



## METRO COUNCIL OFFICE

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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: September 18, 2018

RE: Analysis and Fiscal Notes

Unaudited Fund Balances as of 3/12/18:

4% Reserve Fund	\$35,497,425*
Metro Self Insured Liability Claims	\$5,452,995
Judgments & Losses	\$2,638,633
Schools Self Insured Liability Claims	\$4,537,997
Self-Insured Property Loss Aggregate	\$6,511,001
Employee Blanket Bond Claims	\$684,316
Police Professional Liability Claims	\$2,247,016
Death Benefit	\$1,507,548

\*This assumes unrealized estimated revenues in FY19 of \$31,223,129, and includes the appropriation in Resolution No. RS2018-1395 of \$360,000.

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

– RESOLUTIONS ON PUBLIC HEARING –

**RESOLUTION NO. RS2018-1389** (BLALOCK) – This resolution would approve an exemption for Rajdhani Groceries and Café, LLC, located at 5604 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 any 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. For example, 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 such facilities to obtain beer permits upon the adoption of a resolution by the Council. (See, Code section 7.08.090(E)). Restaurants are no longer required 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).

– RESOLUTIONS –

**RESOLUTION NO. RS2018-1390** (A. DAVIS & WITHERS) – This resolution would authorize the Metropolitan Development and Housing Agency (MDHA) to enter into an agreement to accept payments in lieu of taxes (PILOT) for a multi-family housing project known as Hampton Terrace, located at 300 East Webster Street, an area recently annexed into the Urban Services District. In 2016, Ordinance Nos. BL2015-1281, BL2016-334 and BL2016-435 authorized MDHA to negotiate and accept PILOT payments from operators of low income housing tax credit (LIHTC) properties, capped at \$2,500,000 annually. If approved, this would be the thirteenth such PILOT program overall, and the seventh for MDHA in 2018, totaling \$1,485,363 in tax abatements this year.

PILOT agreements essentially provide tax abatements for real and/or personal property taxes that would otherwise be owed to the Metropolitan Government. PILOTs have previously been utilized by Metro to provide incentives through the Industrial Development Board (IDB) to large employers to create job opportunities. Under Tenn. Code Ann. § 13-20-104, MDHA now has the authority to enter PILOTs to create affordable rental housing.

MDHA developed their PILOT program to provide additional financial incentives to developers considering construction or rehabilitation of affordable housing units through a federally funded Low Income Housing Tax Credit (LIHTC) program. Subsidized LIHTC developments serve those at or below 60% of the average median income (AMI) for the Nashville area, which translates to an income cap of \$31,500 for individuals and \$44,940 for families of four in 2018. Once negotiated by MDHA, each PILOT agreement must be approved by the Council by resolution.

The maximum term for the PILOT payments under this program is 10 years. The PILOT agreement would only be available for additional tax liability over and above the pre-development assessed value of the property. The program is available for both existing and new developments, based on financial need. The PILOT lease is to be terminated if the property sits vacant for two years.

MDHA is required to file an annual report with the Council, Assessor of Property, and State Board of Equalization identifying the values of the properties subject to PILOTs, the date and term for each PILOT, the amount of PILOT payments made, and a calculation of the taxes that would otherwise be owed.

300 E Webster Street Holdings, L.P. plans to acquire land located at 300 East Webster Street to renovate the 274 existing units to operate as an LIHTC property serving low-income residents. The application for this project, as well as the associated PILOT agreement, have been approved by the MDHA Board of Commissioners.

The Planning Commission recommended approval of this project on March 30, 2018, advising that the project is consistent with T3 Suburban Neighborhood Maintenance and the Nashville Next general plan.

*Fiscal Note: Fiscal Note: This PILOT request would require the developer to make a first-year payment of \$136,846 in lieu of property taxes, with a 3% annual increase through the remainder of the 10-year period.*

*In addition to the PILOT payments, the developer would be required to pay a monitoring and reporting fee to MDHA. This fee would be set by MDHA not to exceed five percent (5%) of the amount of the PILOT payment due each year.*

*The final assessed value of this project will not be known until completion. However, the value of the project when completed is estimated at \$18,596,064. For purposes of this analysis, this number can be used as a reasonable estimate of the final project value.*

*Over the 10-year life of this PILOT agreement, a total of \$778,286 would be abated, although Metro would still receive \$1,568,537 in property taxes from this project, as depicted in the following table:*

<b>Real Property Tax</b>						
<u>Year</u>	<u>Total Value</u>	<u>Standard Tax</u>	<u>Still Pay</u>	<u>Abatement</u>	<u>Abatement %</u>	
1	\$18,596,064	\$234,682	\$136,846	\$97,836	41.7%	
2	\$18,596,064	\$234,682	\$140,927	\$93,755	39.9%	
3	\$18,596,064	\$234,682	\$145,155	\$89,527	38.1%	
4	\$18,596,064	\$2234,682	\$149,509	\$85,173	36.3%	
5	\$18,596,064	\$234,682	\$153,995	\$80,687	34.4%	
6	\$18,596,064	\$234,682	\$158,614	\$76,068	32.4%	
7	\$18,596,064	\$234,682	\$163,373	\$71,309	30.4%	
8	\$18,596,064	\$234,682	\$168,274	\$66,408	28.3%	
9	\$18,596,064	\$234,682	\$173,322	\$61,360	26.1%	
10	\$18,596,064	\$234,682	\$178,522	\$56,160	23.9%	
<b>Totals</b>		<b>\$2,346,823</b>	<b>\$1,568,537</b>	<b>\$778,286</b>	<b>33.2%</b>	

