

The Honorable Jim Shulman
Vice Mayor of Nashville and Davidson County
1 Public Square, Suite 204
Nashville, TN 37201

February 26, 2021

Dear Vice-Mayor Shulman,

The Special Committee for Council Benefits would like to thank you for the opportunity to serve Metro Nashville, its Council Members and its citizens.

We appreciate the time, information and effort put forth by all members of the Special Committee; and thank them for caring about the current and future financial commitments faced by the citizens of Metro Nashville in regards to Council Members' health care benefits.

As citizen members of the Committee, we would also like to thank the Council Members who participated and provided insight into duties, responsibilities, time and expenses that must be juggled to serve Metro Nashville and its citizens.

The following report contains the Committee's findings and suggestions concerning BL2020-387 pertaining to Metro Council Members after they leave office.

Respectfully,

The Vice-Mayor's Special Committee for Council Benefits:

Citizen Members:

Andy Depuy - District 11
Branden Summers - District 13
Christopher Birdsong - District 14
Christie Carter - District 23
Randall McCathren - District 24
Susan Miller - District 31
Yvonne Currie - District 32

Council Members:

Kyontzé Toombs - District 2
Brett Withers - District 6
Tonya Hancock - District 9
Erin Evans - District 12
Russ Bradford - District 13
Colby Sledge - District 17
John Rutherford - District 31
Joy Styles - District 32

Committee Meetings

The Committee met virtually on these dates:

- December 4, 2020
- December 11, 2020
- December 18, 2020
- January 8, 2021
- January 15, 2021
- January 22, 2021
- January 27, 2021
- January 29, 2021
- February 5, 2021
- February 12, 2021
- February 19, 2021
- February 26, 2021

Committee Attendees

Committee Members included:

- Andy Depuy - District 11
- Branden Summers - District 13
- Christopher Birdsong - District 14
- Bill Gentner - District 22 *
- Christie Carter - District 23
- Randall McCathren - District 24
- Susan Miller - District 31
- Yvonne Currie - District 32
- Kyontzé Toombs - District 2
- Brett Withers - District 6
- Tonya Hancock - District 9
- Erin Evans - District 12
- Russ Bradford - District 13
- Colby Sledge - District 17
- John Rutherford - District 31
- Joy Styles - District 32

Additional Attendees

Additional Committee Members who supplied input to the Special Committee:

- Vice Mayor Shulman
- Shannon Hall – HR Director
- Counsel Jon Cooper
- Other Council Members

* Mr. Gentner resigned due to personal reasons.

Bill BL2020-387 (as amended)

An ordinance amending Section 3.24.010 of the Metropolitan Code of Laws pertaining to health insurance benefits for Members of the Metropolitan Council after they leave office.

WHEREAS, in 2019, Metro Council members received a \$8,100 raise approved in the prior term which was recommended by the Department of Human Resources under the belief to properly compensate Metro Council would help to promote a more diverse and inclusive Council body; and

WHEREAS, the citizens of Davidson County expect the Council to manage taxpayer money wisely, yet over \$800,000 per year is spent on a benefit for Councilmembers that is not offered to other part-time Metro Government Employees; and

WHEREAS, the Metropolitan Government spent \$837,438 health insurance benefits for both current and former Metro Council Members in 2020. This cost is expected to increase to \$1,208,134 by 2024; and

WHEREAS, July 17, 2020 the Metropolitan Council passed a \$1.066 property tax rate increase in the USD (\$1.033 in the GSD), constituting the highest increase in the history of Metropolitan Nashville; and

WHEREAS, the Metropolitan Government is \$4.5 billion in debt, with depleted reserves; and

WHEREAS, in 2014, the Mayor's Office contracted with an independent consulting company (Deloitte Consulting LLP) to provide data upon which Metro could make decisions about current pay levels. This study revealed that none of Metro Nashville's peers offer retiree medical coverage to council members. To be consistent with common practice, the study recommended that Metro eliminate lifetime medical coverage for Council Members; and

WHEREAS, the Metropolitan Council should remove the lifetime health insurance benefits for Council members after they leave office.

BE IT ENACTED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

Section 1. That Section 3.24.010 of the Metropolitan Code is hereby amended by deleting the provisions of subsection C. in their entirety and substituting with the following new provisions:

"C. Council member participation in the comprehensive health care plan.

1. Members of the metropolitan council, during their term of office, shall be authorized to participate in the health insurance program under the same terms and conditions as are available for regular Metropolitan Government employees. The benefits and contribution rates shall be equivalent to those benefits and rates paid by Metropolitan Government employees. Each member of council shall have the option of participating in

the program by notifying the employee benefit board of their desire to participate in the program at any time during their term of office.

2. Members of council holding office for less than eight (8) years prior to October 1, 2027 who were participants in the comprehensive health care plan during the time they held office may elect to continue the health care plan, provided they pay the full amount of the premium without any subsidy from the Metropolitan Government.
3. Members of council satisfying one of the following criteria shall be eligible to continue participation in the comprehensive health care plan at the contribution rate equivalent to those rates paid by Metropolitan Government employees:
 - a. Those members of council holding office for eight (8) years or more on or prior to October 1, 2027;
 - b. Those members of council serving prior to September 1, 2007, that served part of one term and a full consecutive term and were prohibited from serving a third consecutive term pursuant to Section 1.07 of the Metropolitan Charter.
4. Those members of council serving at least eight (8) years who are not covered by subsection 3 above shall be eligible to continue participation in the comprehensive health care plan under the same terms and conditions as retired Metropolitan Government employees, and at the contribution rates based upon years of service as follows:
 - a. The Metropolitan Government shall contribute twenty-five percent of the contribution rate established for medical care benefits for a former member of council that served at least eight (8) but less than fifteen (15) years;
 - b. The contribution rate for members of council serving fifteen (15) or more years shall be based upon years of service as provided in Section 3.16.020c.3. of this chapter applicable to retired employees hired after January 1, 2013.
5. Members of council serving at least (8) years who are otherwise covered by subsection 3 above shall have the option of participating in the comprehensive health care plan at the higher contribution rates set forth in subsection 4 above if they so choose.
6. Except as provided above, no member of council serving after October 1, 2027, shall be eligible for the subsidized health care plan after leaving office.”

