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: June 19, 2018

RE: Analysis and Fiscal Notes

Unaudited Fund Balances as of 6/13/18:

4% Reserve Fund	$5,253,804*
Metro Self Insured Liability Claims	$5,133,147
Judgments & Losses	$2,465,992
Schools Self Insured Liability Claims	$4,476,148
Self-Insured Property Loss Aggregate	$8,010,426
Employee Blanket Bond Claims	$675,673
Police Professional Liability Claims	$2,274,400
Death Benefit	$1,301,755

*This assumes unrealized estimated revenues in FY18 of 3,291,386.

Note: No fiscal note is included for legislation that poses no significant financial impact.

– RESOLUTIONS ON PUBLIC HEARING –

RESOLUTIONS NO. RS2018-1250 THROUGH RS2018-1252 - These resolutions would approve exemptions from the minimum distance requirements for obtaining a beer permit for three establishments, listed below.

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).

These establishments and locations are as follows:

- **Resolution RS2018-1250** (SLEDGE) — This resolution would approve an exemption for The Falcon and Flamingo, located at 509 Houston Street.
- **Resolution RS2018-1251** (S. DAVIS) —This resolution would approve an exemption for Folk, located at 823 Meridian Street.
- **Resolution RS2018-1252** (A. DAVIS) —This resolution would approve an exemption for Nine Tail, located at 1601 A Riverside Drive.

– RESOLUTIONS –

<u>RESOLUTION NO. RS2018-1186</u> (BLALOCK) – This resolution would approve an exemption for La Cocina Dominica, located at 4407 Nolensville Pike, 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.

The public hearing required to be held by the Council prior to voting on resolutions brought under Section 7.08.090(E) was previously conducted May 15, 2018

<u>RESOLUTIONS NO. RS2018-1247 THROUGH RS2018-1249</u> — These three resolutions would adopt new pay plans for the employees of the Metropolitan Government, with the exception of the Board of Education, to take effect July 1, 2018. The primary effect of these resolutions would be to continue the respective pay plans, continue increment pay, and provide for the possibility of merit pay increases for open range employees.

The pay plan provides step increases known as "increments" for certain employment classifications on a six month, one year, eighteen month, or two year interval, depending upon the position. The Council previously approved a freeze of the increment pay increases and longevity pay, but increments were restored in FY14.

In addition to step increases, the equivalent of an additional 2.5% merit pay increase would be available for open range employees (who do not receive increments). The amount of individual raises for increment employees are determined by department heads. The pay plan contemplates that open range employees are to be paid based upon merit, not length of service.

These resolutions would not provide for any across-the-board pay increases. In comparison, prior Resolutions No. RS2017-717, RS2017-718, and RS2018-719 provided for 3% increases in FY19 and FY20.

Per section 12.10 of the Metropolitan Charter, pay plans may not be amended by the Council except by making uniform modifications of all employment grades (because the relationship between pay grades must remain the same pursuant to the Metro Charter).

The pay plan amendments have been approved by the Civil Service Commission, the Finance Director, the Board of Health, and the Mayor.

The proposed pay plans are as follows:

- **Resolution No. RS2018-1247** (VERCHER & WITHERS) would approve the pay plan for general employees of the Metropolitan Government;
- **Resolution No. RS2018-1248** (VERCHER, GILMORE, & WITHERS) would approve the pay plan for the Board of Health employees; and
- **Resolution No. RS2018-1249** (VERCHER, ROBERTS, & WITHERS) would approve the pay plan for employees of the Fire and Police departments.

RESOLUTION NO. RS2018-1253 (VERCHER) – This resolution would amend Resolution No. RS2015-1417 to extend the duration of the water and sewer extendable commercial paper program of the Metropolitan Government.

Resolution No. RS2015-1417 authorized the issuance and sale of revenue bond anticipation notes not to exceed $100 million in the form of extendable commercial paper. There is no bank line of credit for this $100 million, which means Metro does not have to pay an annual capacity fee. The commercial paper issued under this resolution has a maximum maturity date of 90 days. Metro has the option of extending this maturity to a maximum of 270 days, but would pay a higher interest rate if extended. If payment of the principal and interest on the 90-day commercial paper is not made on the date of maturity, the maturity date would automatically extend to 270 days. Morgan Stanley is the dealer for this portion of the commercial paper program, and is paid an annual fee of 0.1% multiplied by the principal amount of commercial paper outstanding.

RS2015-1417 authorized the issuance of up to $100 million in the form of water and sewer revenue extendable commercial paper notes, provided that such notes finally mature no later than December 31, 2020. The resolution under consideration would extend the final maturation date to July 10, 2021.

Fiscal Note: There would be an annual dealer fee paid to Morgan Stanley, amounting to 0.1% of the amount of commercial paper that is actually issued. If the entire $100 million in extendable notes authorized by this resolution were to be issued, this fee would be $100,000.

RESOLUTION NO. RS2018-1254 (VERCHER) – This resolution would authorize and provide for the issuance and sale of water and sewer revenue bond anticipation notes, in the form of commercial paper, in an amount not to exceed $200,000,000 at any one time. Commercial paper is a form of interim financing that allows Metro to issue short-term debt prior to the issuance of revenue bonds to finance water and sewer capital projects. Metro has utilized a commercial paper program since 2003.

The resolution approves the necessary dealer agreement, as well as the issuance and payment of an agency agreement, and a revolving credit agreement. Metro's financial adviser is Hilltop Securities, Inc. The credit facility is State Street Bank and Trust Company.

The revolving line of credit ensures there will be adequate funds to pay the principal on the commercial paper notes when they mature. The commercial paper notes are to mature in no more than 270 days, but may be extended for two additional two year periods. The term of the letter of credit would extend through July 10, 2021.

The resolution approves an initial offering memorandum, which furnishes information about the water/sewer commercial paper program to prospective purchasers. The resolution also approves an issuing and paying agent agreement with U.S. Bank and a dealer agreement with Morgan Stanley & Co., LLC. The issuing and paying agent is responsible for collecting the funds and paying the principal and interest on the notes. The dealer's responsibility is to find buyers for the commercial paper issued by Metro.

Fiscal Note: State Street Bank and Trust Company would be paid a facility fee rate, based upon credit rating, for providing the $200 million line of credit.

U.S. Bank would receive "reasonable compensation for all services rendered", but the exact amount of what should be a rather nominal fee is not identified in the agreement.

RESOLUTION NO. RS2018-1255 (VERCHER) – This resolution would authorize the Department of Law to settle the personal injury claim of Lurita Clay against the Metropolitan Government in the amount of $6,500.

On November 14, 2017, Ms. Clay tripped and fell on a metal grate while walking on the sidewalk in front of 333 Commerce Street. An inspection revealed that the metal grate surrounding the removed tree had been partially covered with a wooden board that was not properly secured. Due to the condition of the metal grate and wooden board, and the high foot traffic in the area, it is possible Metro had constructive notice of a dangerous condition and is therefore liable.

Ms. Clay sought treatment for pain in her lower hip area and was diagnosed with a coccygeal (tailbone) contusion. She has agreed to accept a total of $6,500 in full settlement of this case, based upon $6,256.97 for reimbursement of her medical expenses plus $243.03 for pain and suffering.

The Department of Law recommends settlement of this claim for $6,500.

Fiscal Note: This settlement would reduce the balance of the Self-Insured Liability Fund by $6,500.

RESOLUTION NO. RS2018-1256 (VERCHER) – This resolution would authorize the Department of Law to settle the personal injury claim of Larissa Ferris against the Metropolitan Government in the amount of $27,000.

On November 8, 2017, a Metro Public Works garbage truck was traveling south on Fourth Avenue North and attempted a right turn onto Charlotte Avenue at the intersection. Ms. Ferris was a passenger in the vehicle traveling west on Charlotte Avenue. The vehicle was proceeding into the intersection when the vehicle was struck by the garbage truck. Southbound traffic on Fourth Avenue North encountered a flashing red light at the intersection, indicating stop. Westbound traffic on Charlotte Avenue encountered a flashing yellow light at the intersection, indicating proceeding with caution. The garbage truck failed to yield at the intersection. The vehicle in which Ms. Ferris was traveling was deemed a total loss.