*After the property tax abatement from this project, \$1,014,637 would still be available within MDHA's annual cap of \$2.5 million for other PILOT projects in 2018.*

**RESOLUTION NO. RS2018-1391** (VERCHER) – This resolution would authorize the issuance, sale, and payment of general obligation improvement bonds in a principal amount not to exceed seven hundred seventy-five million dollars (\$775,000,000) for the purposes of financing a variety of public works projects authorized by multiple previous resolutions, and to retire a portion of the Metropolitan Government’s outstanding general obligation commercial paper bond anticipation notes previously issued pursuant to Resolution Nos. RS2017-687 (\$375,000,000) and RS2014-1066 (as amended by RS2017-688) (\$200,000,000 amended to \$325,000,000).

The public works projects previously authorized by earlier resolutions are as follows:

- RS2009-746, FY10 Capital Spending Plan
- RS2010-1120, General Hospital patient record systems
- RS2010-1139, Metro school buildings and facilities
- RS2010-1363, FY11 Capital Spending Plan
- RS2012-276, FY13 Capital Spending Plan
- RS2012-316, Energy Conservation Bonds for Bridgestone Arena, etc.
- RS2013-559, FY13 Mid-Year Capital Spending Plan
- RS2013-710, FY14 Capital Spending Plan
- RS2014-963, Equipment for schools, MAC, Fire, Public Works, and Parks
- RS2014-1126, FY15 Capital Spending Plan
- RS2015-1500, FY16 Capital Spending Plan
- RS2016-245, FY17 Capital Spending Plan
- RS2017-713, FY18 Capital Spending Plan
- RS2017-963, FY18 Mid-Year Capital Spending Plan
- RS2018-1328, Fairgrounds buildings and facilities and soccer stadium infrastructure

These bonds would be sold through a public bidding process to the bank whose bid results in the lowest true interest cost to Metro. Metro would begin making principal payments on the bonds in 2019, and the bonds would have a final maturity date of 2038. Interest on these bonds would not exceed 6.00% per annum, or the maximum interest rate permitted by law, and would be payable semi-annually on January 1st and July 1st, commencing January 1, 2019.

Per state law requirements for general obligation bonds, the resolution provides that Metro would levy ad valorem property taxes on all taxable property in the General Services and Urban Service Districts each year in an amount sufficient to pay the debt service on the bonds. (Tenn. Code Ann. § 9-21-205)

*Fiscal Note: The principal amount of these bonds would not exceed \$775,000,000. The interest rate on the bonds would not exceed 6.00% per annum. Interest payments for the bonds would begin on January 1, 2019. The final maturity date would be in 2038.*

*Bass, Berry & Sims PLC is acting as Bond Counsel to Metro. Hilltop Securities Inc. would act as the Financial Advisor to Metro for these bonds.*

*The U.S. Bank National Association would be the Registration and Paying Agent. Cede & Co. would act as the securities depository for the bonds as the nominee of the Depository Trust Company.*

**RESOLUTION NO. RS2018-1392** (VERCHER) – See attached grant summary spreadsheet.

**RESOLUTION NO. RS2018-1393** (VERCHER & ROBERTS) – This resolution would approve a routine agreement between the United States Department of Justice, Drug Enforcement Administration (DEA), and the Metropolitan Nashville Police Department to provide police assistance to the Middle Tennessee Drug Enforcement Task Force.

The purpose of the Drug Enforcement Task Force is to gather intelligence data and conduct undercover operations related to illegal drug trafficking. The Police Department assigns one (1) officer to the task force. The DEA assigns three (3) special agents to the task force, and provides the necessary funds and equipment to support the activities of the task force.

The term of this agreement is from October 1, 2018 through September 30, 2019.

*Fiscal Note: Depending on availability of funds, the DEA agrees to reimburse the police department for overtime costs paid by Metro up to \$18,343.75 per officer participating in the Drug Enforcement Task Force.*

**RESOLUTION NO. RS2018-1394** (VERCHER) – This resolution would authorize the Department of Law to settle the claims of Andrea Miller against a former police officer for the Metropolitan Nashville Police Department in the amount of \$50,000 and reasonable attorneys' fees not to exceed \$80,000.

Andrea Miller was arrested on August 31, 2011. She was driving home from work at approximately midnight when an MNPD officer observed her. The officer alleges Ms. Miller ran a stop sign. He activated his blue lights to initiate a traffic stop. Both parties agree that Ms. Miller continued to her driveway instead of pulling over. But the officer reported that Ms. Miller accelerated away at a high rate of speed, while Ms. Miller states that she proceeded to her home safely and within the speed limit. In her driveway, the officer pulled in behind her and Ms. Miller opened her car door. The officer asked why she did not stop and she did not respond. The officer ordered her out of the car and attempted to assist her out of the car. The officer alleges she jerked away from him, whereupon the officer handcuffed Ms. Miller and placed her in the back of his patrol car.

