based on recent TIFIA precedent: <ul style="list-style-type: none"> — Accrete interest through 5 years following “TIFIA project completion” — Interest only for 5 years — Amortize 50% of accreted balance over succeeding 15 years — Amortize remaining 50% with level debt service payments over final 10 years
Other Cash Flow Line Items	<ul style="list-style-type: none"> ■ BNA Airport Participation: \$200 mm in 2026 ■ Convention Center Contribution: \$3 mm through 2027, \$5 mm thereafter ■ Reduction to existing MTA subsidy: \$15 mm (annual) from 2019 through 2024 ■ Subsidy for low-income passengers: \$2.5 mm (annual) ■ Other transportation projects: \$9.5 mm (annual); average \$10.4 mm during construction ■ Investment income: 0.5% of beginning cash balance each year ■ Arranger fee: 0.5% for each respective corridor ■ Professional fees: COI + legal issuance fees (see ‘<i>Long Term Financing</i>’ assumptions)

Project Costs (2018-2032)

(\$ in millions)

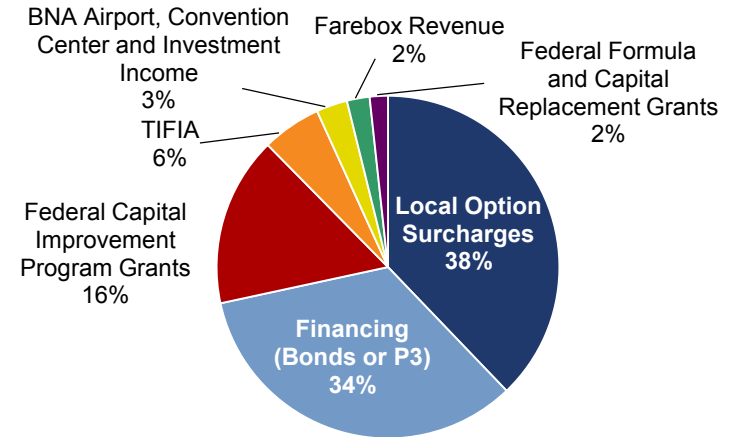
	\$ 2017 (Uninflated)	\$ YOE
Gallatin Pike – Light Rail Transit	789	952
Charlotte – Light Rail Transit	697	876
Nolensville Pike – Light Rail Transit	666	904
Murfreesboro (Excluding Airport) – Light Rail Transit	663	860
Murfreesboro (Airport) – Light Rail Transit	165	214
Northwest Corridor – Light Rail Transit	252	316
Music City Star – Commuter Rail	30	40
Downtown Transit Connection	936	1,108
O&M Facilities	164	204
Total Rail Corridor Improvements	\$ 4,362	\$ 5,475
Rapid Bus Corridor Improvements	233	261
Existing System Expansion	758	886
Total Bus System Enhancements	\$ 992	\$ 1,146
Total Project Costs	\$ 5,354	\$ 6,621

Sources and Uses During Construction (2018-2032)

(\$ in millions)

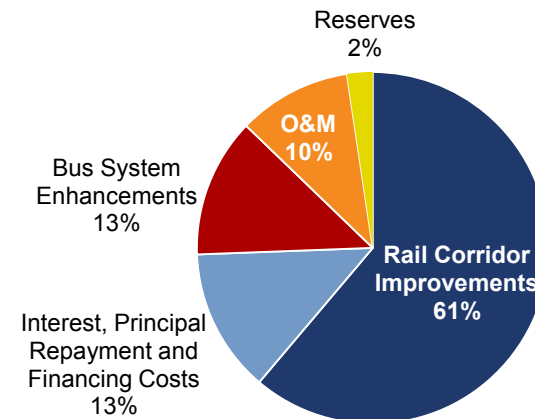
Sources	\$ mm	%
Local Option Surcharges	\$ 3,387	37.8 %
Farebox Revenue	192	2.1 %
Financing (Bonds or P3)	3,022	33.8 %
TIFIA	500	5.6 %
Federal Capital Improvement Program Grants	1,434	16.0 %
Federal Formula and Capital Replacement Grants	153	1.7 %
BNA Airport Participation, Convention Center Contribution and Investment Income	262	2.9 %
Total Sources	\$ 8,951	100.0 %