Ms. Ferris sought treatment for lower back pain and was diagnosed with thoracic and lumbar sprains. She has agreed to accept a total of $27,000 in full settlement of this case, based upon $15,345 for reimbursement of her medical expenses plus $11,655 for pain and suffering.

The Department of Law recommends settlement of this claim for $27,000.

Disciplinary action against the employee consisted of a written reprimand.

Fiscal Note: This settlement would reduce the balance of the Self-Insured Liability Fund by $27,000.

RESOLUTION NO. RS2018-1257 (VERCHER) – This resolution would authorize the Department of Law to settle the personal injury claim of Vicki Ferris against the Metropolitan Government in the amount of $26,000. The claim arises from the same incident at issue in Resolution No. RS2018-1256, summarized above.

Ms. Ferris sought treatment for lower back pain, head and neck pain, and contusions to her right knee and ankle. She has agreed to accept a total of $26,000 in full settlement of this case, based upon $13,410 for reimbursement of her medical expenses plus $12,590 for pain and suffering.

The Department of Law recommends settlement of this claim for $26,000.

Fiscal Note: This settlement would reduce the balance of the Self-Insured Liability Fund by $26,000.

RESOLUTION NO. RS2018-1258 (VERCHER) – This resolution would authorize the Department of Law to settle the property damage claim of First Baptist Church of Hermitage against the Metropolitan Government in the amount of $23,377.80.

On February 14, 2018, a sewage back-up occurred at First Baptist Church of Hermitage, resulting in six inches of standing sewer water in the lower level of the church. Metro Water Services has been unable to determine the cause of the sewage back-up.

The church had extensive water damage to the exterior lower level door, cabinetry, a water heater, tile, carpet, and a stand-up freezer. First Baptist Church of Hermitage has agreed to accept a total of $23,377.80 in full settlement of this case, which includes clean-up, construction, and damage to personal property.

The Department of Law recommends settlement of this claim for $23,377.80.

Fiscal Note: This settlement would reduce the balance of the Self-Insured Liability Fund by $23,377.80.

RESOLUTION NO. RS2018-1259 (VERCHER) – See attached grant summary spreadsheet.

RESOLUTION NO. RS2018-1260 (VERCHER & RHOTEN) – See attached grant summary spreadsheet.

RESOLUTION NO. RS2018-1261 (PULLEY) – This resolution would approve an affiliation agreement between the Metropolitan Social Services Department/Homelessness Commission (Social Services) and Lipscomb University (Lipscomb) to provide the opportunity for students enrolled in Lipscomb's Department of Social Work and Sociology to experience training, instruction, and education within this discipline. Social Services would provide training and education to the students. Students would not be considered employees of Metro. Lipscomb would be required to provide assurances that the students are covered by professional liability insurance.

The term of the agreement would be from January 1, 2018 through January 31, 2023. The agreement could be terminated by either party upon 60 days' written notice.

Fiscal Note: There would be no cost to Metro for participating in this program.

<u>RESOLUTION NO. RS2018-1262</u> (VERCHER) – This resolution would appropriate additional funds to the Metropolitan Nashville Public Schools (MNPS). A total of $3,500,000 would be appropriated from the undesignated fund balances of the MNPS General Purpose Fund to three accounts, as follows:

- MNPS - Charter Schools - $1,240,400
- MNPS - Fringe Benefits - $1,301,500
- MNPS - MDHA Property Tax Increments - $958,100

Fiscal Note: The undesignated fund balance of the MNPS General Purpose Fund would be reduced by $3,500,000.

– ORDINANCES ON SECOND READING –

<u>BILL NO. BL2018-1189</u> (S. DAVIS) – This ordinance would amend the Procurement Non-Discrimination Program (the Program) in Chapter 4.46 of the Procurement Code.

Under the current Metro Code of Laws Sec. 4.46.080, Bidders for Metro contracts are required to make certain “good faith efforts” in the procurement process, such as include Minority and Women Owned Business Enterprises (MWBEs) in the procurement process, not discriminate or deny opportunities based on race, ethnicity or gender, and keep records of solicitations, advertisements, and other relevant papers required by the Non-Discrimination Program or Sec. 4.12.180. Bidders are also required to demonstrate these good faith efforts by actions such as attending informational meetings to update vendors or subcontractors on opportunities, dividing contracts into segments that could be performed by a MWBE, providing a non-discriminatory work site, soliciting specific individual MWBEs, and providing reasonable assistance to MWBEs in need of equipment, supplies, bonding, letters of credit and/or insurance, among other actions.

This ordinance proposes a new Sec. 4.46.080, which would require evidence of good faith, including a detailed description of techniques used to obtain the maximum participation of MWBEs. This includes the following:

- Segmenting the totality of the work into two or more smaller portions where feasible and can be accomplished in accordance with common and accepted industry practices relating to the utilization of sub-contractors;
- Attending pre-solicitation, pre-bid and other conferences and forums that allow interested minority and women owned firms to market their goods and services;
- Sending letters/emails and other direct communication to minority and women owned firms;
- Advertising in publications in general circulation, as well as those directed to specific trades or marketed to small businesses, and those owned by racial minorities and women;
- Providing reasonable assistance with bonding, insurance and technical matters;
- Cooperating with Metro Government in administration and monitoring of compliance with its non-discrimination policies;
- Allowing minority sub-contractors to participate in any upgrade, change order or contract extension associated with the original sub-contracting agreement;
- Reaching out only to firms that have expertise in the business segment that is required for the bid;
- Paying sub-contractors within net 15 -30 days of work completed; and
- Good Faith effort contacts shall be made at least 10 business days prior to the bid closing.

Current Metro Code of Laws Sec. 4.46.100 contains sanctions and penalties for non-compliance with the Program. The Office of Minority and Women Business Assistance (BAO) recommends appropriate mechanisms to enforce the Program to the Purchasing Agent. Failure of a Bidder or

Participant to comply with the Program can be grounds for suspension or debarment by the Purchasing Agent. The Purchasing Agent is directed to consider certain factors when determining appropriate sanctions for a Bidder or Participant.

The proposed new Sec. 4.46.100 would move enforcement of the Program to the BAO and require that adequate staff be provided to perform the functions of the BAO. Failure of a Bidder or Participant to comply with the Program would subject the party to sanction, such as cancellation of the contract, rejection of future bids, and debarment. The BAO would be authorized to reject any bid without MWBE participation, unless the Bidder could provide evidence of non-availability of a MWBE within the Nashville MSA. The BAO and/or the Purchasing Agent would be required to contact each MWBE identified on the Bidder's submission to ensure the MWBE contractor has experience in the appropriate subject matter or industry and has engaged in a good faith discussion with the Bidder. Finally, Purchasing would be required to allow MWBEs use of third party financing vehicles, such as joint/shared purchase orders for the contract awarded or project undertaken.

It should be noted that the Metro Legal Department has expressed concerns that this ordinance may contain unconstitutional race and gender based preferences and is inconsistent with the current framework of the Procurement Non-Discrimination Program. Second reading was previously deferred by the sponsor, and an amendment is recommended to address multiple concerns.

Fiscal Note: The Office of Minority and Women Business Assistance (BAO) presently has a full-time staff of six employees within the Finance Department Procurement Division. If this ordinance is approved, the Finance Department does not believe it would be possible for the current BAO to administer the new provisions with their current staffing and operational budget. Although they believe an increase would be required, the amount has not yet been determined.

BILL NO. BL2018-1198 (VERCHER) – This ordinance would approve a partnership agreement between the Cities for Financial Empowerment Fund, Inc. (CFE Fund), and the Metropolitan Government.