The officer searched her vehicle and drove Ms. Miller to the Criminal Justice Center. The officer charged Ms. Miller with Reckless Driving and Resisting a Stop and also issued a traffic citation for running a stop sign. The officer went before a night court commissioner via video conferencing. Based upon the officer's testimony and arrest warrants, the night court commissioner determined there was probable cause for Ms. Miller's arrest. In the arrest warrants, the officer confused the cross street for the stop sign that Ms. Miller was alleged to have run. In lieu of posting bond, she was eligible for the Sheriff's Office pre-trial release program. A preliminary hearing was held where a judge found probable cause for Ms. Miller's arrest and bound her over to the grand jury. The grand jury indicted Ms. Miller for Resisting a Stop, Reckless Driving and Evading Arrest by Motor Vehicle. Evading Arrest was not one of the original charges and was added by the district attorney.

The charges against Ms. Miller were ultimately dismissed because the district attorney did not believe he could establish guilt beyond a reasonable doubt. The district attorney believed he could not prove guilt beyond a reasonable doubt because of the discrepancy in the arrest warrants, which misstated the cross street. Ms. Miller appeared in court regarding the traffic ticket and was ordered by the judge to pay the ticket.

Ms. Miller filed a 42 U.S.C. § 1983 action against the officer alleging malicious prosecution in violation of the Fourth Amendment. She claims approximately \$7,000 in pecuniary damages with an undisclosed amount of damages for emotional distress. There are no liability caps on Section 1983 claims. There is a risk that a jury could award more to Ms. Miller than she claims and there is a possibility of punitive damages which are not tied to the damages claimed by Ms. Miller. If she prevails at trial, no matter the amount of the verdict, she would be entitled to attorneys' fees. The attorneys' fees through trial are estimated to be \$250,000.

The officer faces individual liability under a Section 1983 claim. The Metropolitan Government is authorized to indemnify employees only up to \$50,000 under Metro Code sec. 2.40.140; and the decision to indemnify is discretionary. A judgment against the officer, even for a nominal amount, would include an award of attorney's fees and potentially punitive damages, likely forcing the officer into bankruptcy (which would not necessarily insulate the officer from any judgment).

The Department of Law recommends settlement of this claim for \$50,000 and reasonable attorneys' fees not to exceed \$80,000.

No disciplinary action was taken against the officer because Ms. Miller never filed a complaint with the MNP. The officer resigned from the MNP in good standing.

*Fiscal Note: This \$130,000 settlement would be the second payment from the Judgments and Losses Fund in FY19 for a cumulative total of \$245,000. The fund balance would be \$2,638,633 after this payment.*

**RESOLUTION NO. RS2018-1395** (GLOVER) – This resolution would appropriate \$360,000 from the General Fund Reserve Fund (4% Fund) to the Nashville Fire Department for personal protective equipment.

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 Metro Code Section 5.04.015.F, allocations from the General Fund Reserve Fund must each be supported by an information sheet. The resolution provides in part: “The Director of Finance may schedule acquisitions authorized herein to ensure an appropriate balance in the Fund.”

Per Rule 16 of the Council Rules of Procedure, upon the filing of any ordinance or resolution requiring the appropriation or expenditure of money, the Director of Finance must be afforded 20 days within which to furnish a statement certifying the availability of funds. Until such statement is furnished, or the 20 day period has elapsed, no committee may consider the legislation.

*Fiscal Note: The balance in the General Fund Reserve Fund prior to the appropriation in this resolution is \$35,857,425. This includes projected unrealized revenue for FY18 in the amount of \$31,223,129. After this appropriation of \$360,000, the projected remaining balance would be \$35,497,425.*

**RESOLUTION NO. RS2018-1396** (VERCHER & WITHERS) – This resolution would approve the waiver of pension benefit overpayments made to twenty-eight (28) pensioners. The Metropolitan Employee Benefit Board (EBB) has determined that, as a result of error, the twenty-eight (28) pensioners have received greater pension benefits than they were entitled to receive. Metro Code Sec. 3.08.230 permits the EBB to waive such overpayments where such overpayment was made through error committed by the Board’s staff and the Board determines the beneficiary was without fault or knowledge of the error and would be deprived of income for living expenses if forced to repay the amount of overpayment. The EBB has approved this waiver.

The twenty-eight (28) pensioners are listed on Exhibit A, attached to the resolution.

*Fiscal Note: This resolution would waive a total of \$13,278.03 that would otherwise be due for the disability pension benefit overpayments. Each affected pensioner averaged less than \$475 in overpayments.*

**RESOLUTION NO. RS2018-1397** (VERCHER & WITHERS) – This resolution would approve an interlocal agreement between the Metropolitan Government, Nashville Electric Service (NES), and the Williamson County Joint Communications Network Authority (WCJNA) for the interfacing of radio communication systems.



Metro and NES have a fully integrated, digital/analog 800 MHz radio communications system, which is maintained by Metro's Department of Information Technology Services. NES contributes funds to maintain Metro's system. WCJCNA, a public agency defined pursuant to Tennessee Code Annotated § 12-9-103, is constructing a 12 site, multi-channel, 700/800 MHz radio system. Metro and WCJCNA desire the ability to interface directly with both systems, for system management and control and to provide for public safety and emergency response. NES has no objections to this and has agreed to permit WCJCNA's use of the system.

