

FY2016 Budget Presentation

Richard M. Riebeling

Finance Director

April 30, 2015

Metropolitan Government of Nashville and Davidson County
Mayor Karl Dean



Mayor Dean's Priorities

EDUCATION

NEW AMERICANS

PUBLIC SAFETY

HEALTH

VOLUNTEERISM

TRANSIT

SUSTAINABILITY

ECONOMIC DEVELOPMENT

NEIGHBORHOODS



FY2015 – Current Year Status

- Departments are operating within budget
- Rebuilt reserves
- Small growth in property tax base
- Significant sales tax growth
- Maintained strong bond rating



FY2016 Budget Instructions

- Continued need to reduce expenditures - 3% scenario
- Very Limited opportunity for funding improvements



Fy2016 Recommended Budget

\$ 1,968,285,900

4.05% increase over FY2015



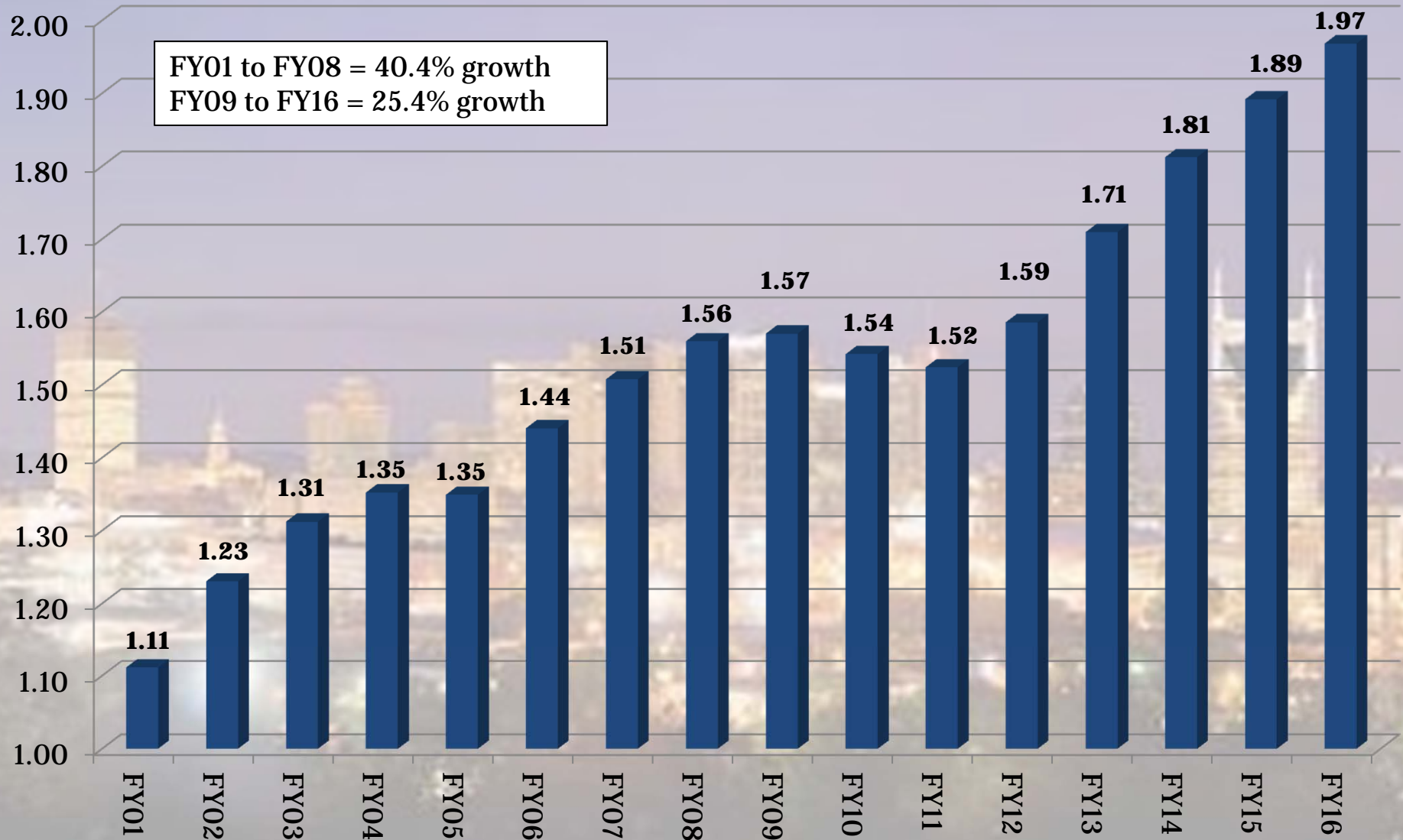
The Budget

A Historical Perspective



Total Budget Growth

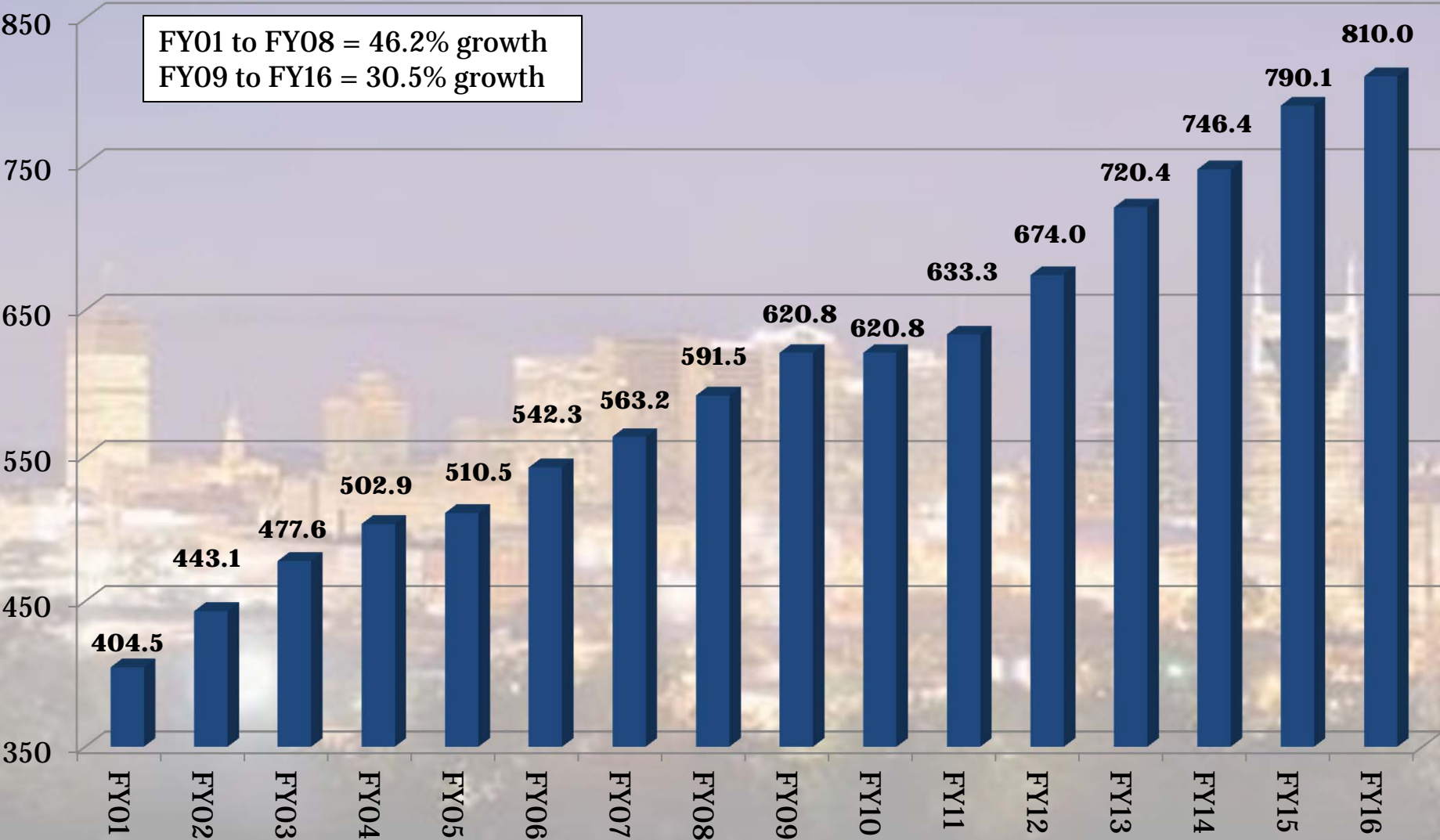
Amounts in billions



Amounts taken from Substitute Budget Ordinances as approved by Metro Council

Schools Budget Growth

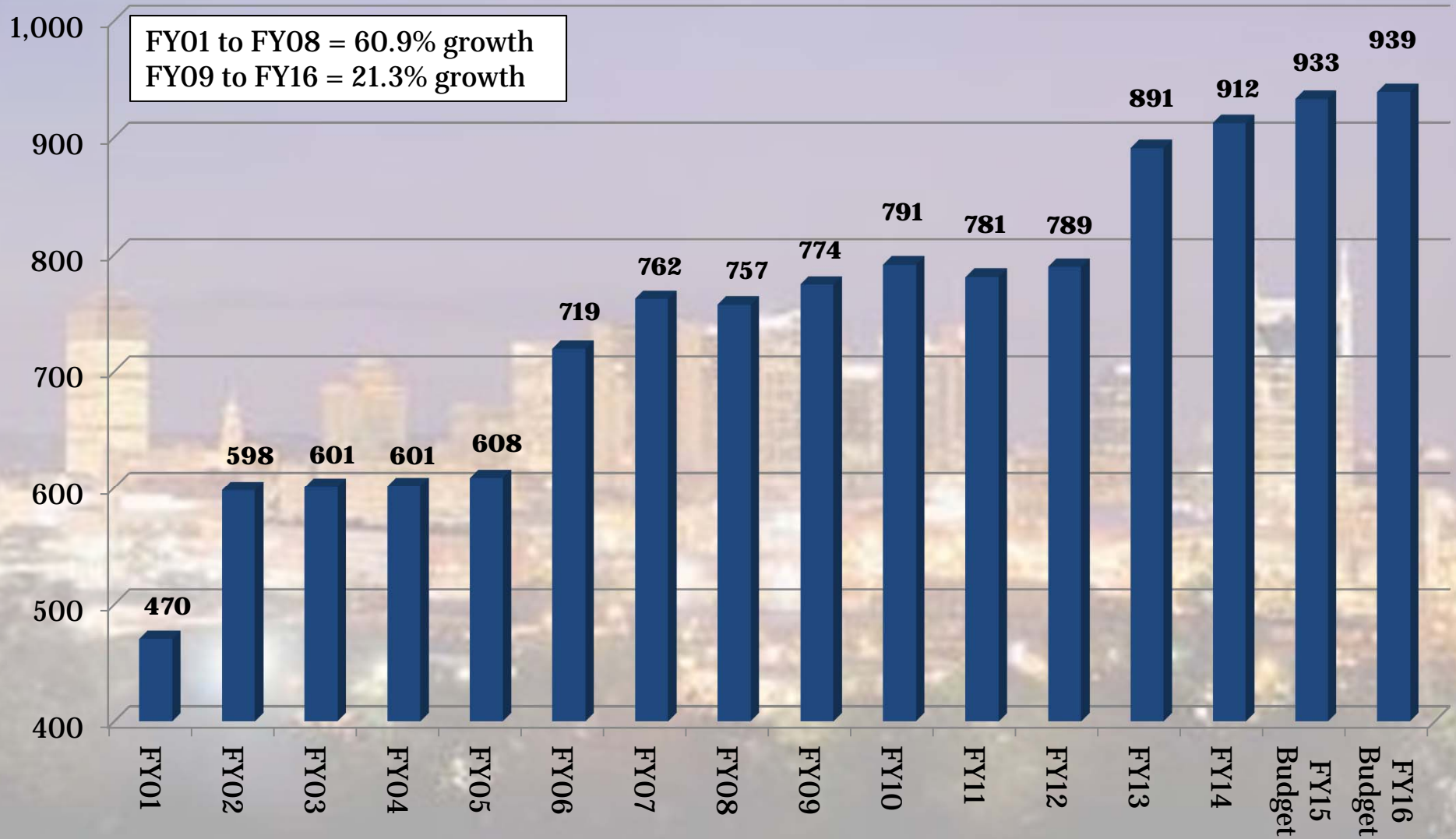
Amounts in millions



Amounts taken from Substitute Budget Ordinances as approved by Metro Council

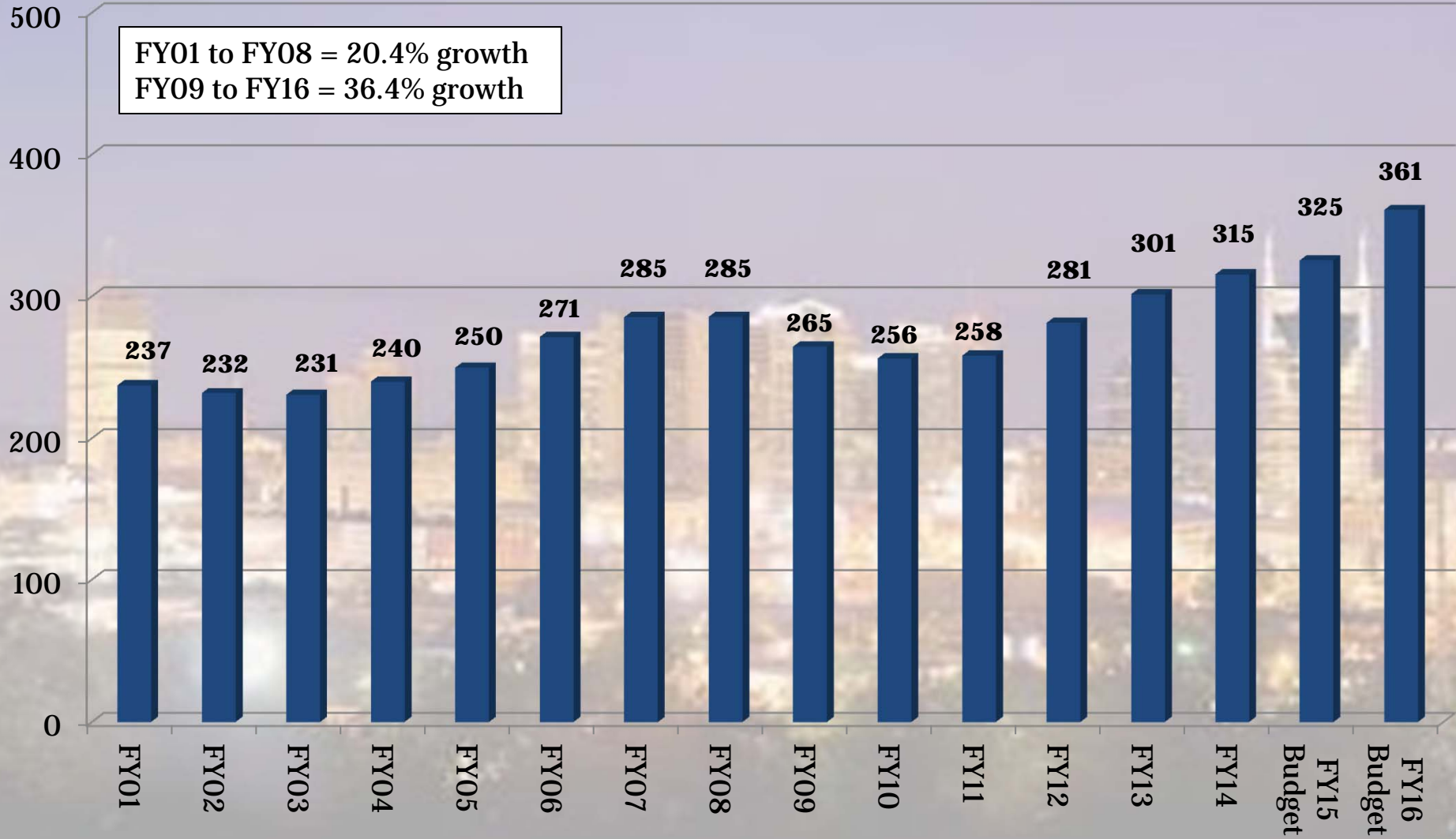
Property Tax

Amounts in millions



Sales Tax

Amounts in millions



Pension Funds

	Actuarial Value of Assets	Unfunded Liability	Percent Funded