The partnership agreement would require Metro to provide technical assistance to two of the CFE Fund's Financial Empowerment Center grantee partners in planning for and/or launching the Financial Empowerment Center model. This work would entail at least six one hour technical assistance phone calls; one day of in-person meetings for fundraising, partnership development, and general technical assistance; one site visit focused on Financial Empowerment Center operations; and hosting newly-hired counselors for one day of counseling sessions to observe and shadow. Metro would be responsible for a six-month overview of activities, a brief review to the designated Financial Empowerment Center grantee partners regarding their operations with suggested recommendations, and a final report which includes all activities, insights on the partnership, and a financial overview of how the stipend was spent.

The term of this agreement would begin February 1, 2018 and continue until October 31, 2018. The agreement could be terminated by either party after thirty (30) days' written notice.

Fiscal Note: The total compensation for this agreement would not exceed $10,000.

BILL NO. BL2018-1199 (O'CONNELL, M. JOHNSON, & OTHERS) – This ordinance would dissolve the Metropolitan Homelessness Commission and create a Nashville Davidson County Continuum of Care Homelessness Planning Council to serve as a governing board for the Nashville Davidson County Continuum of Care (Continuum of Care).

This ordinance would repeal Ordinances No. BL2005-582, BL2011-917, and BL2014-777, which established and regulated the Metropolitan Homelessness Commission.

In addition, it would establish the Nashville-Davidson County Continuum of Care Homelessness Planning Council (Planning Council), which would be structured differently from the Metropolitan Homelessness Commission. This would be dependent on the establishment of the Continuum of Care pursuant to federal regulations, including 24 C.F.R. Part 578. The Planning Council would be composed of twenty-five voting members. Eight members would be appointed by the mayor; fourteen elected by the full membership of the Continuum of Care, five of which shall have lived homelessness experience; and three members would be either council members of the vice mayor, as selected by the vice mayor. The mayor could designate up to two advisors to assist the Planning Council in carrying out its duties. The advisors would be Metro employees and would not be eligible to vote. Initial Planning Council members would serve staggered terms, with voting members separated into three classes, with terms expiring one, two, and three years, respectively. Subsequent members would serve three year terms.

Planning Council members would be required to comply with attendance requirements set out in the Continuum of Care Charter. If a voting member fails to meet the attendance requirements, the Planning Council could, by a two-thirds vote, recommend that the mayor remove the member. 24 C.F.R. Part 578 requires that the Planning Council serve as an independent body and be empowered to make decisions and recommendations as the governance board of the Continuum of Care.

This ordinance would also provide that Metro Homelessness Commission staff be known as the Metro Homelessness Impact Division, which would be housed within Metro Social Services. The Metro Homelessness Impact Division would provide staff and resources to the Planning Council.

Two elements would be added to the duties and responsibilities of the Planning Council. First, to fulfill all requirements as to the governing of the Continuum of Care. Second, to hold regular meetings open to the public with published agendas.

The ordinance would take effect on July 3, 2018 if and only if the Continuum of Care has approved an amendment to its governance charter consistent with the terms of this ordinance.

Fiscal Note: Fiscal Note: There should be no immediate financial impact resulting from this change. The staffing and operational budget of the Metro Homelessness Commission would be transferred to the Metro Homeless Impact Division of Metro Social Services.

BILL NO. BL2018-1200 (HASTINGS) – This ordinance would amend Chapter 6.28 of the Metropolitan Code of Laws regarding hotels, motels, and roominghouses.

If adopted, the ordinance would require hotels, motels and romminghouses that accept cash payment to further accept one other form of payment, such as credit card, debit card, or check payments. Additionally, upon payment by a guest for accommodations, a receipt reflecting such payment must be provided and maintained as a record.

BILL NO. BL2018-1201 (SHULMAN) – This ordinance would amend Chapter 8.12 of the Metro Code of Laws regarding animal control regulations.

Metro Code Sec. 8.12.030 prohibits cruelty to animals. Under current law, pregnant animals, nursing females, or animals less than six months old are not permitted to be outdoors during periods of inclement weather unless accompanied by a custodian, keeper, or handler. Inclement weather is defined in part as a heat index of ninety-five (95) degrees Fahrenheit or above, as determined by the National Weather Service. Additionally, pets are not allowed to be tethered during periods of extreme weather, including a heat index of ninety-five (95) degrees Fahrenheit or above, as determined by the National Weather Service.

This ordinance would amend these provisions to apply when there is a heat index of eighty-five (85) degrees Fahrenheit or above, as determined by the National Weather Service.

Fiscal Note: Metro Animal Care and Control (MACC) currently has nine (9) Animal Control Officer positions and thirteen (13) kennel staff. MACC estimates that lowering the heat index restriction to 85 degrees, while still maintaining all other activities, will require additional staffing consisting of a minimum of two (2) additional Animal Control Officers, three (3) additional kennel staff positions, and three (3) additional trucks. The annual cost for the additional staff and equipment would be approximately $472,617.

BILL NO. BL2018-1202 (ELROD) – This ordinance would regulate dockless bicycle and scooter operators and establish a permitting system for these operators.

A pilot program would be created to authorize operators to operate a dockless bicycle or scooter system within Metro Nashville. The application would include a $500 application fee, images and descriptions of the bicycle and mobile application, size of the fleet at launch and any planned fleet expansions, service area launch and planned expansions, a plan for educating users on proper parking, and a plan for providing an equitable share service. Applications would also be required to include a certificate of insurance evidencing a minimum of one million dollars in automobile insurance and two million dollars in commercial general liability insurance.

After meeting all application requirements, operators would also be required to submit a program administrative fee of forty dollars ($40) per bicycle or scooter, a performance bond of eighty dollars ($80) per bicycle or scooter with a cap of $20,000, and five (5) account logins for Metro oversight.

All bicycles, electric bicycles, and electric scooters would be required to follow standards set forth within state and federal law, including the Code of Federal Regulations, the Tennessee Code Annotated, and definitions from the National Highway Traffic Safety Administration. Operators would be required to provide mechanisms whereby users can notify the operator of any safety concerns. Bicycles, electric bicycles, and scooters would be affixed with language requiring helmet use, yielding to pedestrians, and compliance with rules of the road. Operators would be responsible for educating users on applicable laws relating to operating a bicycle or scooter.

Operators would be required to inform users on property use and parking of bicycles and scooters. Permits issued would be valid only for operations within the public right-of-way within Metro. Additional zones could be established upon coordination with appropriate departments, agencies, and/or property owners. The Department of Public Works would be authorized to remove a bicycle or scooter parked in any one location for more than two (2) days. Bicycles and scooters would be required to be parked upright. Permitted operators would be required to provide contact information for relocation requests of bicycles and scooters.

Permitted operators would be required to have a staffed operations center within the boundaries of Metro, and a 24-hour customer service phone number for reports of safety concerns, complaints, and questions. Metro would be provided with a direct contact number for staff capable of rebalancing or relocating bicycles or scooters. Any inoperable or unsafe bicycle or scooter would be required to be removed from the right-of-way within 24 hours of notice and any inoperable or unsafe bicycle or scooter would need to be repaired before being placed back onto the right-of-way or into revenue service.

Service areas of operators could not exceed 340 bicycles per square mile. Every bicycle and scooter would be required to have a unique identifier visible to the user.

Permitted operators' fleets would be limited to 250 bicycles or scooters during the first three months of the pilot, 500 bicycles or scooters beginning at the third month of the pilot, and 1,000 bicycles or scooters beginning at the sixth month of the pilot. After the sixth month, permitted operators could expand beyond 1,000, assuming they fulfill the other requirements contained in this chapter and in the permit. Any permitted vendors operating systems with more than 1,000 bicycles/scooters would be required to include Nashville Promise Zones in 20% or more of their service area.

It is anticipated that the sponsor will defer second reading of the ordinance and that a substitute ordinance will be offered at the July 3, 2018 Council meeting.

Fiscal Note: This pilot program would require an application fee of $500 for each operator as well as a program administrative fee of forty dollars ($40) per bicycle, electric bicycle, or scooter. The results of this pilot would determine if a modification to the fee structure in the future is appropriate.

The ordinance further provides: "If Metro or any Metro department or office incurs any costs as a result of addressing or abating any a permittee operator's violation of these requirements, or incurs any costs of repair or maintenance of public property, upon receiving written notice of the costs, the permitted operator shall reimburse Metro for such costs within thirty days."