Pursuant to the agreement, the term would extend from the approval of the Metro Council and the NES Board until June 30, 2028. The agreement could be terminated upon one-hundred eighty (180) days written notice.

Future amendments to this legislation may be passed by resolution.

*Fiscal Note: There would be no fees for system access, usage, or any other services provided by either Metro or WCJCNA. However, Metro would be responsible for any subscriber units, procurement and maintenance of communication infrastructure on the Davidson County side of the connections, and procurement of all maintenance and repair services for its system.*

**RESOLUTION NO. RS2018-1398** (VERCHER & WITHERS) – See attached grant summary spreadsheet.

**RESOLUTION NO. RS2018-1399** (VERCHER & WITHERS) – See attached grant summary spreadsheet.

**RESOLUTION NO. RS2018-1400** (VERCHER & WITHERS) – See attached grant summary spreadsheet.

**RESOLUTION NO. RS2018-1401** (VERCHER & WITHERS) – See attached grant summary spreadsheet.

**RESOLUTION NO. RS2018-1402** (VERCHER, GILMORE, & ROBERTS) – This resolution would approve a grant contract between the Metro Board of Health and The Mental Health Cooperative to provide a secure drop-off location for persons needing a mental health urgent care alternative to an emergency room or correctional facility.

Section 10.104(8) of the Metropolitan Charter provides that the Board of Health has the duty to contract for such services as will further the program and policies of the Board, subject to confirmation by resolution of Council.

The contract would be for a term of twelve (12) months, beginning July 1, 2018 and ending on June 30, 2019. The purpose would be to decrease the time Metro Nashville Police Department officers spend with people needing mental health urgent care and increase the availability of 24/7 medical services at the Mental Health Crisis Treatment Center.

*Fiscal Note: Metro would provide a grant to the Mental Health Cooperative in an amount not to exceed four hundred forty thousand, four hundred dollars (\$440,400) for the provision of the drop-off location.*

**RESOLUTION NO. RS2018-1403** (VERCHER & GILMORE) – This resolution would approve a grant contract wherein the Metropolitan Board of Health would grant \$100,000 to the Best Friends Animal Society to achieve safe placement of all healthy and treatable dogs and cats located in SAFE Coalition member kennels in Davidson County.

Section 10.104(8) of the Metropolitan Charter provides that the Board of Health has the duty to contract for such services as will further the program and policies of the Board, subject to confirmation by resolution of Council.

The term of this grant would be twelve (12) months, from July 1, 2018 and ending June 30, 2019.

*Fiscal Note: The total amount to be granted by Metro to the Best Friends Animal Society would not exceed \$100,000.*

**RESOLUTION NO. RS2018-1404** (VERCHER & GILMORE) – See attached grant summary spreadsheet.

**RESOLUTION NO. RS2018-1405** (VERCHER & GILMORE) – This resolution would approve an intergovernmental agreement between the Tennessee Department of Health and the Metro Board of Health to provide Child Fatality Review Services in the Sudden Death of the Young in children under age 19 investigated by the Medical Examiner's Office.

Section 10.104(8) of the Metropolitan Charter provides that the Board of Health has the duty to contract for such services as will further the program and policies of the Board, subject to confirmation by Resolution of Council.

Under the agreement, the Metro Health Department would be responsible for reviewing sudden death cases of children under the age of 19 (excluding homicides, suicides, overdoses, poisonings, and vehicle accidents) to gain a better understanding of what happened, how to prevent future child deaths, and how to decrease the rate of child deaths in Tennessee. The

Metro Health Department would be required to submit progress reports to the State every six (6) months. The term of the contract would begin September 30, 2018 and end September 29, 2022.

*Fiscal Note: Metro would be compensated up to \$28,000 for these services, which would be \$3,500 per submitted progress report.*

**RESOLUTION NO. RS2018-1406** (VERCHER & GILMORE) – This resolution would approve an agreement between the Metro Board of Health and Enfield Management (Enfield) to operate a mobile unit to provide services to women, infants, and children (WIC) participants.

Under the Metro Charter, the Board of Health is required to contract for such services as will further the policies of the Board. (Metro Charter Sec. 10.104(8)). Pursuant to this obligation, the Health Department has negotiated agreements with several community organizations to provide classes and services for WIC participants. Enfield operates four locations where the Health Department desires to conduct classes for current and potential recipients. Those locations are Whispering Oaks Apartments, Biltmore Place, Parkwood Villa, and Terrace Park.

The contract term is for sixty (60) months. Either party may terminate the contract upon thirty (30) days written notice to the other party.

*Fiscal Note: There would be no cost to Metro for the performance of services under this contract.*

**RESOLUTION NO. RS2018-1407** (VERCHER & GILMORE) – See attached grant summary spreadsheet.

**RESOLUTION NO. RS2018-1408** (VERCHER) – This resolution would approve a letter from the Metropolitan Mayor to the Deputy Commissioner of the Tennessee Department of Transportation (TDOT) outlining the Metropolitan Government’s compliance efforts with the Americans with Disabilities Act (ADA).