FY2008	\$1,921,193,000	\$222,951,000	89.60%
FY2014	\$2,220,622,000	\$467,873,000	82.60%
FY2015 (Preliminary/Unaudited)	\$2,450,131,000	\$290,299,000	89.70%



Other Post Employment Benefit (OPEB) Obligations

	Unfunded Liability
FY2008	\$2,220,200,000
FY2014	\$2,457,200,000



FY2009

- Total budget grew less than 1% over FY2008
 - * GSD/USD operating budgets dropped by \$21 million
- Department reductions ranged from 0% to 12%
- 40% reduction in internal service fee budgets
- Improvements for Fire/EMS, truancy program, homelessness services and launched Community Enhancement Fund



FY2010

- Total budget was 2.2% less than FY2009 - \$27 million
- Department reductions ranged from 0% to 16%
- Travel savings
- Fleet reductions
- Minimal improvements – benefits, contractual, MTA and Schools



FY2011

- Total budget was 1.2% less than FY2010 - \$18 million
- Department reductions ranged from 0% to 7%
- Debt restructuring – no property tax increase
- Improvements for contractual commitments, MTA, Hospital Authority, Fulton Campus operating costs, and crime lab start up costs.



FY2012

- Total budget increased 3.8% over FY2011 - \$62 million
- Departmental reductions ranged from 0% to 3%
- Crime lab, Madison Precinct, MTA, Goodlettsville Library and expansion of Limitless Libraries
- McCabe and Riverfront Parks operating costs
- Courthouse security transferred to Sheriff and inspector consolidation



FY2013

- Total budget increased 7.85% over FY2012 - \$124 million
- Department reductions ranged from 0% to 4%
- 53 cent property tax increase – \$100 million of new revenue
- Improvements included COPS funding, Limitless Libraries, MTA, Parks, Public Works, fuel, and contractual increases



FY2014

- Total budget increased 5.86% over FY2013 - \$103 million
- *Reappraisal year*
- Department reductions ranged from 0% to 2%
- Retirement incentive – approximately 500 employees
- Improvements included Madison Precinct, crime lab, special events, Paradise Ridge Community Center, Sevier Park, reopening of Main Library on Mondays
- Small business incentive program



FY2015

- Total budget increased 4.4% over FY2014 - \$79 million
- Department reductions ranged from 0% to 3%
- Domestic Violence Enhancements – Opened JCAC
- Office of Public Guardian
- Barnes Fund for Affordable Housing
- Bellevue Library, Commons Crossings, Lentz, Midtown Hills, Sevier Park, Parks custodial and grass mowing



Departmental Budget Savings

More than \$75 million has been saved through budget reductions or organizational efficiencies since FY2009.

Equates to at least a 35 cents tax increase if these savings were not implemented.