BILL NO. BL2018-1203 (ROSENBERG) – This ordinance would amend Metro Code of Laws Sec. 12.58.060 relative to scooters, in-line skates, and roller skates.

Under current Metro law, operators of scooters, in-line skates, and roller skates must wear an approved helmet, as well as wrist guards, elbow pads, and kneepads. This ordinance would remove requirements for wrist guards, elbow pads, and kneepads. It would also amend a reference prohibiting operators from listening to "a portable radio, compact disc (CD) or tape player", adopting instead updated language referencing "equipment allowing the amplification of sound into both ears simultaneously."

BILL NO. BL2018-1204 (ALLEN, SLEDGE, & MENDES) – This ordinance would require the Metro Department of Codes (Codes) to maintain and publish online information regarding affordable housing.

This ordinance would require Codes to publish, on Metro's official website, an ongoing compilation of:

- The number and type of demolition permits issued for residential property during the preceding calendar quarter;
- The number and type of residential building permits issued for residential property during the preceding calendar quarter; and
- The number and type of residential occupancy permits issued for residential property during the preceding calendar quarter.
- For multi-family zoning districts, this data would be required to include the number of units demolished or constructed.

Data would be required to be entered not later than 45 days after the issuance of each permit.

A housekeeping amendment is anticipated from the sponsor.

Fiscal Note: The Department of Codes believes this ordinance would have no impact upon their staffing and operational budget needs.

BILL NO. BL2018-1207 (O'CONNELL) – This ordinance would direct the Purchasing Agent to terminate Contract Purchase Agreement 338266, a project management services agreement between Commonwealth Development Group, Inc. and the Metropolitan Government.

It is anticipated that the sponsor will withdraw this legislation.

BILL NO. BL2018-1208 (WITHERS, ELROD, & O'CONNELL) – This ordinance would approve three license agreements between the Metropolitan Government and Verizon Wireless (Verizon) to install in-building radio-distribution devices (IBRDs) to enhance wireless reception on or within the Historic Courthouse, the Justice A.A. Birch Building, and the Nashville Public Library. Each location is subject to a separate license agreement. The IBRDs would amplify Verizon's wireless signal within these buildings, creating better reception for the wireless users in these buildings.

The term for each agreement is five (5) years, but each may be extended for an addition five (5) year term.

Amendments to this legislation could be passed by resolution.

Fiscal Note: There will be no cost to Metro for the installation or operation of these devices.

BILL NO. BL2018-1209 (VERCHER & RHOTEN) – This ordinance would grant the Purchasing Agent the authority to extend the term of the Metropolitan Government's contract with Nelson Byrd Woltz, LLC for the Centennial Park Master Plan Design and Engineering Services.

This contract was the result of competitive procurement and was awarded in 2013 for a term of sixty (60) months. The current contract was set to expire in May 2018. This ordinance would authorize the Purchasing Agent to extend the contract for an additional sixty (60) months if the Purchasing Agent determines such extension is in the best interests of Metro.

This ordinance also provides that any amendment to the contract could be approved by resolution of Council receiving at least twenty-one (21) affirmative votes.

Fiscal Note: Section 3.2.1 of the initial five-year contract estimated the value to be $4 million. The summary from the Purchasing Agent states the value of the proposed five-year extension would be $6 million, for a total of $10 million.

BILL NO. BL2018-1210 (VANREECE, VERCHER, & OTHERS) – This ordinance would authorize the acquisition of certain right-of-way easements, drainage easements, temporary construction easements, and property rights by negotiation or condemnation for use in public projects, initially for Dickerson Pike Sidewalk Improvements between Gordon Terrace and Dellway Drive.

This has been approved by the Planning Commission.

Fiscal Note: The price to be paid for the easements and property rights has not yet been determined. This would be paid from the FY18 Capital Projects Fund.

BILL NO. BL2018-1211 (WITHERS, VERCHER, & OTHERS) – This ordinance would authorize the acquisition of certain right-of-way easements, drainage easements, temporary construction easements and property rights by negotiation or condemnation for use in public projects, initially for Eastland Avenue Sidewalk Improvements between North 16th Street and Setliff Place.

This has been approved by the Planning Commission.

Fiscal Note: The price to be paid for the easements and property rights has not yet been determined. This would be paid from the FY17 Capital Projects Fund.

BILL NO. BL2018-1212 (VERCHER, BEDNE, & ELROD) – This ordinance would authorize the acquisition of certain right-of-way easements, drainage easements, temporary construction easements and property rights by negotiation or condemnation for use in public projects, initially for Linbar Drive Sidewalk Improvements between Harding Place and Wallace Road.

This has been approved by the Planning Commission.

Fiscal Note: The price to be paid for the easements and property rights has not yet been determined. This would be paid from the FY18 Capital Projects Fund.

BILL NO. BL2018-1213 (VERCHER, BEDNE, & ELROD) – This ordinance would authorize the acquisition of certain right-of-way easements, drainage easements, temporary construction easements and property rights by negotiation or condemnation for use in public projects, initially for Tusculum Road Sidewalk Improvements between McMurray Drive and Nolensville Pike.

This has been approved by the Planning Commission.

Fiscal Note: The price to be paid for the easements and property rights has not yet been determined. This would be paid from the FY17 Capital Projects Fund.

BILL NO. BL2018-1214 (VERCHER, BEDNE, & ELROD) – This ordinance would authorize the acquisition of certain right-of-way easements, drainage easements, temporary construction easements and property rights by negotiation or condemnation for use in public projects, initially for Brick Church Pike Sidewalk Improvements between Masonwood Drive and Village Trail.

This has been approved by the Planning Commission.

Fiscal Note: The price to be paid for the easements and property rights has not yet been determined. This would be paid from the FY17 Capital Projects Fund.

BILL NO. BL2018-1215 (VERCHER, BEDNE, & OTHERS) – This ordinance would authorize the Director of Public Property Administration to sell a portion of the right-of-way adjacent to 610 McGavock Pike.

A portion of the right-of-way adjacent to 610 McGavock Pike was acquired by deed for the construction of Metro Road Project 90-R-4. The Metro Department of Public Works has completed the construction contemplated under the project and this right-of-way has been declared surplus. This right-of-way is adjacent to a single property owner.

There has been a request to purchase this property and the ordinance would confirm that the property is surplus to highway needs and approve the requested conveyance. Neither Metro nor the State of Tennessee has any future use for this property for any public purpose.

This sale has been approved by the Planning Commission.

Fiscal Note: The fair market value of this property amount is $102,750.

BILL NO. BL2018-1216 (O'CONNELL, VERCHER, & OTHERS) – This ordinance would approve an agreement between the Metropolitan Government and Capitol View Joint Venture (Capitol View).

The Metro Council approved Ordinance No. BL2016-149 in March 2016, approving a participation agreement between Metro and Capitol View. Pursuant to that agreement, Capitol View donated a 1.26-acre parcel to be used as a public park. That agreement contemplated that Metro would complete certain improvements to that property at its cost.

Pursuant to the participation agreement contained in this ordinance, Capitol View would complete certain improvements to the park property, including additional elements such as a greenway/bikeway. These plans would require approval by the Metro Department of Parks and Recreation. Metro would pay Capitol View $2,500,000 in exchange for the completion of these improvements. Plans would be submitted to Metro on or before June 30, 2018. All work would be required to be completed by December 31, 2018. Upon completion, Capitol View would convey all improvements to Metro and an additional 0.4-acre parcel. Metro would be responsible for maintaining the hardscape components of the park property while Capitol View would be responsible for maintenance of the landscape components. Metro would agree to cooperate with Capitol View in seeking the repair of the East tunnel located on Gay Street by CSX.

Fiscal Note: The cost to Metro for the planned improvements to this property, making it suitable to serve as a public park, should be the same as originally planned. The only difference is that Capitol View would be paid to make the improvements instead of Metro performing the work directly.