In a previous letter to the Metropolitan County Mayor dated November 14, 2016, the Deputy Commissioner of TDOT wrote that the Federal Highway Administration (FHWA) had advised TDOT that every city and county with 50 employees or more must have an ADA Transition Plan and Self-Evaluation in order to receive Transportation Funds. As a result of this FHWA directive, the Deputy Commissioner is requiring qualifying municipalities, including Metro, to meet certain deadlines for submissions of compliance documentation demonstrating ADA compliance efforts. Among the required documents is a letter from the Mayor outlining the development of the Transition Plan adopted by the city council or county commission. The proposed letter, attached to the resolution as Exhibit A, confirms the Metropolitan Government’s efforts to comply with the

ADA and summarizes the policies, procedures, previous actions and pending programs to maintain compliance.

**RESOLUTION NO. RS2018-1409** (WITHERS, BEDNE, & ELROD) – This resolution would amend Ordinance No. BL2018-1177 to abandon an additional eighty (80) linear feet of existing eight inch sanitary sewer main and easement for property located at 701 South 7th Street. That ordinance abandoned existing sanitary sewer and water mains and easements and accepted new water main, a fire hydrant and easements. Approximately 195 linear feet of existing sewer main were abandoned, which would be amended to 275 linear feet by this resolution.

**RESOLUTION NO. RS2018-1410** (BEDNE, ELROD & OTHERS) – This resolution would approve an intergovernmental agreement between the Tennessee Department of Transportation (TDOT) and the Metro Department of Public Works to establish a general maintenance agreement for various traffic and signal devices under SMART Corridor (Phase 1), on I-24, from I-440 to State Route 10 in Murfreesboro and State Route 1 from I-24 to State Route 10 in Murfreesboro and various connector routes.

Future amendments to the terms of the agreement may be approved by resolution. This has been approved by the Planning Commission.

*Fiscal Note: Fiscal Note: TDOT would pay the entire cost for the installation of these traffic and signal devices. Metro would only be responsible for maintenance costs after they are placed in service.*

**RESOLUTION NO. RS2018-1411** (COOPER) – This resolution would confirm the appointment of five (5) members to the Blue Ribbon Commission to identify government inefficiencies, practices, transfer payments, third party payments and subsidies with the targeted goal of achieving budgetary cost savings of \$20 million in annual savings.

Substitute Ordinance No. BL2018-1184 approved the Annual Operating Budget for Fiscal Year 2019. That ordinance was amended to include a five (5) member Blue Ribbon Commission, appointed by the mayor and confirmed by the Council, and each with relevant areas of expertise such as benefits, contracting, insurance, accounting, asset management and general management. The authorization for the Commission was to be completed prior to September 30, 2018.

The resolution would confirm the appointment of the following five (5) individuals, appointed by the mayor, to the Blue Ribbon Commission:

- Mr. DJ Wootson
- Mr. Brad Rayson
- Ms. Emily Evans
- Mr. David Goetz
- Ms. Gracie Porter

*Fiscal Note: These individuals would be serving on a volunteer basis. There are no funds appropriated for the activities of this commission. An undetermined amount of staff time would probably be required in support of the commission, but the additional costs should be minimal.*

– ORDINANCES ON SECOND READING –

**BILL NO. BL2018-1283** (MURPHY & HENDERSON) – This ordinance would amend Chapter 5.04 of the Metropolitan Code to restrict the use of proceeds from the sale of real property owned by the Metropolitan Government.

This ordinance would prohibit the use of proceeds from the sale of real property owned by the Metropolitan Government from being used for recurring costs of the Metropolitan Government or as a funding source for recurring operating expenses in a proposed operating budget. It would further require the proceeds to be used exclusively for the payment of debt services or the purchase of other real property.

*Fiscal Note: The proposed restriction could have an effect on the FY19 operating budget approved by the Council in June. \$10,823,700 of the total revenue budgeted for the GSD General Fund, along with \$13,000,000 of the Schools Operations Fund, were budgeted to come from gains on real property sales that have not yet occurred, for a total of \$23,823,700 in recurring costs. \$15,000,000 budgeted for the Debt Services Fund would be unaffected by this proposed restriction.*

*An argument could be made that the \$23,823,700 in property sales referenced above is intended to increase the undesignated fund balance rather than funding any recurring costs in the budget. However, these revenue dollars are fungible and pooled together in the general funds rather than being collected for any specific purpose or function.*

**BILL NO. BL2018-1294** (O’CONNELL) – This ordinance would amend Chapter 11.12 and Chapter 16.44 of the Metro Code of Laws regarding noise.

MCL Section 11.12.070 regulates excessive noise. Currently, the provisions addressing commercial noise, including noise from equipment, vehicles, or heavy machinery incident to performing commercial functions, apply only as measured from the outside wall of any “residential structure located within a residential zoning district.” This ordinance would amend that provision to instead apply as measured from any structure within the boundary line of the “nearest residentially occupied property.”

MCL Section 16.44.030 regulates construction noise. Currently, this section applies only to construction noise as measured from “any residential structure” in an adjoining “residential zone district.” This ordinance would likewise amend that section to instead apply as measured from any structure within the boundary line of the “nearest residentially occupied property.”

**BILL NO. BL2018-1314** (COOPER & VERCHER) – This ordinance would establish a Blue Ribbon Commission to identify government inefficiencies.

Previously, Substitute Ordinance No. BL2018-1184 approved the Annual Operating Budget for Fiscal Year 2019 and, by amendment, authorized the establishment of a Blue Ribbon Commission by September 30, 2018. The goals of the Blue Ribbon Commission would be to find budgetary cost savings.