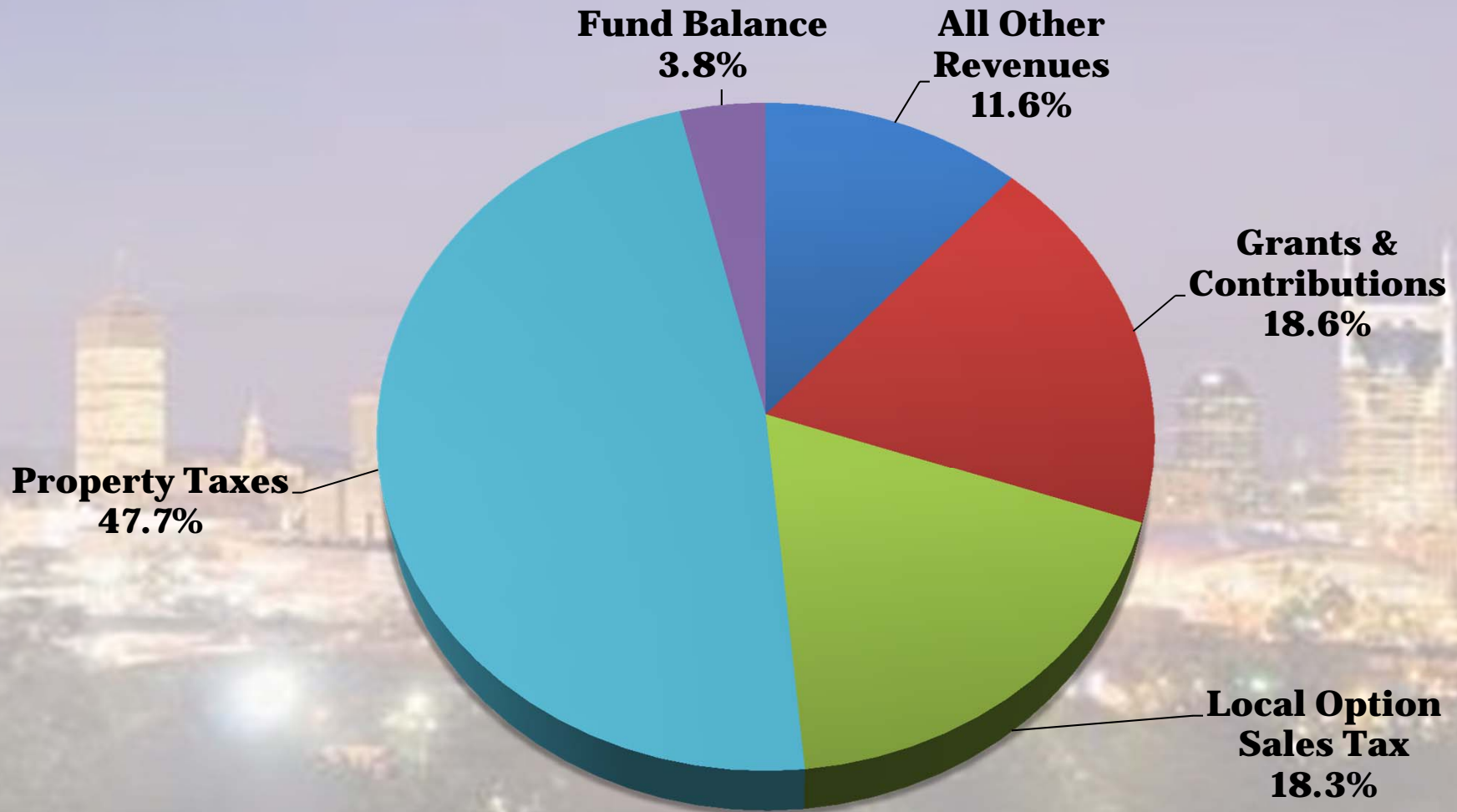
FY2016 Recommended Budget

\$ 1,968,285,900

4.05% increase over FY2015



Where the Money Comes From



Total Revenue Growth

\$75.2 million

- Property Taxes - \$6.0 million
- Local Option Sales Tax - \$35.6 million
- Grants and Contributions - \$13.9 million
- All Other - \$19.7 million



Recommended Use of Fund Balance

Fund	Appropriated for use in FY16 Budget	Estimated June 30, 2016 Balance as a Percent of FY16 Budget	Estimated June 30, 2015 Balance as a Percent of FY15 Budget
OPERATING FUNDS:			
GSD* General Fund	\$40,000,000	6.1%	6.0%
USD** General Fund	\$8,070,700	5.7%	8.6%
Schools Fund	\$16,000,000	5.5%	5.8%
DEBT SERVICE FUNDS:			
GSD* Debt Service Fund	\$5,000,000	5.2%	5.5%
USD** Debt Service Fund	\$1,500,000	9.4%	10.0%
Schools Debt Service Fund	\$3,300,000	5.2%	5.6%