Breakdown of Sources



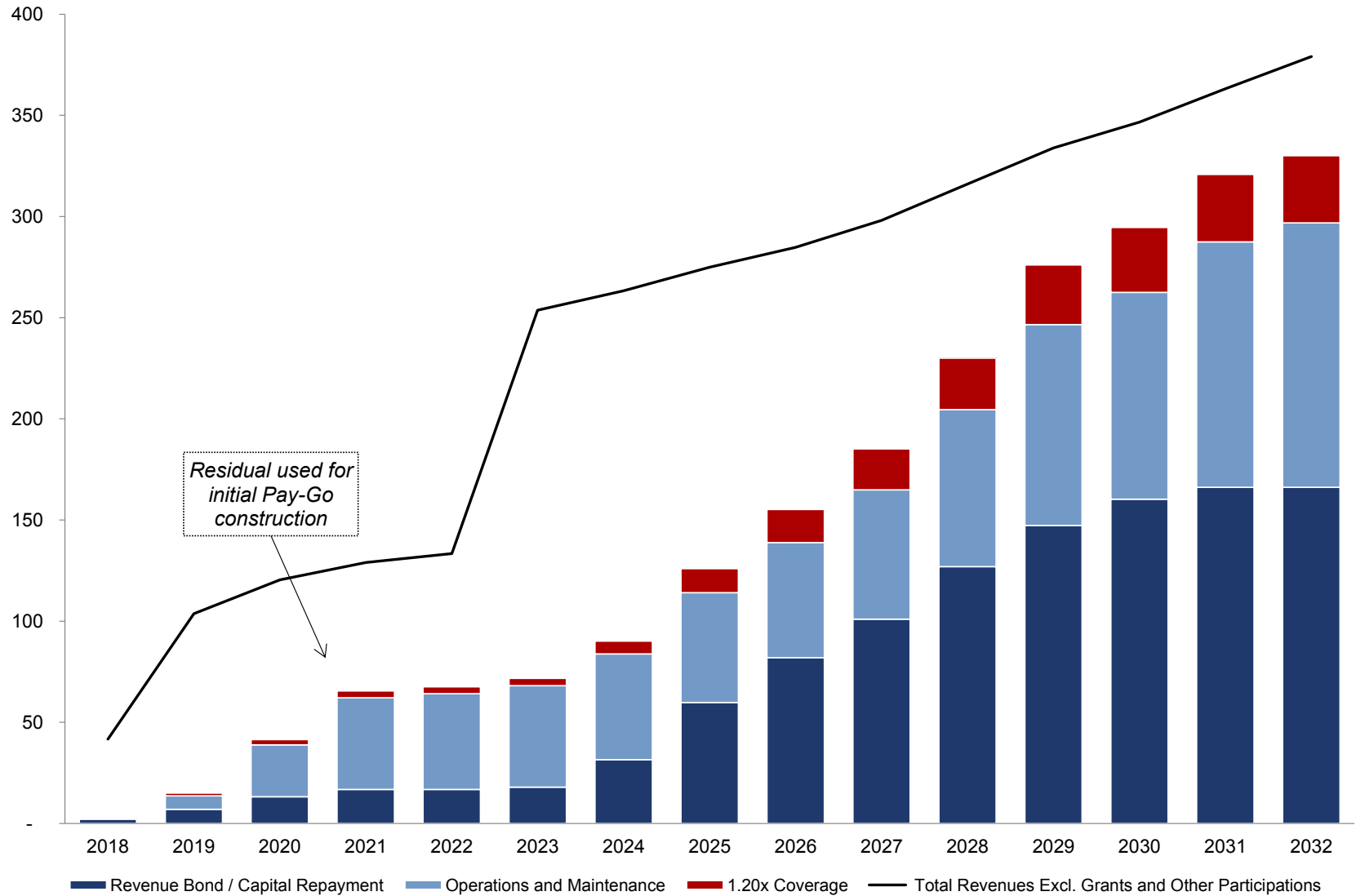
Uses	\$ mm	%
Rail Corridor Improvements	\$ 5,475	61.2 %
Bus System Enhancements	1,146	12.8 %
Interest, Principal Repayment and Financing Costs	1,185	13.2 %
O&M	934	10.4 %
Reserves	211	2.4 %
Total Uses	\$ 8,951	100.0 %