BILL NO. BL2018-1217 (O'CONNELL, BEDNE, & ELROD) – This ordinance would authorize Ryman Hospitality Properties, Inc. (Ryman), to install, construct, and maintain aerial and underground encroachments in the right-of-way located at 300 Broadway. These would consist of a canopy and a handrail encroaching the right-of-way.

Ryman has agreed to indemnify and hold the Metropolitan Government harmless from any and all claims in connection with the installation and maintenance of the encroachments, and would be required to provide a $2 million certificate of public liability insurance with the Metropolitan Clerk naming the Metropolitan Government as an insured party.

This proposal has been approved by the Planning Commission.

BILL NO. BL2018-1218 (SLEDGE, BEDNE, & ELROD) – This ordinance would authorize Citiview I, LLC to install, construct, and maintain underground and structural encroachments in the right-of-way located at 2305 Kline Avenue. These would consist of a concrete retaining wall, with a maximum height of 42 inches, encroaching the right-of-way.

Citiview I, LLC has agreed to indemnify and hold the Metropolitan Government harmless from any and all claims in connection with the installation and maintenance of the encroachments, and would be required to provide a $2 million certificate of public liability insurance with the Metropolitan Clerk naming the Metropolitan Government as an insured party.

This proposal has been approved by the Planning Commission.

BILL NO. BL2018-1219 and BILL NO. BL2018-1220 (O'CONNELL, BEDNE, & ELROD) – These ordinances would authorize LC SoBro, LLC to install, construct, and maintain underground and structural encroachments in the right-of-way located at 706, 713, 717, 721 and 723 2nd Avenue South (BL2018-1219) and 702, 706, 710, 716 and 718 3rd Avenue South (BL2018-1220). These would consist of water meters, irrigation, site lighting and an NES vault encroaching the right-of-way.

LC SoBro, LLC has agreed to indemnify and hold the Metropolitan Government harmless from any and all claims in connection with the installation and maintenance of the encroachments, and would be required to provide a $2 million certificate of public liability insurance with the Metropolitan Clerk naming the Metropolitan Government as an insured party.

This proposal has been approved by the Planning Commission.

BILL NO. BL2018-1221 (RHOTEN, BEDNE, & ELROD) – This ordinance would abandon existing sanitary sewer mains and easements and accept new sanitary sewer and water mains, fire hydrants, sanitary sewer manholes and easements, for six properties located on Lebanon Pike and Walcott Drive.

The properties are as follows:

- 2942 Lebanon Pike
- 0 Lebanon Pike
- 0 Lebanon Pike
- 0 Walcott
- 2946 Lebanon Pike
- 3000 Lebanon Pike

This has been approved by the Planning Commission. Future amendments to this ordinance may be approved by resolution.

BILL NO. BL2018-1222 (RHOTEN, BEDNE, & ELROD) – This ordinance would abandon existing water mains and easements and accept new water mains, fire hydrants and easements, for seven properties located on Hoggett Ford Road.

The properties are as follows:

- Four unnumbered parcels on Hoggett Ford Road
- 3739 Hoggett Ford Road
- 3605 Hoggett Ford Road

This has been approved by the Planning Commission. Future amendments to this ordinance may be approved by resolution.

BILL NO. BL2018-1223 (BEDNE & ELROD) – This ordinance would abandon an existing water main and easement and accept a new water main, a fire hydrant and any easement for properties located at 3208 Long Boulevard and 203 Burns Avenue.

This has been approved by the Planning Commission. Future amendments to this ordinance may be approved by resolution.

BILL NO. BL2018-1224 (BEDNE & ELROD) – This ordinance would abandon existing easement rights and remove abandoned pipe on properties located at 330 Cartwright Street and East Cedar Street (unnumbered).

This has been approved by the Planning Commission. Future amendments to this ordinance may be approved by resolution.

BILL NO. BL2018-1225 (O'CONNELL, BEDNE, & ELROD) – This ordinance would amend the official Geographic Information Systems Street and Alley Centerline Layer by abandoning a portion of Alley Number 235 right-of-way.

The abandonment has been requested by Catalyst Design Group, applicant.

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

– ORDINANCES ON THIRD READING –

<u>BILL NO. BL2018-1139</u> (SYRACUSE, VERCHER, & BEDNE) – This ordinance, as amended, would establish a "transit-oriented redevelopment plan" in Donelson and, if adopted, would be the first implementation of a transit-oriented development district as authorized under recent state legislation.

In May 2017, the Tennessee General Assembly enacted legislation (Tenn. Code Ann. § 13-20-701, *et seq.*) authorizing transit-oriented redevelopment plans in areas where the absence of facilities for high capacity transit options are detrimental to public welfare. Under the state legislation, the local housing authority – in this instance, the Metropolitan Development & Housing Agency or MDHA – is authorized to implement transit-oriented redevelopment projects. In so doing, MDHA would be authorized to:

- Acquire transit-deficient areas and other properties necessary to reduce blight or to allow proper development of the property pursuant to a redevelopment plan;
- Clear acquired areas acquired, including the relocation of utilities, demolition of existing structures, and removal of environmental contaminants;
- Install or construct utilities, public infrastructure, and site improvements, including parks, open spaces, and playgrounds;
- Install or construct privately-owned affordable and workforce housing;
- Pay expenses for relocation, administrative costs, planning and engineering costs, energy efficiency costs, and legal expenses associated with carrying out a plan;
- Pay costs associated with meeting requirements of Leadership in Energy and Environmental Design (LEED), Green Globes, or other similar programs;
- Sell or lease acquired land for uses in accordance with the plan; and
- Borrow money upon its bonds or notes to finance and to carry out a plan.

Historically, MDHA has served to (1) implement the development and operation of low-income housing and (2) implement economic redevelopment districts. The establishment of transit-oriented development districts would establish a third "hybrid" role for MDHA wherein it implements both economic development and housing within transit corridors.

The plan proposed under the current ordinance is expressly intended to implement the concepts from *Let's Move Nashville: Metro's Transportation Solution*, initially released in October of 2017, which was rejected at a county-wide referendum election on May 1, 2018.

Under the new state enabling legislation, MDHA cannot initiate a transit-oriented redevelopment project until the governing body (Metro Council) or MDHA has approved a transit-oriented redevelopment plan. These proposed plans must provide a variety of details, including:

- local objectives regarding land use, improved traffic, public transportation, utilities, recreational facilities and other improvements;

- proposed land uses and building requirements; and
- proposed methods for temporarily relocating those living in such areas, and the means by which safe and sanitary dwellings will be provided to replace substandard dwellings to be cleared.

The ordinance under consideration proposes approval of the "Donelson Transit-Oriented Redevelopment Plan" (the "Plan") which encompasses an area located within 1,320 feet on either side of Lebanon Pike between Park Drive and Stewarts Ferry Pike. MDHA has examined the area and concluded that it lacks facilities for high capacity transit options, to the detriment of public health, safety, morals, and welfare. Facilities for high capacity transit are necessary, according to MDHA, to address traffic hazards and congestion and to improve traffic facilities. In addition to approving the Plan, the ordinance would formally establish that the area is “transit-deficient” as defined under state law; that this condition is detrimental to public safety, health, morals and welfare; and that that the area, or portions thereof, should be acquired by MDHA. Additionally, the use of TIF financing would be approved for activities specified under the Plan.

The Plan, attached as an exhibit to the ordinance, provides a description of the area and its boundaries, and describes the objectives of the Plan – namely: (a) to create a transit-oriented, mixed-use district surrounding the Donelson train station; (b) to enhance the pedestrian environment; and (c) to provide housing for a range of incomes, including affordable and workforce housing. The Plan adopts the development standards in the Downtown Donelson UDO first adopted in 2009. To achieve its objectives, the Plan describes the “main redevelopment actions” proposed for the project area which consist of a variety of goals addressing building design and orientation, construction materials, utility design, water quality techniques, multi-modal travel, pedestrian connections, and other design feature goals.

