

The Budget Fiscal Year 2013

Richard M. Riebeling
Finance Director
May 01, 2012



Mayor Karl Dean

Metropolitan Government of Nashville and Davidson County

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The Choice

Significant Decline in Services

OR

The City's First Property Tax Increase
Since Fiscal Year 2005 -2006

Budget Highlights

- Total budget - \$1,710,193,100
- Increase of \$124.4 million over FY2012
 - \$100 million new revenue from 53 cent increase in the GSD rate
 - \$49.4 million growth in revenues
 - Local option - \$30.7 million
 - Grants and Contributions - \$14.2 million
 - All Other - \$4.5 million
 - No use of fund balance reserves - \$25 million

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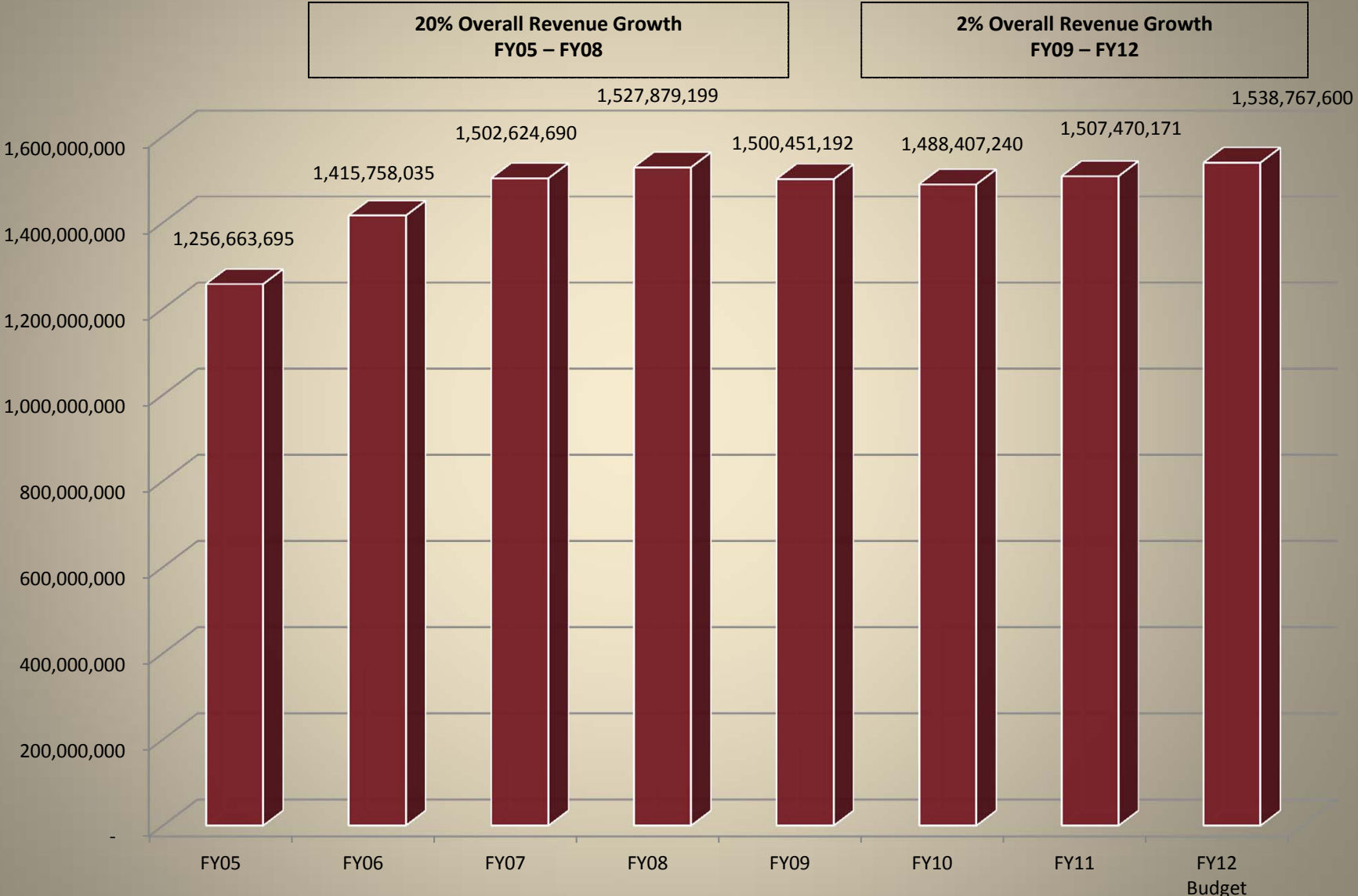
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Where the 53 Cents Goes