Breakdown of Uses

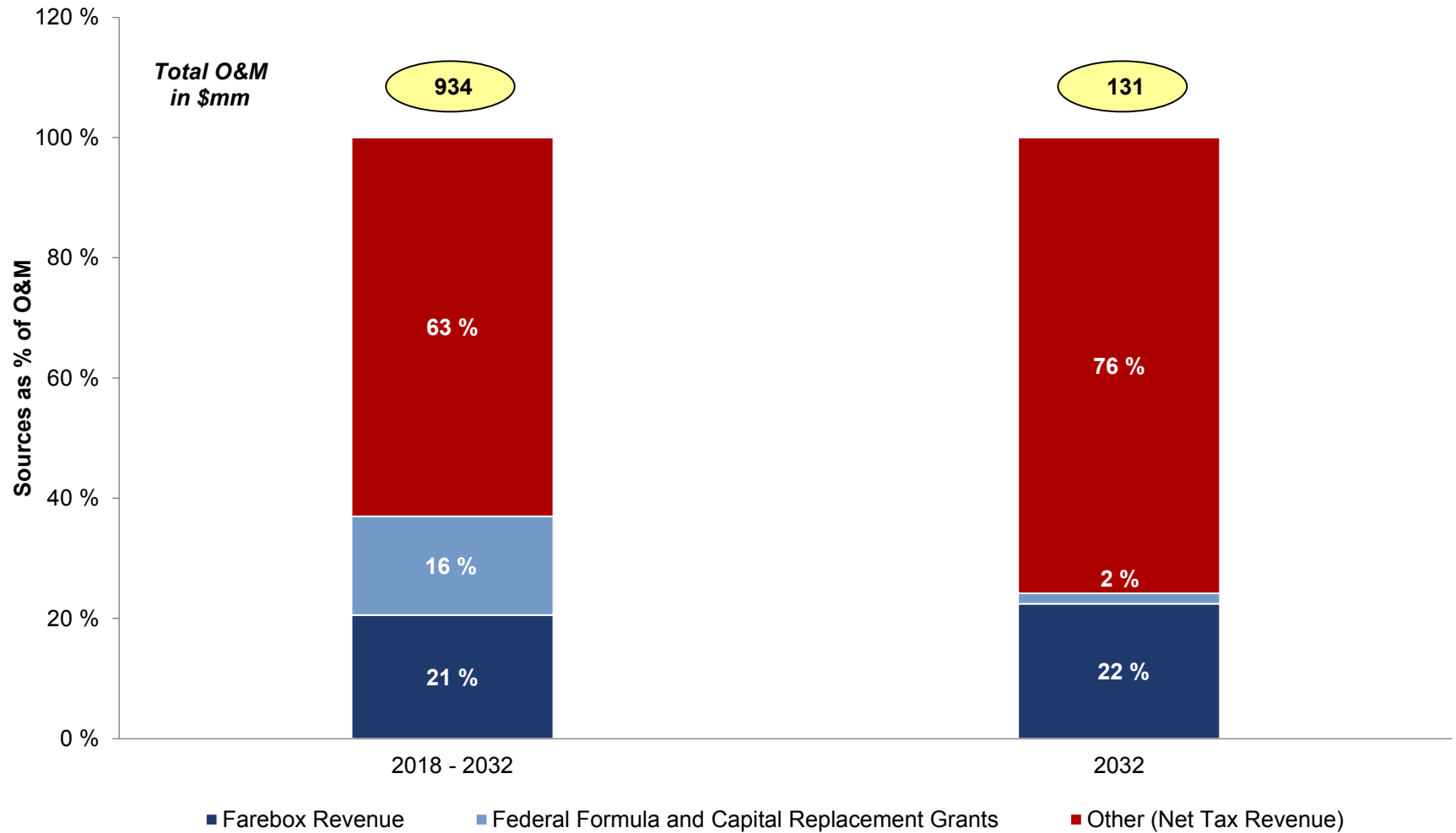


Annual Operating Cash Flow

(\$ in millions)



O&M Recovery Rates from Farebox Revenue and Federal Formula Grants



Detailed Cash Flows (1/2)

2018-2026
(\$ in YOE 000s)