This ordinance would revise various provisions of the Blue Ribbon committee as originally established under Substitute BL2018-1184 and establish a fifteen (15) member Blue Ribbon Commission (the Commission). There would be twelve (12) voting members, with five (5) appointed by the Mayor, four (4) appointed by the Mayor and assented to by the Vice Mayor, and three (3) designated from the membership of the Council, including the Vice Mayor or a designee, the Budget and Finance Committee chair, and a councilmember chosen by the Vice Mayor. There would be three (3) ex officio, non-voting members appointed by the Mayor, representing the Mayor’s Office, the Department of Finance, and the Department of Law. The term of the non-councilmembers would be three (3) years.

The Commission would be required to propose and vote on expense and saving ideas and revenue generating proposals. Upon approval of the Commission, these proposals would be reported to the Mayor’s Office and Council by March 31 of each year. The Commission would sunset upon the adoption of the annual operating budget, but could be reauthorized in each subsequent budget.

The Commission would be authorized to contract for professional consulting services for a term of six months and a contract value not to exceed \$250,000. However, in a letter dated August 30, 2018, the Director of Finance advised Council members that available funds from the undesignated fund balance could not be certified for purposes of providing the \$250,000 professional consulting services.

*Fiscal Note: The Blue Ribbon Commission as proposed by this ordinance was authorized by amendment to the approved Substitute FY19 Operational Budget. However, there were no funds appropriated for the operations of this Commission.*

*The proposed ordinance would authorize the Commission to contract with professional consulting services at a cost up to Two Hundred Fifty Thousand Dollars (\$250,000). No appropriation was included to pay for the cost of these contracted services.*

*The targeted goal of this Commission is to achieve cost savings of Twenty Million Dollars (\$20,000,000) in annual savings. The consultant fees would represent 1.25% of this total if it is achieved. However, there is no guarantee of any particular amount of savings resulting from the activities of this Commission.*

**BILL NO. BL2018-1319** (MENDES & VERCHER) – This ordinance would amend Chapter 5.06 of the Metropolitan Code of Laws regarding tax increment financing (TIF).

This ordinance would amend section 5.06.010 to create definitions of “schools taxes” and “schools taxes percentage”. “School taxes” would mean (a) for properties located in the General Services District, that portion of property taxes designated to be distributed to the General Services District Schools Fund, and (b) for property in the Urban Services District, that portion of property taxes distributed to the Urban Services District Schools Fund. “Schools taxes percentages” would mean the percentage of taxes obtained by dividing the schools taxes for the applicable year by the total taxes for the applicable year.

This ordinance would then amend Section 5.06.050 by adding a subsection requiring that schools taxes be retained by Metro (or, if received by a tax increment agency pursuant to TIF, paid to Metro) before any incremental tax revenues could be used to pay the principal and interest on TIF loans. The amount of school taxes to be retained by or paid to Metro for each TIF loan would be determined by multiplying the total taxes from all parcels generating incremental tax revenues pledged to secure the TIF loan by the schools taxes percentage applicable as of the date of the closing of the TIF loan. This would apply to all TIF loans authorized by a tax increment agency after the effective date of this ordinance.

This ordinance bears resemblances to ordinance no. BL2016-157, adopted by the Council in 2016, which similarly retained all “debt service taxes” from the incremental tax revenues otherwise available to tax increment agencies.

The sponsor anticipates submission of a minor housekeeping amendment.

*Fiscal Note: Metro operates with six primary funds in the annual operating budget. These are the GSD Operating Fund, the USD Operating Fund, and the Schools Operating. In addition to these three, there is a corresponding Debt Service Fund for each.*

*As part of the operating budget each year, a determination is made as to how much of the property tax revenues collected by Metro are to be credited to each of these six funds. The budget ordinance each year includes tables that show this division of the property tax revenues.*

*One of the funding mechanisms used by MDHA for new developments is Tax Increment Financing (TIF). A determination is made as to the incremental increase in the value of a property that results from the development. This increased value results in a corresponding increase in the total amount of property taxes that would be generated by the development. These increases are credited to these same six primary funds along with all other property tax revenues.*

*Under the initial rules, MDHA had the authority to collect all the increased property taxes from all six funds to pay for the loan used to finance the development. This was changed in 2016. For all new TIF loans, the property tax amounts allocated to the three debt service funds were kept*



*by Metro and could not be used by MDHA for loan payments. Only the property taxes allocated to the three primary operating funds could be used for this purpose.*

*The ordinance now under consideration would increase this fund restriction to include the Schools Operating Fund along with the three debt service funds. If this is approved, only the property taxes allocated to the GSD General Fund and the USD General Fund could be used for TIF loan payments.*

*For FY19, 14.8% of the property tax revenues are to be allocated to the debt service funds. Under the current rules, this leaves the remaining 85.2% of new TIF development property tax revenues that can be used to pay for the loans. The amount that is to be allocated to Schools is 31.1%. Removing this as well as the property tax payments allocated to the three debt service funds would only leave 54.1% of the new TIF development property tax revenues that could be used to pay for the loans.*

*The amount of total property taxes that would be paid to Metro would remain the same. The net impact would be to keep the additional 31.1% for the Schools Operating Fund instead of including this amount in the pool that could be used by MDHA for TIF loans.*

**BILL NO. BL2018-1320** (MENDES) – This ordinance would approve the eighth amendment to the Rutledge Hill Redevelopment Plan. The Rutledge Hill Redevelopment Plan was initially approved by Ordinance Number 80-133, and subsequently amended by the adoption of Ordinance Nos. 86-1131, 87-1695, 91-1520, 97-755, 97-754, BL2005-875, BL2013-377, and BL2014-699.