- 11 cents - Debt service
- 19 cents - GSD operating
- 23 cents - Schools operating

* 1 cent = \$1.9 million

Revenue Growth FY2005 - 2012

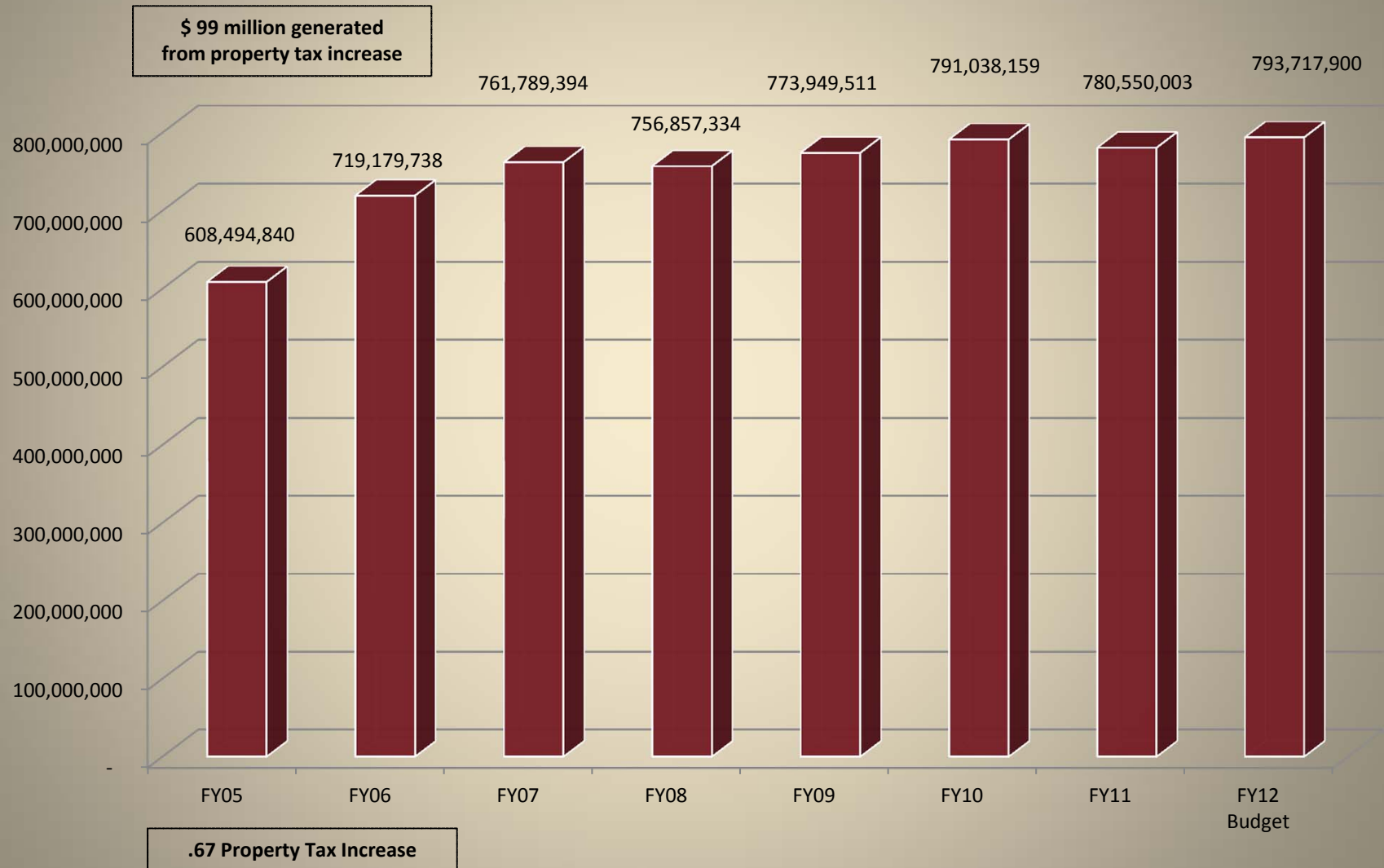


Total Budget Growth FY2005 - 2012

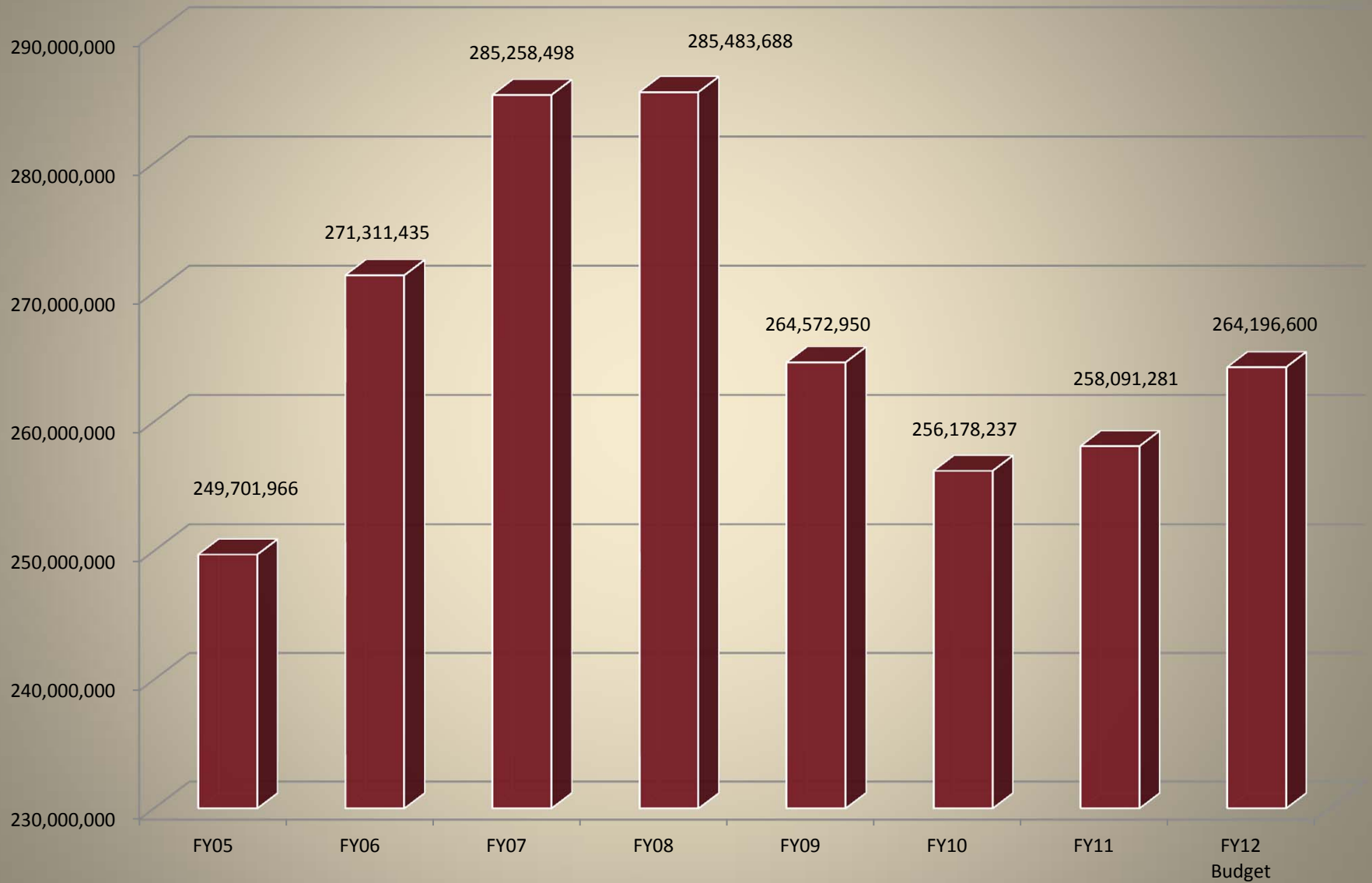


FY12 Includes Transfers and BEP Revenue

Property Tax Trends FY2005 - 2012



Sales Tax Trends FY2005 - 2012



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General Fund Budget FY2008 - 2012



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How We Made It

- Budget reductions FY2009 - FY2012
 - \$59.2 million in reductions taken over last 4 budgets
- Operating efficiencies
 - Travel
 - Internal services fees
 - Inspection consolidation
- Debt restructuring

Debt Restructuring

- FY 2010 – Took advantage of low interest rates and City’s conservative debt patterns
- FY 2011, FY 2012 and FY2013 – Reduced debt service by \$130 million, which was then available for operational needs
- Resulted in slight increase in overall debt costs with higher debt service requirements 2014-2020

Current Year Budget Status

- Revenues are Projected to be **FLAT** in Property Taxes