Calendar Year	2018	2019	2020	2021	2022	2023	2024	2025	2026
Beginning Cash Balance	-	54,463	60,210	70,891	71,510	67,377	70,504	92,660	121,637
Funding Sources									
Operating Sources									
Farebox Corridor Revenues	-	-	-	-	-	-	-	-	-
Farebox - Bus Service Increases	-	491	4,582	8,865	9,072	9,282	9,494	9,708	9,929
Farebox - access-a-Ride Increases	-	149	235	282	331	382	435	489	610
Total Operating Sources	-	640	4,817	9,147	9,403	9,664	9,929	10,196	10,539
Non-Operating Sources									
Local Sales Tax Increase	38,502	96,256	100,580	104,371	108,043	225,564	234,213	244,756	253,523
Hospitality Tax	1,523	3,250	3,477	3,694	3,932	6,321	6,745	7,208	7,680
Business Tax	-	-	7,916	8,103	8,292	8,483	8,678	8,873	9,075
Local rental car surcharge	158	325	333	341	349	357	365	373	381
Long Term Financing (Bonds or P3)	78,000	97,000	131,000	-	-	40,000	456,000	569,000	237,000
TIFIA Loan Proceeds	-	-	-	236,000	161,000	103,000	-	-	-
Capital Sources (5307 - Urbanized Area Formula, Etc)	2,095	39,890	6,896	7,059	7,797	5,648	7,236	14,914	4,116
Federal Capital Improvement Program Grants	-	-	-	-	143,396	143,396	143,396	143,396	143,396
Other Federal Grants	-	-	-	-	-	-	-	-	-
BNA Airport Participation	-	-	-	-	-	-	-	-	200,000
Convention Center Contribution	1,500	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Investment Income	-	272	301	354	358	337	353	463	608
Total Non-Operating Sources	121,778	239,993	253,504	362,921	436,166	536,106	859,985	991,984	858,779
Total Sources	121,778	240,633	258,321	372,068	445,569	545,770	869,914	1,002,181	869,318
Funding Uses									
Operating Uses									
Service Increases - Bus	-	2,312	20,104	39,177	40,469	42,706	43,986	45,282	46,311
Service Increases - ADA	-	1,861	2,933	3,526	4,141	4,778	5,434	6,107	7,625
Rapid Bus Corridor Operating Expenses	-	-	-	-	-	-	-	-	-
Rail Corridor Operating Expenses	-	-	-	-	-	-	-	-	-
Free Transit Passes for Low-Income Passengers	-	2,500	2,568	2,632	2,694	2,757	2,821	2,885	2,950
Total Operating Uses	-	6,674	25,606	45,335	47,305	50,241	52,241	54,274	56,886
Capital Uses									
Initial Capital Costs (Bus & ADA)	20,951	62,184	54,049	55,321	62,344	40,499	40,264	41,170	23,282
Lifecycle Maintenance Costs (Bus & ADA)	-	-	-	-	-	-	-	18,098	-
Vehicle Expansion and Replacement Costs (Bus & ADA)	-	67,343	2,983	3,053	3,124	3,197	6,420	3,497	3,576
Reduction in Existing MTA Subsidy	-	15,000	15,409	15,793	16,164	16,541	16,924	-	-
Local Transportation Improvements	-	-	-	9,966	10,200	10,438	10,680	10,924	11,170
Rapid Bus Corridor Initial Capital Costs	4,475	13,137	63,853	104,569	74,595	-	-	-	-
Rail Corridor Initial Capital Costs	37,964	48,997	70,203	120,583	213,177	397,024	684,100	774,271	676,120
Rapid Bus Lifecycle Maintenance Costs	-	-	-	-	-	-	-	-	-
Rail Lifecycle Maintenance Costs	-	-	-	-	-	-	-	-	-
Rail Vehicle Expansion and Replacement Costs	-	-	-	-	-	-	-	-	-
Total Capital Uses	63,390	206,661	206,496	309,284	379,605	467,699	758,387	847,960	714,149
Capital Repayment									
Revenue Bonds Debt Service / Payment Availability	2,145	6,958	13,228	16,830	16,830	17,930	31,570	59,758	81,923
TIFIA Loan Debt Service	-	-	-	-	-	-	-	-	-
Total Capital Repayment	2,145	6,958	13,228	16,830	16,830	17,930	31,570	59,758	81,923
Total Professional Fees	1,780	14,593	2,310	-	5,963	6,771	5,560	11,212	3,370
Total Uses	67,315	234,885	247,640	371,449	449,703	542,642	847,758	973,204	856,328
Net Cash Flow	54,463	5,748	10,681	619	(4,133)	3,128	22,156	28,977	12,990
Ending Cash Balance	54,463	60,210	70,891	71,510	67,377	70,504	92,660	121,637	134,627
Operating Reserve - Bus & HCC (3 Months)	-	1,043	4,716	4,916	477	719	484	492	637
Debt and Capital Repayment Reserve (5% Par)	3,900	8,750	15,300	15,300	15,300	17,300	40,100	68,550	80,400
TIFIA Debt Service Reserve	-	-	-	-	-	-	-	-	-
Ending Unrestricted Cash Balance	50,563	50,417	50,875	51,294	51,600	52,486	52,077	52,595	53,591

Detailed Cash Flows (2/2)

2027-2032 and Totals (\$ in YOE 000s)