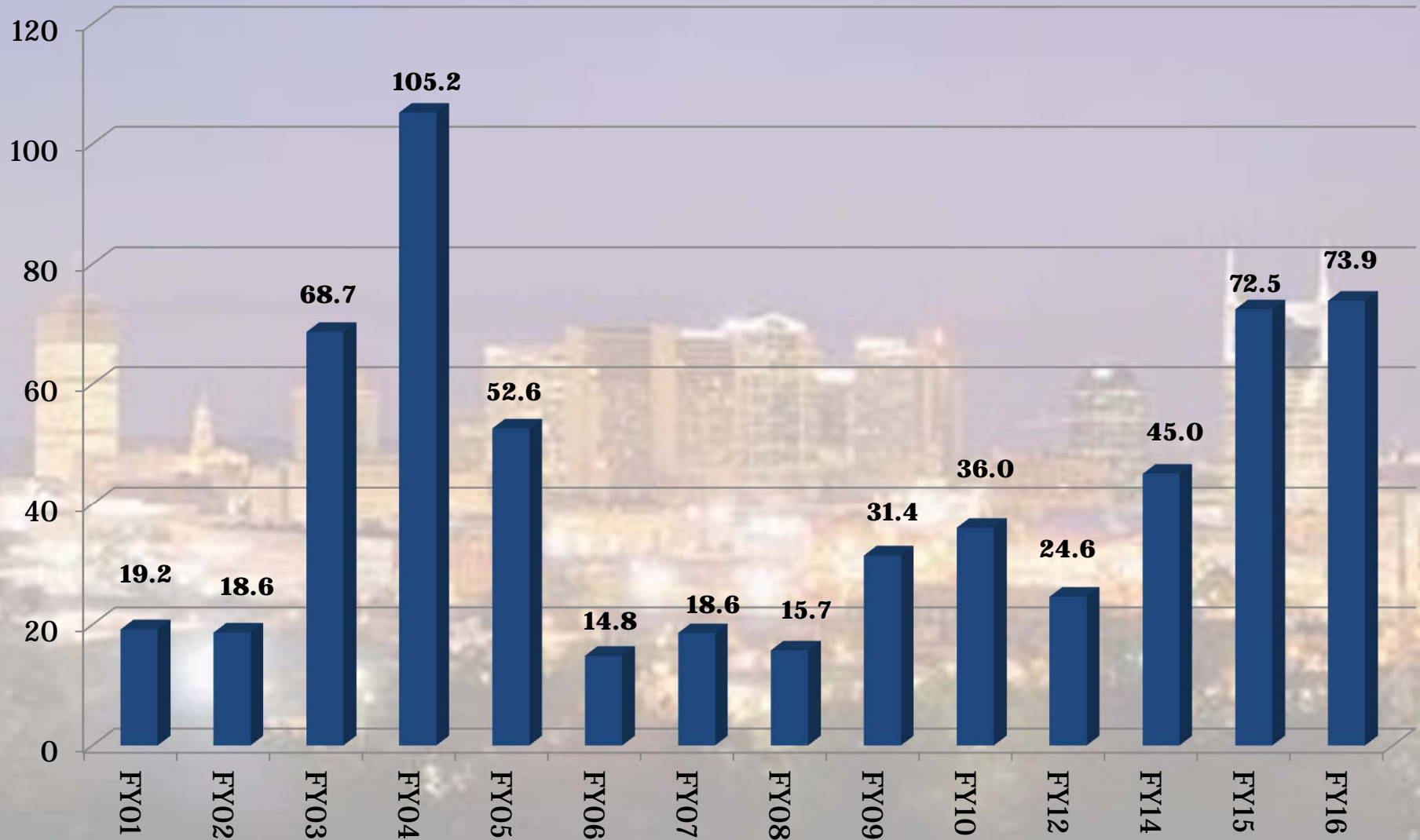
*GSD - General Services District

**USD - Urban Services District



Fund Balance Usage

Amounts in millions

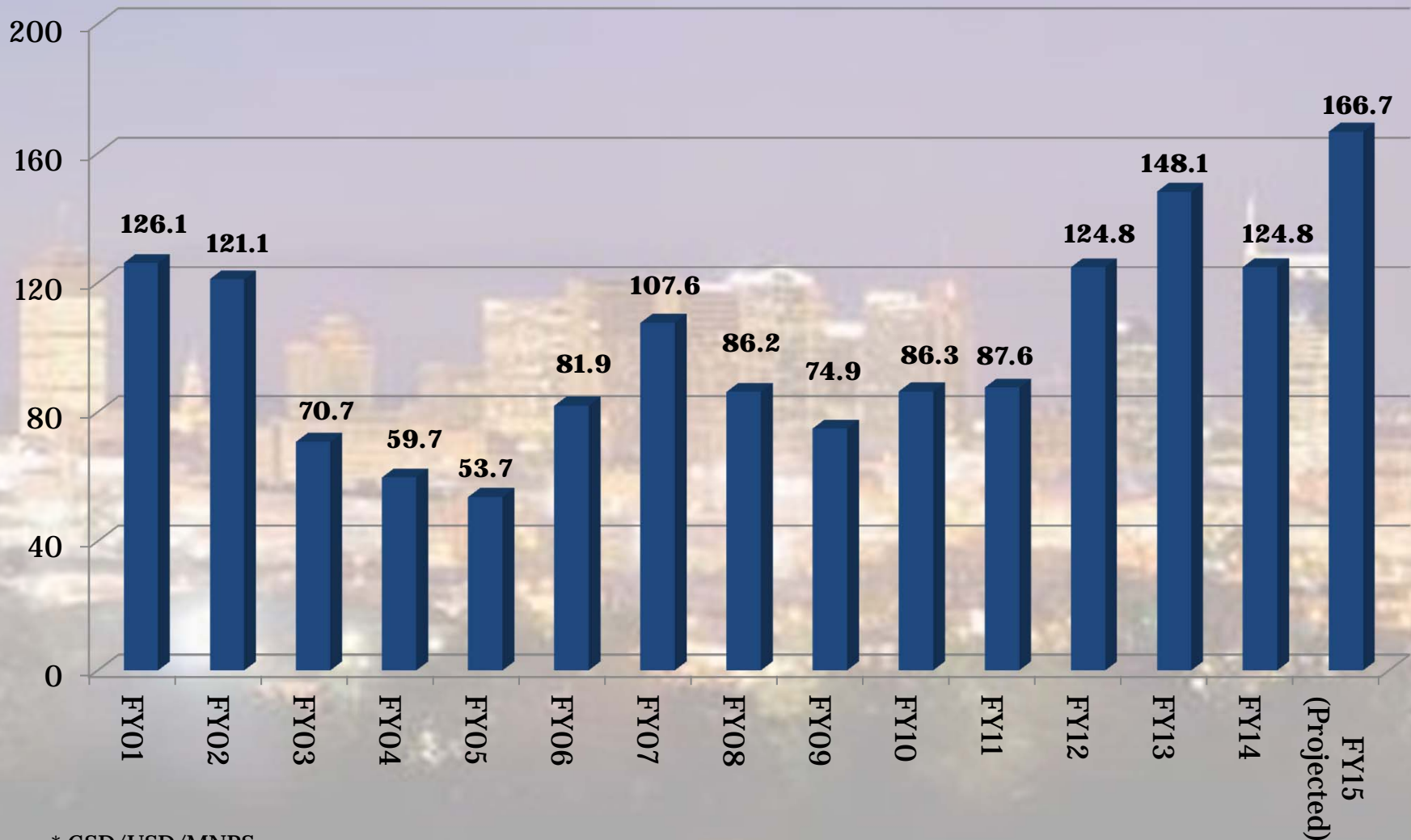


FY11 and FY13 are not included because no fund balance was used.

Year-End Fund Balances

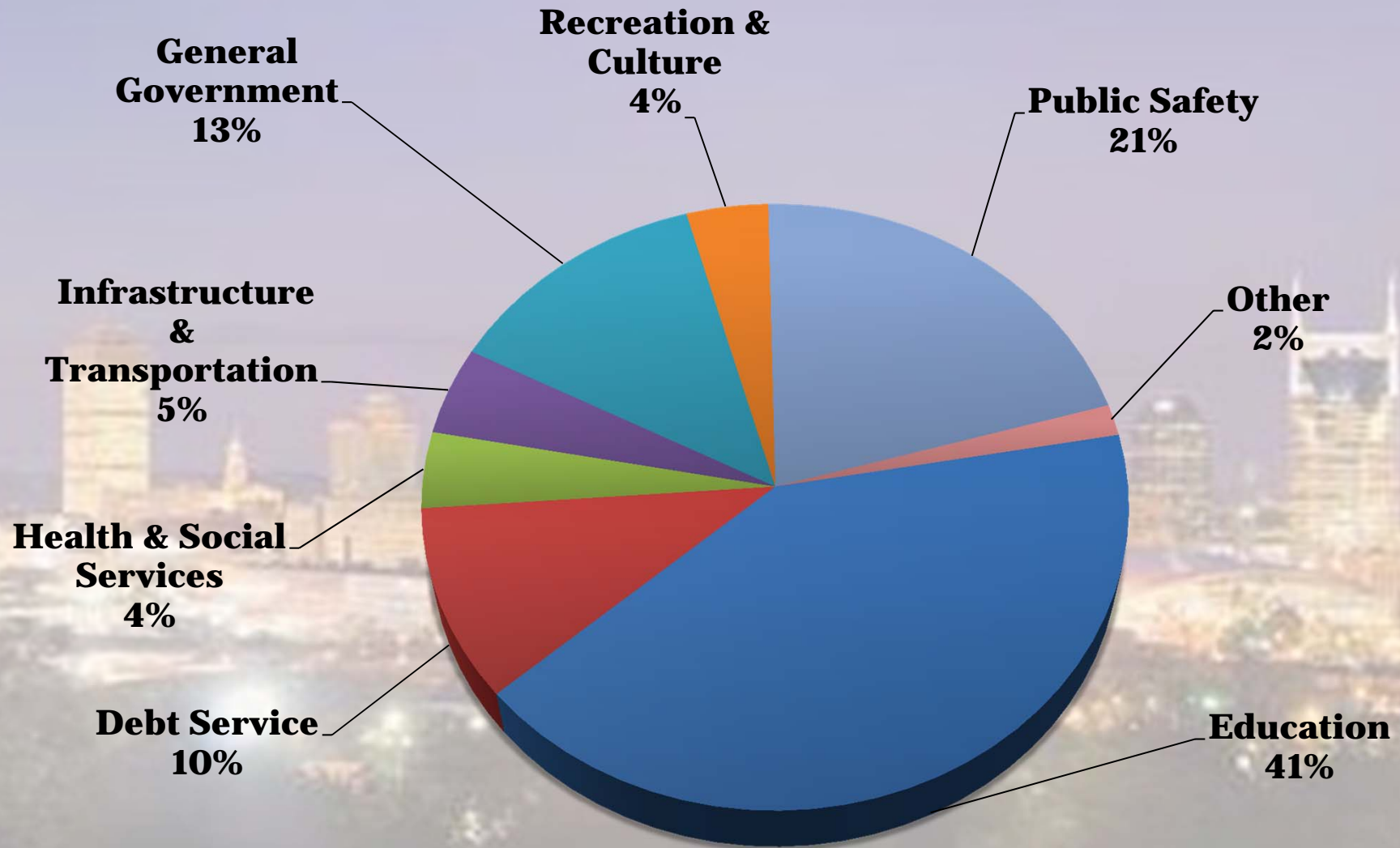
Operating Funds*

Amounts in millions



* GSD/USD/MNPS

Where the Money Goes



Where the Money Goes

\$76.6 million

- Debt Service - \$4.1 million
- Schools - \$36.1 million
- FY15 and FY16 Pay Plan needs - \$23.6 million
- General Government - \$12.8 million*