- Revenues are Projected to be **UP** in Local Option Sales Tax
 - Budgeted 2.0% growth
 - Revised projection for FY2012 – 6.5%
- Revenues are Projected to be Generally **FLAT** in All Other Revenue Categories (except BEP)

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Current Year Budget Status Supplemental Requirements

- General Fund Allocations
 - Injured on Duty - \$3,000,000
 - Codes – Demolition Needs - \$200,000
 - Farmers’ Market – Operating Losses - \$66,000

Consistent Budget Philosophy

- Operate within financial means
- Reduce inefficiencies without impacting direct service areas
- Departmental budget reductions range from 0% to 4%
- Overall reduction to departmental budgets is \$3 million or 0.5% (GSD/USD)

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Fund Balances

Estimated Balances at Fiscal Year End 2012

- GSD Operating - \$44,600,000
- GSD Debt – \$8,600,000
- School Operating – \$37,400,000
- School Debt - \$12,000,000
- USD Operating - \$8,500,000
- USD Debt - \$6,100,000

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Building Blocks for FY13 Budget

- Economic conditions improving – sales tax growth
- Minimal increases expected in all other revenues
- Rising benefit costs/Investing in Metro employees and retirees
- Reduce spending without impacting services
- Funding improvements to priority areas
- Maintaining progress with public education
- Significant cuts required without additional revenue

The Choice

- Consequences are real and significant
- As much as 20% reduction in departments would be required
- Cuts would have to reach into public safety and schools
- Would include closing facilities and laying off employees

Property Tax Details

- 12.83% increase — less than 2% a year since last increase
- Median tax bill increases by \$16.05/monthly or \$192 per year

Greater Nashville Association of Realtors – Median Home Value = \$145,400

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Extend Tax Relief Program

- 6,450 current participants
 - 5,625 elderly
 - 518 disabled
 - 307 veterans
- Doubles state match, so first \$873.75 property tax not paid
- Actual taxes for some will be reduced from current payment
- Doubles the number paying nothing