The state enabling legislation enables MDHA to extend tax increment financing (TIF) for properties within the boundaries of the proposed development plan each year. The proposed Plan specifically calls for use of TIF financing, backed by $30,000,000 dollars of tax increment debt. Under state law, plans proposing use of TIF must disclose estimates of the cost of the project, sources of revenue to finance the project, the estimated tax increment, estimates of the amount and final maturity date of the bonded indebtedness, and an estimate of the impact of TIF financing on local taxing agencies. The proposed Plan includes the following measures:

- $33,000,000 - The cumulative assessed value of all real estate within the Redevelopment District.
- $300,000,000 - The projected future increase in the value of property developed under the Plan.
- $30,000,000 - The tax increment backed debt provided for by the Plan. Thirty percent (30%) of the projected net new property tax revenues generated by the project area will be required to generate this amount of tax increment backed debt.

- $10,000,000 – The portion of TIF financing committed by MDHA toward development of affordable and workforce housing units. (The remainder of the $30,000,000 of tax increment backed debt would be used for infrastructure and economic development.)

The Plan states that the amount of bonds or other indebtedness backed by the tax increment will not exceed $30,000,000; and the final maturity date on any bonded indebtedness backed by the tax increment would occur on or before December 31, 2048. Upon retirement of all bonds or other indebtedness, all property taxes resulting from the incremental development of the Project would be retained by the Metropolitan Government.

MDHA would be further authorized under state law to borrow money or accept contributions from the federal government to assist in undertaking redevelopment projects.

Under the proposed Plan, land use restrictions and design requirements would be implemented through a Design Review Committee, appointed by the mayor and approved by the council, that must approve all improvements affecting property exteriors that otherwise require building permits. Permitted uses would include residential, institutional, educational, office, medical, commercial, transportation, recreation and entertainment. Certain identified uses would be prohibited (*e.g.*, adult entertainment, *etc.*) while several others would be made conditional uses subject to Design Review Committee approval.

The Plan further proposes a review process administered by MDHA for any new development, redevelopment, or improvement otherwise requiring a building permit. Applicants are likewise required to abide by the existing UDO Final Site Plan and building permit processes through the Metro Planning Department.

Although state law assigns broad powers to housing authorities, MDHA would be specifically prohibited under the state legislation from using eminent domain to eliminate transit-deficient areas (though it may use eminent domain to acquire land for public facilities and infrastructure.) The Plan provides for the acquisition of properties necessary to install infrastructure and improvements essential to the implementation of the redevelopment plan. However, under certain conditions, property designated for acquisition can be exempted – essentially if the exemption will not adversely affect implementation of the redevelopment project.

Under the state enabling legislation, once property is acquired, MDHA would be authorized to make land within the project available to private enterprise and public agencies at "use value" in furtherance of the underlying redevelopment plan. To assure appropriate property use, MDHA would be obliged – upon sale or lease of land – to require its use to be for purposes designated within the plan, or to impose other conditions necessary to effectuate the plan. The proposed Plan provides that MDHA contracts, deeds and other conveyances would include conditions to ensure redevelopment of the area in accordance with the Plan.

As required under state law, the Plan provides for relocation assistance for individuals and businesses displaced by project actions or land acquisition, although the Plan aspires generally to "minimize the need for displacement or relocation of businesses or residents."

In the event changes in the approved Plan become necessary or desired, the proposed Plan specifies that it may be modified, changed or amended "by MDHA", with subsequent approval of the Metropolitan Council. In other words, the Metro Council could not *initiate* Plan amendments. Although this is typical of MDHA redevelopment districts, the state legislation enabling transit-oriented redevelopment plans does not prohibit the initiation of plan amendments by Council.

State law requires a public hearing on any redevelopment plan prior to final approval, preceded by a specific schedule for public notice. A public hearing was held on May 15, 2018.

Council members, including the lead sponsor, have been in extensive discussions with MDHA, the Mayor's office, and other departments and agencies. As a result of those discussions, a substitute ordinance was adopted at the April 17 Council meeting, and an amendment was added at the June 5 meeting, to add provisions to the ordinance and/or underlying Plan that address:

- Clarification that a minimum of $10 million, but not exceeding $15 million, of TIF financing will be dedicated to affordable housing, defined as 0%-60% AMI;
- Projects with residential components that apply for TIF financing will be required to allocate 10% of residential units to affordable housing;
- The appropriate balance between affordable and workforce housing will be reassessed periodically (e.g., every 5 years) and submitted to Council for approval;
- The minimum period of affordability for residential units will co-extensive with the life of the TIF financing loan;
- Amendments to the Plan could be initiated by either MDHA or the Metro Council, subject to the other's approval;
- Recently revised requirements within Metro Code of Laws §§ 5.06.020, 5.06.050 and 5.06.060 regarding economic development districts will be incorporated into the ordinance;
- Prior to approval of the next transit-oriented district, a unified process providing for a one-stop design review and zoning approval process would be implemented by and between MDHA and the Metro Planning Department; and
- Explicit reference would be made to the state legislation's incentives for LEED design and similar programs, as well as its authorization for the installation of energy use capture and transmittal infrastructure, alternative power systems or alternate power projects that incorporate principles of urban sustainability, eco-efficiency, and global sustainable development;
- Require that the MDHA to establish annual goals for the development and preservation of fixed accordable housing units, as well as an annual scorecard listing all fixed affordable housing units within the Project Area;

- Require that the MDHA and Planning Department determine a best practice service to the public for design review and processing of applications for development. The Council would be authorized to establish such process if none is approved after one year.

This ordinance is amendable on third reading, and it is anticipated that the sponsor will defer third reading until July 17, 2018. Planning Commission consideration has been deferred until June 28, 2018.

Fiscal Note: "Tax Increment Financing" (TIF) is a financing mechanism authorized by state law for redevelopment districts whereby the increased property tax revenue generated by a development is used to pay the debt service on loans for the construction of improvements related to the project.

The cumulative assessed value of all real estate within the proposed Donelson Transit-Oriented Redevelopment District is approximately $33,000,000 (thirty-three million dollars). If this plan is approved, the projected value of the property developed in conjunction with the plan is estimated to be approximately $300,000,000 (three hundred million dollars).

It is considered to be necessary to induce investment through available economic development tools. The activities of MDHA would make the area conducive to new private development, resulting in increased tax revenues for Metro. The $30,000,000 (thirty million dollars) provided for by the plan would require approximately 30% (thirty percent) of the projected net new property tax revenues generated by the project area if development can be induced.

MDHA now plans to commit $10,000,000 (ten million dollars) of tax increment financing to the development of affordable and workforce housing units. The remainder of the $30,000,000 (thirty million dollars) of tax increment backed debt provided by this plan would be used to support infrastructure and economic development activities.

The final maturity date on any bonded or other indebtedness backed by the tax increment from eligible properties shall be on or before December 31, 2048. Upon retirement of all bonds, loans, or other indebtedness incurred and payable from tax increment funds or at such time as moneys on deposit in the tax increment fund or funds are sufficient for this purpose, all property taxes resulting from the incremental development of the project shall be retained by Metro.

BILL NO. BL2018-1172 (HURT & SYRACUSE) – This ordinance, as amended, would amend Section 5.12.130 of the Metropolitan Code of Laws regarding the Event and Marketing Fund to clarify the required composition of the administering committee. The additional language comes directly from the state statute that governs the Event and Marketing Fund, Tennessee Code Annotated § 7-4-202. These requirements were already present in state law and no new substantive requirements are added by this ordinance.

An amendment added at the May 15 Council meeting replaced all references to the "Nashville Convention & Visitors Bureau" with "Nashville Convention & Visitors Corporation."

BILL NO. BL2018-1184 (VERCHER) – This ordinance is the operating budget of the Metropolitan Government for Fiscal Year 2019. The budget filed by the Mayor provides for the following proposed funding:

- General Services District General Fund $969,201,000
- General Services District Schools Fund $884,299,700
- General Services District General Debt Service Fund $131,705,100
- General Services District Schools Debt Service Fund $102,223,600

TOTAL GENERAL SERVICES DISTRICT BUDGET $2,087,429,400

- Urban Services District General Fund $123,013,900
- Urban Services District General Debt Service Fund $19,657,300

TOTAL URBAN SERVICES DISTRICT BUDGET $142,671,200

TOTAL OPERATING BUDGET $2,230,100,600[1]

The substitute budget adopted by the Council for Fiscal Year 2018 totaled $2,209,690,100. The mayor's proposed budget for Fiscal Year 2019 represents an overall increase of $20,410,500 (0.92%).