* Net change after improvements and reductions



Operating Budget Savings

- Health - \$2,953,000
- IOD - \$2,151,400
- Pension - \$8,128,000
- Other - \$2,040,800

Total \$15,273,200



Status Quo Budgets

- Most departmental operating budgets are status quo and received no reductions



Schools

	FY2015	FY2016	Percent Change	Dollar Change
Operating Funds	773,920,300	810,000,000	4.66%	36,079,700
Debt Service Transfer	16,147,200	-	-100.00%	-16,147,200
Total Budget	790,067,500	810,000,000	2.52%	19,932,500



Pay Plan Increase History

FY2008	<ul style="list-style-type: none">• 2% COLA and increments for eligible employees
FY2009	<ul style="list-style-type: none">• Increments for eligible employees
FY2010	<ul style="list-style-type: none">• None
FY2011	<ul style="list-style-type: none">• 2% lump sum for full-time staff, \$2,000 cap
FY2012	<ul style="list-style-type: none">• 1.5% lump sum for full-time staff, \$1,500 cap
FY2013	<ul style="list-style-type: none">• 2% for department heads, SR13-equivalent and upper grades• 4% increase for all other employees
FY2014	<ul style="list-style-type: none">• 1.5% COLA for all employees including part-time staff (effective Jan 2014)• Increments for eligible employees
FY2015	<ul style="list-style-type: none">• Full funding for raises given in FY2014• 1% COLA and 2% open range (effective Jan 2015)• Market adjustment for positions deemed significantly below market (effective Jan 2015)• Increments for eligible employees

FY2016 Pay Recommendations

- Full funding for raises given in FY2015
- 2.5% COLA (effective July 1)
- Increments for eligible employees (effective increment date)
- Compression for certain public safety positions
- 2% Open Range (effective July 1)



Recommended Subsidies

There is no operating subsidy budgeted for:

- Farmers' Market
- Municipal Auditorium
- State Fair

- Contractually, the Farmers' Market lease payment discontinues in FY2016
- State Fair and Farmers' Market project to be self-supporting in FY2016



Hospital Authority

Amounts in millions



FY10 does not include \$31 million loan which was forgiven

FY13 includes \$4,292,400 supplemental and FY14 includes \$5,227,100 supplemental

Metro Transit Authority

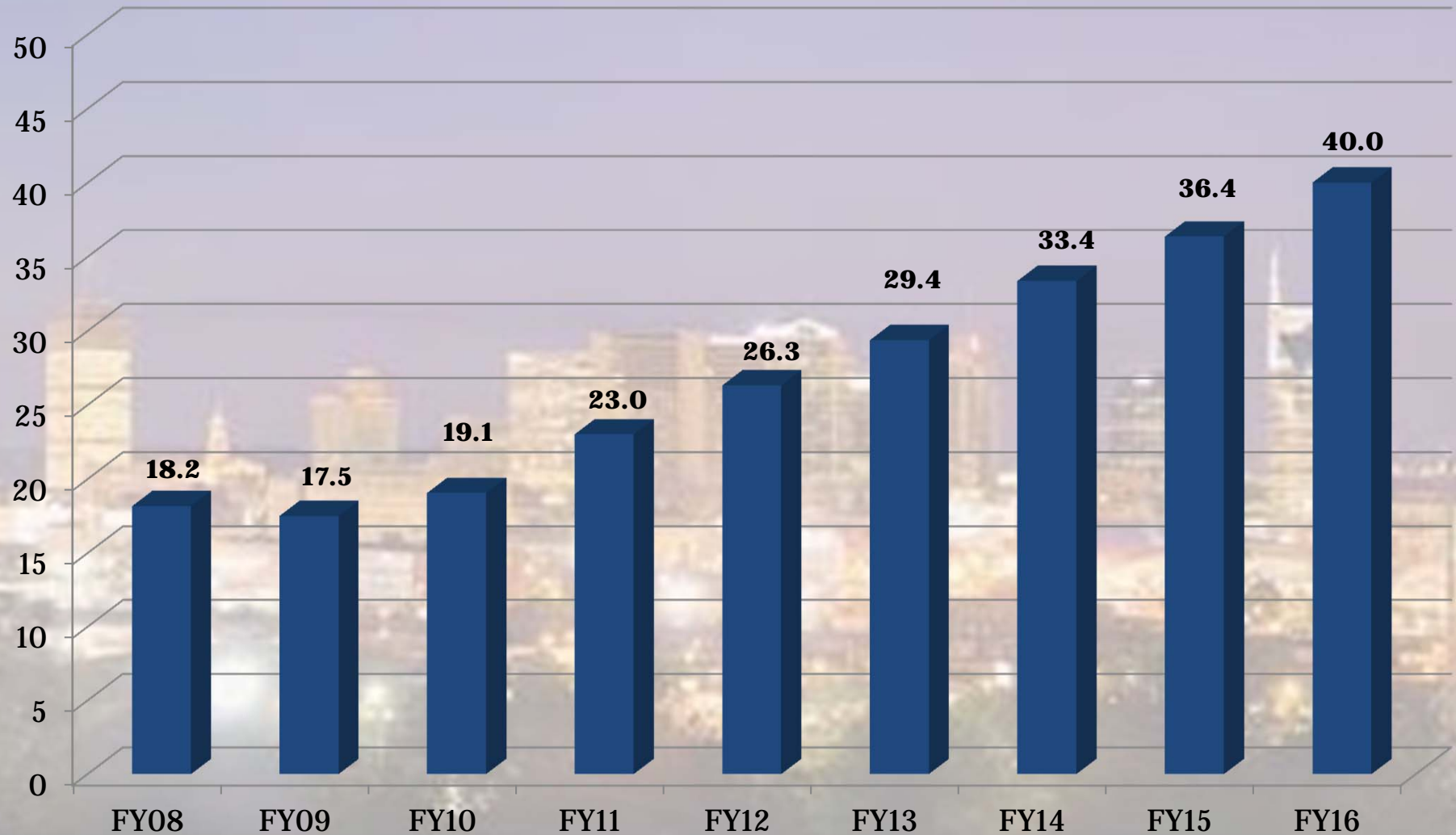
\$3,643,000

- Charlotte Pike and Nolensville Road BRT lite
- Employee and benefit costs



Metro Transit Authority

Amounts in millions



Other Transit Requirements

- **Regional Transit Authority**
 - \$164,500 improvement for a total FY2016 allocation of \$320,200
- **Commuter Rail** subsidy is flat at \$1,500,000



Miscellaneous Improvements

- Beer Inspector - \$56,900
- Elections Poll Worker Pay/Staff - \$292,400
- Fire Hall maintenance - \$150,000
 - Stations 19 and 20
- Health - \$319,800
 - Animal control and dental services
- Human Resources - \$182,100
 - Veterans' outreach, domestic partner services and Diversity Advisory Committee recommendations
- ITS - \$2,417,300
 - Contractual increases, open data, software support, etc.
- Parks - \$1,412,400
 - Maintenance, mowing, custodial, etc.