Calendar Year	2027	2028	2029	2030	2031	2032	2018 - 2032
Beginning Cash Balance	134,627	158,746	185,945	201,266	266,914	227,359	
Funding Sources							
Operating Sources							
Farebox Corridor Revenues	1,185	4,468	9,943	10,170	14,871	16,835	57,472
Farebox - Bus Service Increases	10,159	10,396	10,636	10,879	11,126	11,380	125,998
Farebox - access-a-Ride Increases	743	811	883	958	1,038	1,122	8,467
Total Operating Sources	12,087	15,674	21,462	22,007	27,035	29,337	191,938
Non-Operating Sources							
Local Sales Tax Increase	264,422	275,914	287,168	298,423	308,848	321,761	3,162,345
Hospitality Tax	8,211	8,766	9,163	9,814	10,331	11,045	101,158
Business Tax	9,285	9,502	9,721	9,943	10,169	10,401	118,440
Local rental car surcharge	390	399	409	418	428	437	5,462
Long Term Financing (Bonds or P3)	457,000	486,000	254,000	217,000	-	-	3,022,000
TIFIA Loan Proceeds	-	-	-	-	-	-	500,000
Capital Sources (5307 - Urbanized Area Formula, Etc)	2,230	2,696	4,613	2,587	43,304	2,257	153,341
Federal Capital Improvement Program Grants	143,396	143,396	143,396	143,396	143,396	-	1,433,958
Other Federal Grants	-	-	-	-	-	-	-
BNA Airport Participation	-	-	-	-	-	-	200,000
Convention Center Contribution	3,000	5,000	5,000	5,000	5,000	5,000	53,500
Investment Income	673	794	930	1,006	1,335	1,137	8,921
Total Non-Operating Sources	888,608	932,467	714,400	687,587	522,809	352,038	8,759,125
Total Sources	900,695	948,141	735,862	709,595	549,844	381,375	8,951,062
Funding Uses							
Operating Uses							
Service Increases - Bus	47,385	48,490	49,611	50,744	51,897	53,079	581,554
Service Increases - ADA	9,283	10,136	11,035	11,980	12,975	14,026	105,841
Rapid Bus Corridor Operating Expenses	-	-	-	-	-	-	5,807
Rail Corridor Operating Expenses	4,234	15,957	35,511	36,322	53,110	54,320	199,452
Free Transit Passes for Low-Income Passengers	3,017	3,087	3,159	3,232	3,306	3,381	40,990
Total Operating Uses	63,918	77,670	99,315	102,278	121,288	130,613	933,643
Capital Uses							
Initial Capital Costs (Bus & ADA)	4,008	8,240	9,332	5,420	5,543	1,179	433,788
Lifecycle Maintenance Costs (Bus & ADA)	-	-	-	-	-	-	18,098
Vehicle Expansion and Replacement Costs (Bus & ADA)	3,659	3,745	7,360	4,091	85,499	4,279	201,826
Reduction in Existing MTA Subsidy	-	-	-	-	-	-	95,830
Local Transportation Improvements	11,424	11,689	11,961	12,238	12,518	12,802	136,010
Rapid Bus Corridor Initial Capital Costs	-	-	-	-	-	-	260,628
Rail Corridor Initial Capital Costs	686,989	686,598	441,742	356,507	198,343	82,587	5,475,203
Rapid Bus Lifecycle Maintenance Costs	-	-	-	-	-	-	-
Rail Lifecycle Maintenance Costs	-	-	-	-	-	-	-
Rail Vehicle Expansion and Replacement Costs	-	-	-	-	-	-	-
Total Capital Uses	706,080	710,272	470,395	378,255	301,902	100,848	6,621,383
Capital Repayment							
Revenue Bonds Debt Service / Payment Availability	101,008	126,940	147,290	160,243	166,210	166,210	1,115,073
TIFIA Loan Debt Service	-	-	-	-	-	-	-
Total Capital Repayment	101,008	126,940	147,290	160,243	166,210	166,210	1,115,073
Total Professional Fees	5,570	6,060	3,540	3,170	-	-	69,899
Total Uses	876,576	920,942	720,540	643,947	589,400	397,670	8,739,998
Net Cash Flow	24,118	27,199	15,322	65,648	(39,555)	(16,295)	211,064
Ending Cash Balance	158,746	185,945	201,266	266,914	227,359	211,064	
Operating Reserve - Bus & HCC (3 Months)	1,741	3,420	5,393	723	4,734	2,312	
Debt and Capital Repayment Reserve (5% Par)	103,250	127,550	140,250	151,100	151,100	151,100	
TIFIA Debt Service Reserve	-	-	-	-	-	-	
Ending Unrestricted Cash Balance	53,754	54,974	55,623	115,092	71,525	57,651	