The budget would appropriate a total of $9,400,000 from the unreserved fund balances of the primary budgetary funds (compared to a total of $75,249,600 in FY18). These amounts are as follows:

- General Services District General Fund $8,350,000
- Schools Debt Service Fund $550,000
- Urban Services District General Fund $500,000

[1] *The budget ordinance shows a total operating budget of $2,231,700,200, which is in error. In addition to adding the total of the six primary operating budget funds to determine a grand total for the budget, it is also necessary to identify transfers between any two of these funds. The totals of such transfers should be subtracted from the grand total. Otherwise, the same dollars are counted twice.*

The budget total shown in the ordinance properly backed out the usual transfers, such as the transfer from Schools to the GSD General Fund for legal fees. However, there was an inadvertent omission of a new transfer for FY19. It should be noted that the total appropriations for each fund are not affected by this error. The only impact is upon the determination of the grand total.

Metro's established policy is to maintain a fund balance equal to or greater than 5% for each of the six budgetary funds, the GSD General Fund, USD General Fund, and General Purpose School Operations Fund, as well as the three related primary debt service funds. However, Metro has fallen below these fund balance minimums. The proposed operating budget does not restore the balances to the minimums per Metro policy. Only the Schools Debt Service Fund is projected to reach this level.

The mayor's proposed budget is projected to result in the following fund balance percentages by June 30, 2019:

- General Services District General Fund 4.0%
- General Services District Debt Service Fund 3.5%
- General Services District Schools Operations Fund 3.4%
- Schools Debt Service Fund 5.1%
- Urban Services District General Fund 4.0%
- Urban Services District Debt Service Fund 2.3%

The current property tax rate for the GSD is $2.755 per $100 of assessed value. The current rate for the USD is $0.400, resulting in a combined rate of $3.155. These rates would remain unchanged for FY19.

Metro faces an estimated $34 million revenue shortfall in FY19, consisting of $26 million in property tax revenues and $8 million for BEP and all other revenue sources. In addition, supplemental appropriations in FY18 have reduced fund balances by $20.6 million,

The proposed budget would include an increase of $7,071,100 (GSD) and $1,449,900 (USD) for pay plan improvements. The Civil Service Commission and the Council approved a three-year pay plan, beginning in FY18. (*See*, Resolution nos. RS2017-717 and -719). This plan called for all employees to receive a 3% across-the-board COLA increase, along with incremental increases for eligible employees and 3% increases for open-range employees. However, due to the revenue shortfalls, this is not included within the proposed operating budget.

While the proposed budget does not include across-the-board COLA increases, increments would still be given to eligible employees on their scheduled increment dates, along with 2.5% for open-range employees. As always, department heads retain the discretion to determine the actual raises to be given to each open-range employee. The purpose of this additional open-range funding is to provide the equivalent of a step increment for open-range employees who are otherwise ineligible for increments.

No increases in employee health insurance costs are projected. In addition, $2.2 million is included in the budget for pensioner health benefit increases due to the anticipated increase in the number of pensioners.

Revenue growth in FY19 is projected to be $87.8 million, including $25 million for local option sales tax and $15 million for property taxes. This growth would be partially offset by an anticipated decrease in grants and contributions of $3.6 million. The proposed public property sale of $38 million and securing an on-street parking vendor for outsourced parking services would account for an additional $51.4 million.

This projected revenue growth would be offset by a reduction in the available fund balances of $65.8 million, giving a balance of $22 million available in net resources. The proposed budget would allocate this for the following uses:

- Metro employees and pensioners $10.7 million
- Schools $5 million
- General Hospital $11.1 million
- Debt service (principal and interest) $11.7 million
- Targeted departmental savings ($11.5 million)
- Other savings ($5 million)

It should be noted that the $11.5 million in targeted departmental savings would be allocated by the Finance Department only after the budget is approved. It is expected that this would be similar to the savings targets provided to each department during the second half of this fiscal year.

The proposed budget provides a $5 million increase (+0.6% over FY18) for Metro Schools, for a total operating budget of $884,299,700. The Schools debt service budget would increase by $9.4 million for a new total of $103,823,200 (+10.0 % over FY18).

The Hospital Authority would receive a subsidy of $46.1 million in the proposed budget for General Hospital. $3.5 million would be appropriated in the budget for the contract with Signature for the management of the Bordeaux Nursing Home; and $2 million would be appropriated for the contract with Anthem Care to manage the Knowles Assisted Living Facility.

The Public Works Department would receive funding for additional services in newly annexed USD areas.

The FY19 budget would also include funding for youth-related initiatives and organizations providing community support. These include the following:

- Coordinated Pre-K Initiative $400,000
- Youth Violence Initiatives $250,000
- Black Chamber $25,000
- Hispanic Chamber $25,000
- Latino Chamber $25,000
- LGBT Chamber $25,000

The Barnes Fund for Affordable Housing would receive $10 million as part of the continuing commitment for affordable housing and to help the homeless, subject to the sale of public property. This commitment would also include $450,000 for the Housing Incentive Pilot Program.

Money is included in the proposed budget for opening the Smith Springs Community Center, Madison Community Center, and the Family Justice Center.

<u>Substitute Operating Budget Ordinance</u>:

It is anticipated that a substitute budget will be introduced by Council member Tanaka Vercher, chair of the Budget and Finance Committee. As of the preparation of this Analysis, this substitute would reduce several general fund administrative accounts, as follows:

- 01101218 District Energy System ($50,000)
- 01101221 Subsidy Nashville Arena ($150,000)
- 01101230 Stormwater Fee Contingency ($50,000)
- 01101298 Contingency Local Match ($50,000)
- 01101303 Corporate Dues / Contribution ($50,000)
- 01101309 GSD Contingency Account ($50,000)
- 01101637 Music Entertainment Economic Dev. ($1,000,000)
- 01101687 Summer Youth Employment Program ($100,000)
- 01191309 USD Contingency Account ($50,000)

In addition to these, several departments would also be reduced, as follows:

- 04 Mayor's Office ($300,000)
- 30 Sheriff ($100,000)
- 02 Metropolitan Council ($50,000)

The total of these reductions would be $2,000,000 and the resulting funds would be placed in a new administrative account for the benefit of Metro Schools. This would be used to provide additional funding for paraprofessionals as well as A/P testing.

<u>Additional Substitute Operating Budget Ordinance</u>:

A second substitute budget sponsored by Council member Bob Mendes and others is also anticipated that would increase the GSD property tax rate by $0.50 per $100 of assessed value for a total increase of $150 million. The proceeds from this increase would be used to restore the 3% across-the-board COLA pay plan for all employees, reverse the planned appropriation of unreserved fund balances, increase fund balances nearer to 5% of the operating budget per Metro policy, provide full funding for schools, and eliminate the need for the planned sale of surplus Metro property and outsourcing of Metro on-street parking services. As proposed, proceeds would further increase Metro's contribution to the state tax relief program authorized under Tenn. Code Ann. §5-9-112, going from a 2:1 doubling contribution to a 3:1 contribution.

If approved, this substitute would fund the second year of the pay plan adopted in FY18. In addition, the proposed property tax rate increase may also allow the third year of the pay plan increase for FY20, but this would be subject to verification during preparation of the budget next year.

In addition to these changes, the proposed substitute would eliminate the $1 million for the Music Entertainment Economic Development and the $50,000 for the GSD Contingency. It would also reduce the Small Business Incentive by $100,000 and the General Fund Reserve for Subsequent Years by $300,000.

The $1,450,000 saved by these reductions would be used to increase the Property Tax Relief Program, from $3,550,000 to $5,000,000.

Per Rules 15 and 34 of the Metro Council Rules of Procedure, the budget ordinance is amendable on third reading. Consideration of a second substitute is not amendable. Per section 6.06 of the Metro Charter, the Council must adopt a substitute operating budget no later than June 30. Otherwise, the budget as originally submitted by the Mayor is adopted.