Miscellaneous Improvements

- Public Library - \$1,401,900
 - Friday openings, integrated services with MNPS, annualizes funding for libraries opening in FY2015
- Public Works - \$1,261,200
 - Utilities, contractual increases, south convenience center and downtown recycling operating costs
- Special events - \$802,200
 - Police and ECC



Office of Family Safety

- Creates new office to coordinate domestic violence services
- Will manage Jean Crowe Advocacy Center
- Funding transfers from existing allocations
- Small operating budget enhancement to establish department (e.g. office supplies)



Other Recommendations

- Barnes Fund for Affordable Housing - \$1 million – partially funded by Air BnB revenues
- Community Foundation – Digital Inclusion Project - \$100K
- Nashville Ballet - \$200K
- Nashville Technology Council - \$75K
- National League of Cities - \$500K



Legislation to Track with Budget

- Operating Budget Ordinance
- Tax Levy Ordinance
- Urban Council Resolution
- Pay Plan Resolutions
- Property Tax Relief
- Litigation Tax for General Sessions Judges Salaries
- Office of Family Safety Ordinance



Annual Debt Report

BL2014-696

The annual debt report will be emailed to
Metro Council members today.



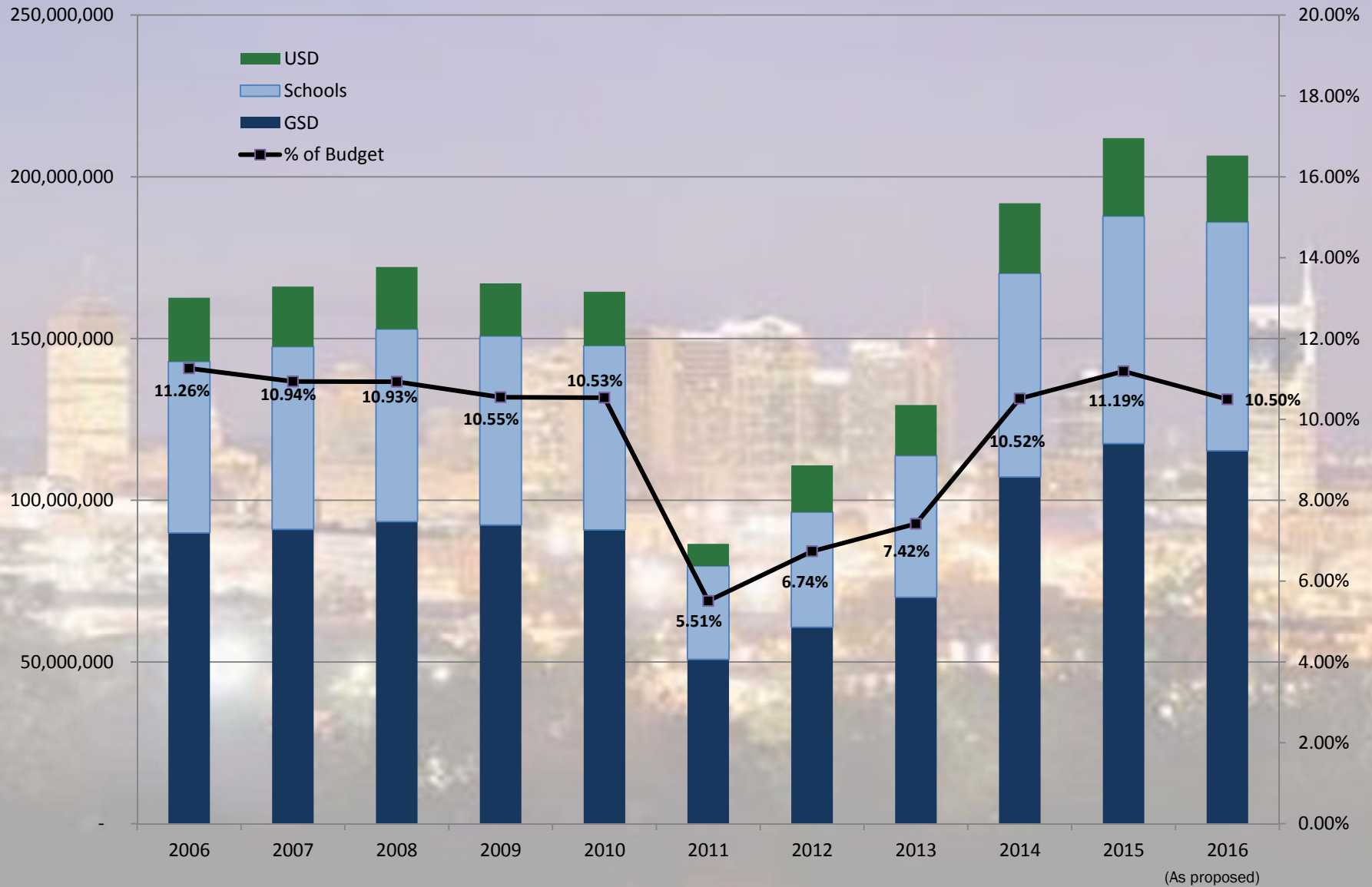
Outstanding Debt

Type of Bond	Principal Outstanding	
	Jun 30, 2014	Jun 30, 2015
General Obligation	\$2,227,730,000	\$2,124,090,000
Convention Center Authority	\$623,215,000	\$623,215,000
Sports Authority	\$157,060,000	\$149,115,000
Water and Sewer	\$796,685,000	\$765,185,000