This ordinance would clarify language from the amendment adopted pursuant to BL2014-699 which inadvertently identified the “Tax Increment” section of the plan as “Section G” instead of “Section H”. The 2014 amendment also inadvertently authorized tax increment financing related to the Rutledge Hill Redevelopment Plan to be used to carry out “other adopted and approved redevelopment plans”, potentially outside of the designated Rutledge Hill area. This ordinance would remove that language.

Additionally, this ordinance would add a new Section C.3 to the Rutledge Hill Plan, to authorize proceeds from land sold by the Metropolitan Development and Housing Agency (MDHA) to be placed in a revolving fund for further purchase of land for resale and redevelopment in the project area, public improvements and facilities in the project area, and implementation of the redevelopment plan. The revolving fund would be held and managed by MDHA. At the close of the project, all funds remaining would be deposited into the General Fund.

The Tax Increment Section of the Rutledge Hill Plan would be further amended to add language to require that, for all new Tax Increment Financing (TIF) loans under the Rutledge Hill Plan, debt service taxes and schools taxes would be retained by the Metropolitan Government, or if received by MDHA, to be paid to Metro before any incremental tax revenues are used to pay the

principal and interest on a TIF loan. The debt service taxes to be retained by or paid to Metro for each TIF loan would be determined by multiplying the total taxes from all parcels generating incremental tax revenues pledged to secure the TIF loan by the debt service tax percentage applicable as of the date of the closing of the TIF loan. The amount of school taxes to be retained by or paid to Metro for each TIF loan would be determined by multiplying the total taxes from all parcels generating incremental tax revenues pledged to secure the TIF loan by the schools taxes percentage applicable as of the date of the closing of the TIF loan. This would apply to all TIF loans authorized by MDHA under the Rutledge Hill Redevelopment Plan after the effective date of this ordinance.

State law authorizes redevelopment plans to be approved either by the housing authority or the local governing body, but no express provision addresses subsequent amendments thereto. (Tenn. Code Ann. § 13-20-203(a)(1)). Previous versions of the Rutledge Hill Plan provide that modifications may be proposed by MDHA “with the subsequent approval of the Metropolitan Council.”

*Fiscal Note: The property tax receipts available to be used for TIF loans would now have the same restrictions as proposed per Ordinance No. BL2018-1319. Only the property tax receipts credited to the GSD General Fund and USD General Fund could be used for TIF loan payments. The tax receipts credited to the Schools Operating Fund and the three debt service funds would be retained by Metro and could not be used for TIF loans.*

**BILL NO. BL2018-1321** (A. DAVIS, BEDNE, & ELROD) – This ordinance would disclaim any interest the Metro Government may have in the Nashville-Gallatin Interurban Railroad right-of-way.

The Nashville-Gallatin Interurban Railroad was an electric commuter rail line that operated from 1913 until 1932. A recent survey revealed remaining railroad right-of-way on the property at 1100 Eastdale Ave. The owner of that property, TBC Development, LLC, has requested that Metro disclaim any interest it may have in the remaining railroad right-of-way. Metro has no future need for this right-of-way.

This has been approved by the Planning Commission.

– ORDINANCES ON THIRD READING –

**BILL NO. BL2018-1279** (MENDES, SYRACUSE & SLEDGE) – This ordinance would amend the definitions of “alternative financial services” and “financial institution” in Title 17 of the Metropolitan Code of Laws. This ordinance would also clarify that no more than one alternative financial services establishment may be located upon a single parcel.

The definition of “alternative financial services” would be amended to exclude an “industrial loan and thrift company” defined under state law to refer to businesses engaged in making loans and imposing interest rates and loan charges authorized under Title 45, Chapter 5 of the Tennessee Code Annotated and providing only the services authorized under that chapter. An “industrial loan and thrift company” would be included in the definition of “financial institution.”

The ordinance further amends the definition of “alternative financial institutions” to include any entity offering financial services that is *not* determined to be a “financial institution.” In other words, institutions could no longer claim to be in an unregulated “gray zone” not fitting either definition.

Additionally, the ordinance would address concerns arising from current distance requirements whereby “alternative financial institutions” must be 1,320 feet apart *measured from property line to property line*. Because that requirement would theoretically allow multiple alternative financial institutions to be located within a single parcel, the proposed text change would additionally prohibit more than one such institution on any single parcel.

**BILL NO. BL2018-1298** (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 Brewer Drive Sidewalk Improvements.

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. BL2018-1313** (VERCHER) – This ordinance, as substituted, would approve a contract between Metro and the United Way for the continuation of the Nashville Financial Empowerment Center.

Metro was the recipient of a grant from Bloomberg Philanthropies for the purpose of operating the financial empowerment program through December 2015. Ordinances No. BL2016-387 and BL2017-869 have extended the Nashville Financial Empowerment Center for one year terms.