Section 2. This Ordinance shall take effect from and after its passage, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

Sponsor(s)

Tonya Hancock, Erin Evans, Freddie O'Connell, Russ Bradford, John Rutherford, Angie Henderson

Information and Data Considered

The Committee reviewed and considered the following information and data:

- Deloitte Consulting's Compensation Study – Mayor, Vice-Mayor and Council (Appendix A)
- Council Member Health Insurance Costs (12/4/2020) (Appendix B)
- BL2020-387 (as stated above)
- Metro Code Eligibility for Benefits: Code 3.24.010 – Eligibility for Benefits
- Ad Hoc statements by Council Members regarding time/hours spent on Council duties/responsibilities, expenses incurred by Council Members, personal commitments made by Council Members, etc.
- Input from Shannon Hall (HR) concerning health benefits and costs

Special Committee Recommendations for BL2020-387

After reviewing all the information and data, the Committee recommended to:

- Adopt BL2020-387 to help curtail ever-increasing health insurance expenses being paid for by Metro Nashville citizens. **9-0-1(yea/nay/abstain)**

Special Committee Additional Recommendations

After reviewing all the information and data, the Committee put forward the following recommendations which were passed by majority vote:

- Provide health insurance benefits for all incoming 2023 Council members while they are in office. Remove the life-time Metro health insurance benefit for all incoming 2023 Council Members when they leave Council. Replace it with a one-time, two-year 25% (Metro)/75% (Member) health benefit upon leaving the Council. **6-2-2(yea/nay/abstain)**
- Provide health insurance benefits for all incoming 2023 Council members while they are in office. Remove the life-time Metro health insurance benefit for all incoming 2023 Council Members when they leave Council. Replace it with a one-time, one-year 50% (Metro)/50% (Member) health benefit upon leaving the Council. **7-2-1(yea/nay/abstain)**
- Recommendation to BL2020-387: Section 1.C.
 - 1. Members of the Metropolitan Council, during their term of office, shall be authorized to participate in the health insurance program under the same terms and conditions as are available for regular Metropolitan Government employees. The benefits and contribution rates shall be equivalent to those benefits and rates paid by Metropolitan Government employees. Each member of council shall have the option of participating in the program by notifying the Employee Benefit Board of their desire to participate in the program during Metro Employee open enrollment period before each upcoming year of their terms of office. **6-1-2 (yea/nay/abstain)**
 - 4. b. For all incoming Council members in 2023 who serve at least 8 years on council, after serving their final term on Council, will receive health

benefits for up to 15 years or until age 65; whichever comes first. **7-3-0 (yea/nay/abstain).**

It is the intent of the committee that these recommendations refer to all subsequent incoming council members starting with 2023.

After reviewing all the information and data, the Committee also considered the following recommendations which were **not** passed by majority vote:

- Add an Amendment to BL2020-387 to increase, in 2023, the salaries of Council Members to \$25,500. For the Council Members using Metro health insurance, increase the member share of the health insurance cost by increasing the percentage of the health insurance cost paid by the Council member to the amount that would create the same take home pay as was received prior to the increased salary. **3-6-1(yea/nay/abstain)**
- Increase the Council Members' salary by the same cost of living percentage that is received by Metro Employees each year, if any. Since Council Member salaries cannot be increased during the current term, accumulate the cost of living increases during the current term and implement them during the next term. **2-7-1(yea/nay/abstain)**
- Offer a buyout in an amount not to exceed 50% of the net present value of the projected lifetime insurance cost to all former Council Members receiving Metro health insurance upon passage of this legislation. **1-9-0 (yea/nay/abstain)**
- Offer a severance package to all incoming 2023 Council Members in lieu of any health benefits they would receive while serving on council or after serving on Council. Severance package would pay one full year's salary after the Council Member leaves office. For example, if an incoming 2023 Council Member serves on the Council for eight years and earns \$27,500 in the eighth year and then leaves the Council, the Council Member would receive an additional, one-time severance pay of \$27,500. **2-8-0 (yea/nay/abstain)**
- Immediately increase Council Member salaries to \$25,500. Since Council Members' salaries cannot be increased during the current term, the pay increase is to be accrued and paid at the end of the current term for current members. \$25,500 shall be the standard salary effective for the 2023 term. **3-5-3 (yea/nay/abstain)**
- In an effort to end future decades of increasing health care cost to taxpayers, offer a buyout equivalent to 8 years of the current cost of health coverage to all former Council Members who are currently participating in Metro health insurance. **3-6-1 (yea/nay/abstain)**
- Remove the option to participate in health insurance to all incoming 2023 Council Members and replace a with \$500 per month stipend paid directly to member. Upon leaving Council, the Member is to continue receiving this stipend for 1 year for each 4-year term served. **3-7-0 (yea/nay/abstain)**