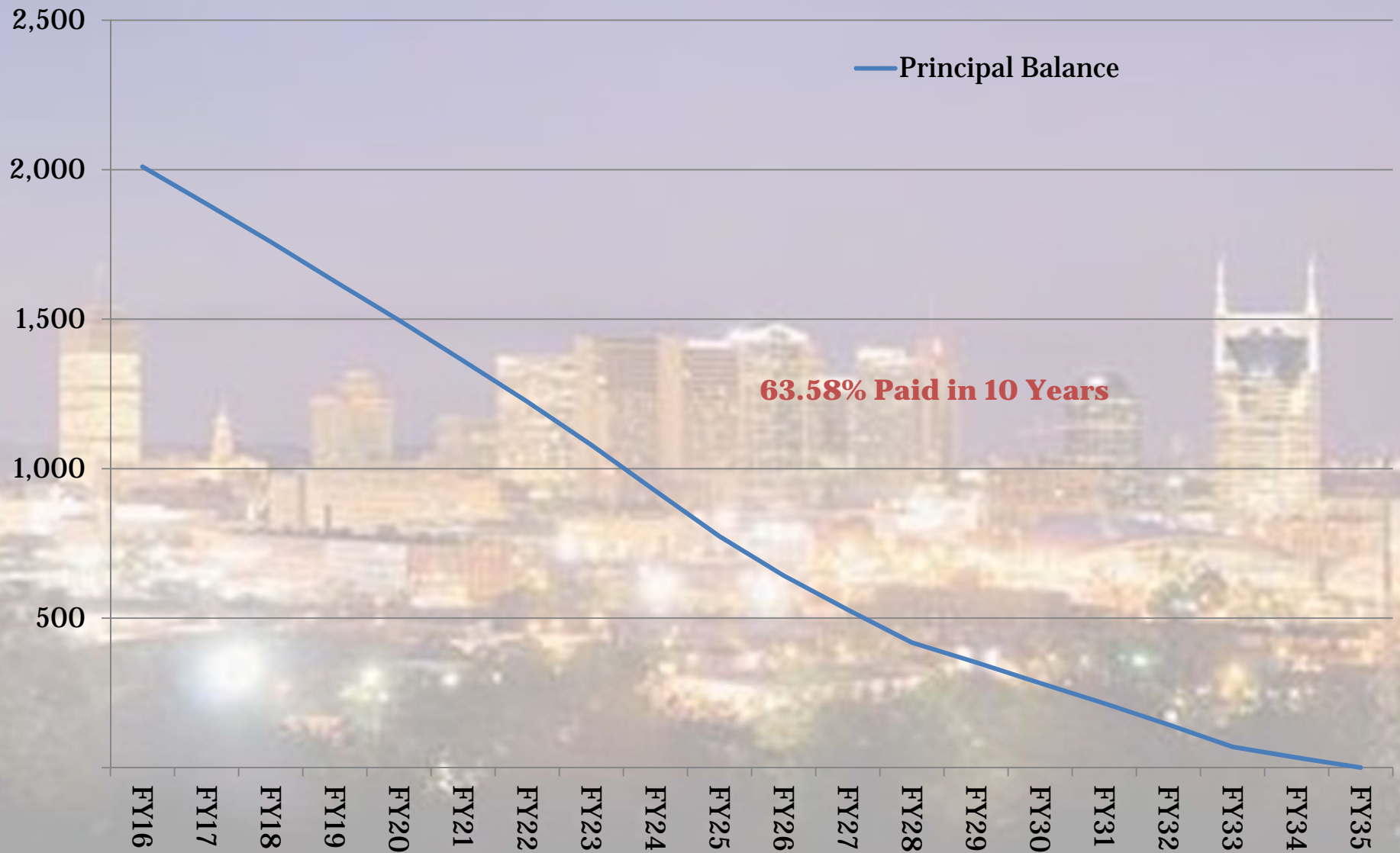
General Obligation Debt

Annual Debt Service Requirement 2006 – 2016



General Obligation Debt

Amounts in millions



GO Commercial Paper

General Obligation Total Combined Commercial Paper Program (in millions)	
Traditional Commercial Paper	\$500
Extendable Commercial Paper	\$200
Total Combined Program	\$700



Capital Investments

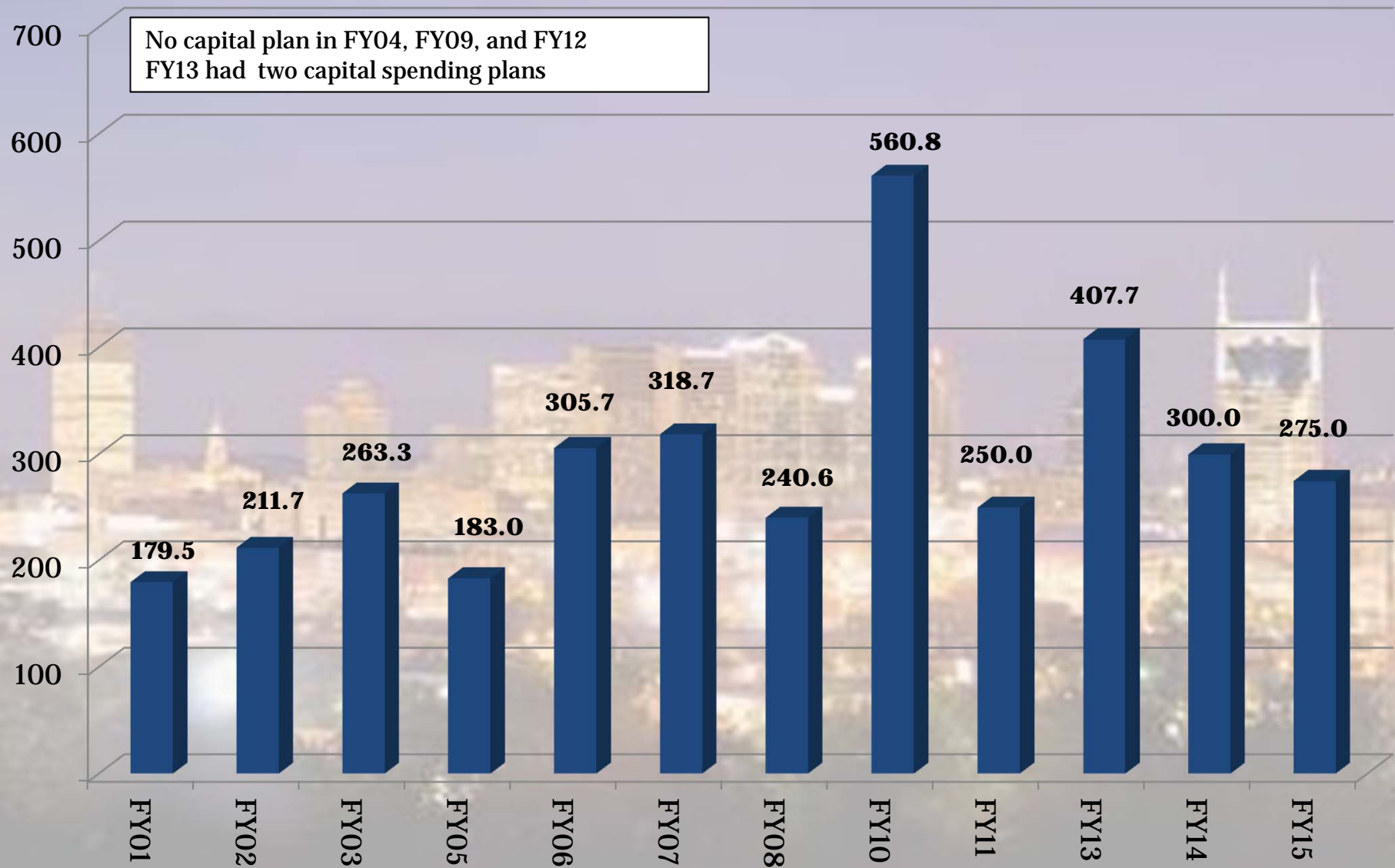


Capital Investments



Capital Spending Plans*

Amounts in millions



*Amounts do not include revenue funded projects

Capital Spending Plan

\$520 Million



Capital Spending Plan

Schools	\$131 million
Public Safety	\$172 million
Parks and Public Works	\$123 million
Other	\$94 million



Proposed Bond Issuance

- Bond resolution to be filed authorizing up to \$400 million in late July
- Low interest rates
- Financial flexibility reduces outstanding commercial paper loan to approximately \$100 million



Capital Spending Plan Legislation to Track with Budget

- Capital Improvements Budget Ordinance - May 15th filing
- Initial bond resolution authorizing up to \$520 million
- Bond resolution authorizing sale of \$400 million



For More Information Visit the Citizens' Guide to the Metro Budget

www.nashville.gov/citizens_budget