The Financial Empowerment Center provides one-on-one financial counseling and other financial education activities at no charge to low income residents.

The term of this contract would be from July 1, 2018 through June 30, 2019. The United Way would conduct a minimum of 2,160 counseling sessions during this period. At least three (3) full-time (or equivalent) counselors would be retained and supervised to provide these services.

*Fiscal Note: Metro would pay the United Way an amount not to exceed \$250,000, which would include all labor, overhead, profit, and expenses.*

**BILL NO. BL2018-1315** (MENDES) – This ordinance would establish a Tax Increment Financing (TIF) Study and Formulating Committee.

TIF is authorized under state law at Tennessee Code Annotated Title 7, Chapter 53, Title 9, Chapter 23 and Title 13, Chapter 20, Part 7.

The TIF Study and Formulating Committee (the Committee) would consist of seven (7) members approved by Metro Council resolution. Within thirty (30) days of adoption of this ordinance, two (2) members would be nominated by the chief executive of the Metropolitan Development and Housing Agency (MDHA), two (2) members would be nominated by the mayor, and three (3) members would be appointed by election of the Metro Council.

The Committee would study how Metro uses TIF and formulate recommendations for its implementation in a more transparent, equitable, effective, and understandable manner. The study would assess: (i) how TIF is awarded, (ii) strengths and weaknesses of how TIF is currently awarded, (iii) whether alternative lawful approaches exist for structuring TIF awards, and (iv) whether methods for awarding TIF should be revised following the emergence of transit-oriented redevelopment districts and other developments. The Committee would be authorized to obtain from any department, board, commission, agency, officer, or employee of Metro any information and data regarding TIF or any other pertinent information and data as the Committee may require. Within six (6) months of its appointment, unless extended by Metro Council resolution, the Committee would submit to the Council and to MDHA its complete report and recommendations.

*Fiscal Note: No funds would be appropriated by this ordinance for this Committee's operations. There is no projection of the costs for the activities of the Committee, but they should be minimal.*

**GRANTS LEGISLATION – SEPTEMBER 18, 2018**

<b>Legislative Number</b>	<b>Parties</b>	<b>Amount</b>	<b>Local Cash Match</b>	<b>Term</b>	<b>Purpose</b>
<b>RS2018-1392</b>	<p><b>From:</b> Tennessee Department of Mental Health and Substance Abuse Services</p> <p><b>To:</b> Office of Family Safety</p>	Not to exceed \$96,179.00	\$0	November 1, 2018 through September 30, 2019	The grant proceeds would be used for the Cherished Hearts Human Trafficking Intervention Court which considers the needs of victim-defendants and seeks to address those needs.
<b>RS2018-1398</b>	<p><b>From:</b> Tennessee Department of Labor and Workforce Development</p> <p><b>To:</b> Nashville Career Advancement Center</p>	Not to exceed \$658,000.00	\$0	July 1, 2018 through November 14, 2018	The grant proceeds would be used to provide transitional assistance funding from statewide funds to continue services through the American Job Center during the workforce system realignment.
<b>RS2018-1399</b>	<p><b>From:</b> Tennessee Department of Labor and Workforce Development</p> <p><b>To:</b> Nashville Career Advancement Center</p>	Not to exceed \$73,111.00	\$0	July 1, 2018 through November 14, 2018	The grant proceeds would be used to provide transitional assistance funding from statewide funds for administration costs during the workforce service realignment.

<p><b>RS2018-1400</b></p>	<p><b>From:</b> Tennessee Department of Labor and Workforce Development</p> <p><b>To:</b> Nashville Career Advancement Center</p>	<p>Increase by \$266,989.00</p>	<p>\$0</p>	<p>N/A</p>	<p>This would approve the second amendment to the grant approved by RS2017-994. The grant amount would be increased from \$1,705,556 to \$1,972,545.</p> <p>Grant proceeds are used to establish career services for eligible adults, youth, and dislocated workers with barriers to employment, education, training, and support services to succeed in the labor market.</p>
<p><b>RS2018-1401</b></p>	<p><b>From:</b> Tennessee Department of Labor and Workforce Development</p> <p><b>To:</b> Nashville Career Advancement Center</p>	<p>Increase by \$16,930.00</p>	<p>\$0</p>	<p>N/A</p>	<p>This would approve the first amendment to the grant approved by RS2017-993. The grant amount would be increased from \$1,414,224 to \$1,431,154.</p> <p>Grant proceeds are used to establish programs to prepare adult service recipients for employment.</p>
<p><b>RS2018-1404</b></p>	<p><b>From:</b> Best Friends Animal Society</p> <p><b>To:</b> Metropolitan Board of Health</p>	<p>Not to exceed \$3,100.00</p>	<p>\$0</p>	<p>N/A</p>	<p>The grant proceeds would be used to provide a Pay It Forward fee-waived animal adoption event.</p>

<b>RS2018-1407</b>	<b>From:</b> Tennessee Department of Health  <b>To:</b> Metropolitan Board of Health	Not to exceed \$637,040.00	\$0	July 1, 2018 through June 30, 2019	The grant proceeds would be used to promote the proper use of all recommended vaccines and respond to vaccine preventable diseases in collaboration with the CDC and other partners.
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