As the next order of business following adoption of the operating budget ordinance, the Urban Council must meet to approve a separate resolution to approve the property tax rate as proposed for the Urban Services District.

BILL NO. BL2018-1185 (VERCHER) – This ordinance would adopt the property tax levy for FY19. The Metropolitan Charter provides in Section 6.07 that the Council's next order of business upon adopting the annual operating budget is to adopt a tax levy that fully funds that budget.

The property tax rate proposed by the Mayor is the same as the current tax rate, which is $2.755 per $100 of assessed value in the General Services District (GSD) and $0.400 per $100 of assessed value in the Urban Services District (USD), for a total tax rate of $3.155 in the USD. This tax levy rate is projected to be sufficient to fully fund the FY19 operating budget.

An amendment to the Charter approved by the voters in 2006 provides that the tax rates cannot be increased above their 2006 levels unless approved by the voters at a referendum election. The 2006 property tax levy was $4.040 in the GSD and $0.650 in the USD for a total combined tax levy of $4.690.

The tax levy is amendable on third reading. If the substitute operating budget ordinance proposed by Council member Mendes were to be adopted, a substitute tax levy ordinance will be anticipated.

BILL NO. BL2018-1186 (VERCHER) – This ordinance establishes the property tax relief program for low-income elderly residents of the Metropolitan Government for FY19. This is essentially an extension of an existing tax relief program that has been in existence for many years.

Tennessee Code Annotated § 5-9-112 authorizes county legislative bodies to appropriate funds for the purpose of providing assistance to low-income elderly residents in the county on an annual basis, based upon the particular needs of eligible recipients. The county legislative body is also authorized to develop guidelines for eligibility. Additionally, Tennessee Code Annotated §67-5-702 provides that the general funds of the state shall be paid to certain low-income taxpayers sixty-five (65) years of age or older necessary to pay or reimburse such taxpayers for all or part of their local property taxes. For many years, Metro has provided a double match of the state funds for the program. $3,900,000 has been included in the proposed FY19 operating budget in the Property Tax Relief Program Account.

This ordinance would direct the Metropolitan Trustee to disburse funds to eligible taxpayers and further authorizes the Trustee to establish rules and procedures for implementation of the program. All persons who qualify for the state property tax relief program and whose income does not exceed $29,270 annually will qualify for this program. Because this budgetary appropriation is non-recurring, this program would expire on June 30, 2019.

Fiscal Note: The FY19 operating budget includes $3,900,000 for the property tax relief program for the elderly, which is the same as the appropriation for FY18.

BILL NO. BL2018-1187 (VERCHER) – This ordinance would codify the fee schedule for operational permits issued by the Fire Marshal's Office. The Metropolitan Code of Laws Section 10.64.010 notes that the Metropolitan Government has adopted the 2012 International Fire Code, which authorizes an agency to issue operation permits and charge fees to offset the cost of providing inspections and other services.

The fee schedule would be as follows:

- Pyrotechnic, Flame Effect, or Fireworks Display Permit - $175 per show
- Tent(s) Permit - $25
- Liquefied Petroleum Permit - $25
- Special Events Permit (for events requiring fire inspectors, as determined by the Fire Marshal) - $50 per hour based on the estimated duration of the event
- Mobile Food Vendor Propane Permit - $25

An amendment is anticipated to correct a clerical error. Section 1 of the ordinance references a new Section 10.64.018 in the Code while the subsequent heading incorrectly refers to "10.68.018 Fee Schedule".

This fee schedule could be amended by resolution adopted by the Council.

Fiscal Note: This ordinance simply codifies the fee schedule currently in effect with the Fire Marshal's Office.

BILL NO. BL2018-1206 (HURT & O'CONNELL) – This ordinance would approve a temporary "Special Event Zone" for the downtown area, in conjunction with the 2018 July 4th Celebration and related activities and events, scheduled for July 3 - 5, 2018.

The Special Event Zone established under this ordinance would consist of seven (7) areas, all contiguous within Downtown Nashville, as follows:

- Area 1 would extend from 8th Ave to Rosa L Parks Blvd, and from Korean Veterans Blvd to Commerce Street, with an extension from Commerce Street to Church Street along 2nd and 1st Ave North.
- Area 2 would extend from the East side of the Woodland Street Bridge to Interstate Drive, between Woodland Street and Shelby Ave.
- Area 3 would contain the John Seigenthaler Pedestrian Bridge from 3rd Ave South to South Second Street.
- Area 4 would contain the Woodland Street Bridge, from 1st Ave North to South 1st Street.
- Area 5 would contain the Gay Street Connector; 3rd Ave North to the Cumberland River, between James Robertson Parkway and Union Street; and 2nd Ave North to 1st Ave North, between Union Street and Church Street, including Bank Street.
- Area 6 would contain Woodland Street to Shelby Street, between the Cumberland River and Interstate Drive including Cumberland Park, and South 2nd Street, from Sylvan Street to Korean Veterans Blvd.
- Area 7 would contain the Korean Veterans Blvd. Bridge.

Activity restrictions within the Special Event Zone would begin at nine o'clock (9:00) p.m. on Tuesday, July 3, 2018, and end at six o'clock (6:00) a.m. on Thursday, July 5, 2018.

Activities on public property or in the public right-of-way within the Special Event Zone are regulated as follows:

1. The sale of any food, beverages, goods, or merchandise would be prohibited on the public streets, sidewalks, alleys, and rights-of-way, except for street vendors with valid vending licenses issued pursuant to Section 13.08.040 of the Metro Code of Laws.
2. Alcoholic beverages provided, served, or sold from any temporary outdoor use would be prohibited, except as authorized by the Nashville Convention and Visitors Corporation and permitted by Metro.
3. The sale or distribution of merchandise pertaining to the July 4th Celebration, where it is apparent such merchandise is not licensed by the Nashville Convention and Visitors Corporation, regardless of whether the vendor is operating with a valid license or permit, would be prohibited.

4. No tents or membrane structures of any kind would be authorized, except for those sanctioned and authorized by the Nashville Convention and Visitors Corporation or Metro.
5. The construction, placement, occupation, or use of any temporary structure would be prohibited, except for those sanctioned and authorized by the Nashville Convention and Visitors Corporation.
6. The distribution, promotional give-away activity, or provision of free products, services, or coupons by persons or entities that are not event sponsors officially sanctioned or authorized by the Nashville Convention and Visitors Corporation would be prohibited, except within the Public Participation Area.
7. Vehicles would be allowed only as directed by the Metro Police which will include trucks, automobiles, motorcycles, bicycles, scooters, and motorized scooters.

This ordinance would establish at least one Public Participation Area within the Special Event Zone while the zone is in effect. This Area would allow for the reasonable expression by the public in a manner that is not disruptive to the 2018 July 4th Celebration, activities, and events.

The ordinance would also express the intent of the Council that the Metro Police Department focus its enforcement efforts upon preserving peace and securing safety of the July 4th Celebration participants while the Special Event Zone is in effect.

Fiscal Note: This ordinance would place restrictions on the activities that would be allowed to take place within the special event zone during the July 4th Celebration. However, no additional Metro personnel or overtime would be required just for the enforcement of these restrictions.

GRANTS LEGISLATON – JUNE 19, 2018

Legislative Number	Parties	Amount	Local Cash Match	Term	Purpose
RS2018-1259	**From**: Tennessee Department of Mental Health and Substance Abuse Services **To**: Davidson County State Trial Courts	Not to exceed $450,000	$0	July 1, 2018 through June 30, 2019	The grant proceeds would be used to provide the Tennessee Certified Recovery Court Program to enable the provision of adult and juvenile drug court programs to address the needs of non-violent offenders.
RS2018-1260	**From**: Tennessee State Library and Archives **To**: Nashville Public Library	Not to exceed $88,000	$0	July 1, 2018 through June 30, 2019	The grant proceeds would be used to provide access to and circulation of special materials formatted for individuals who are hearing impaired.