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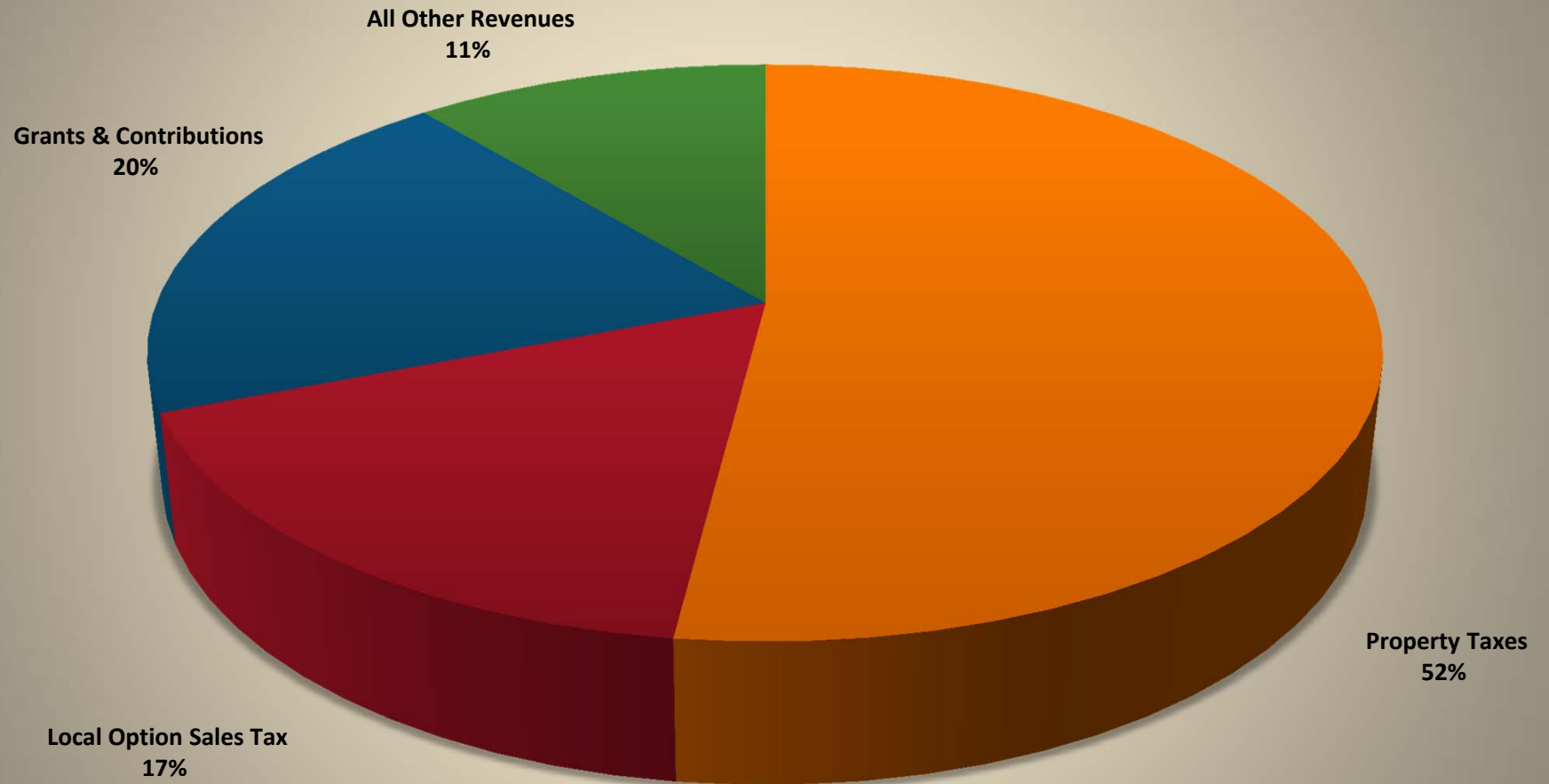
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Budget Overview

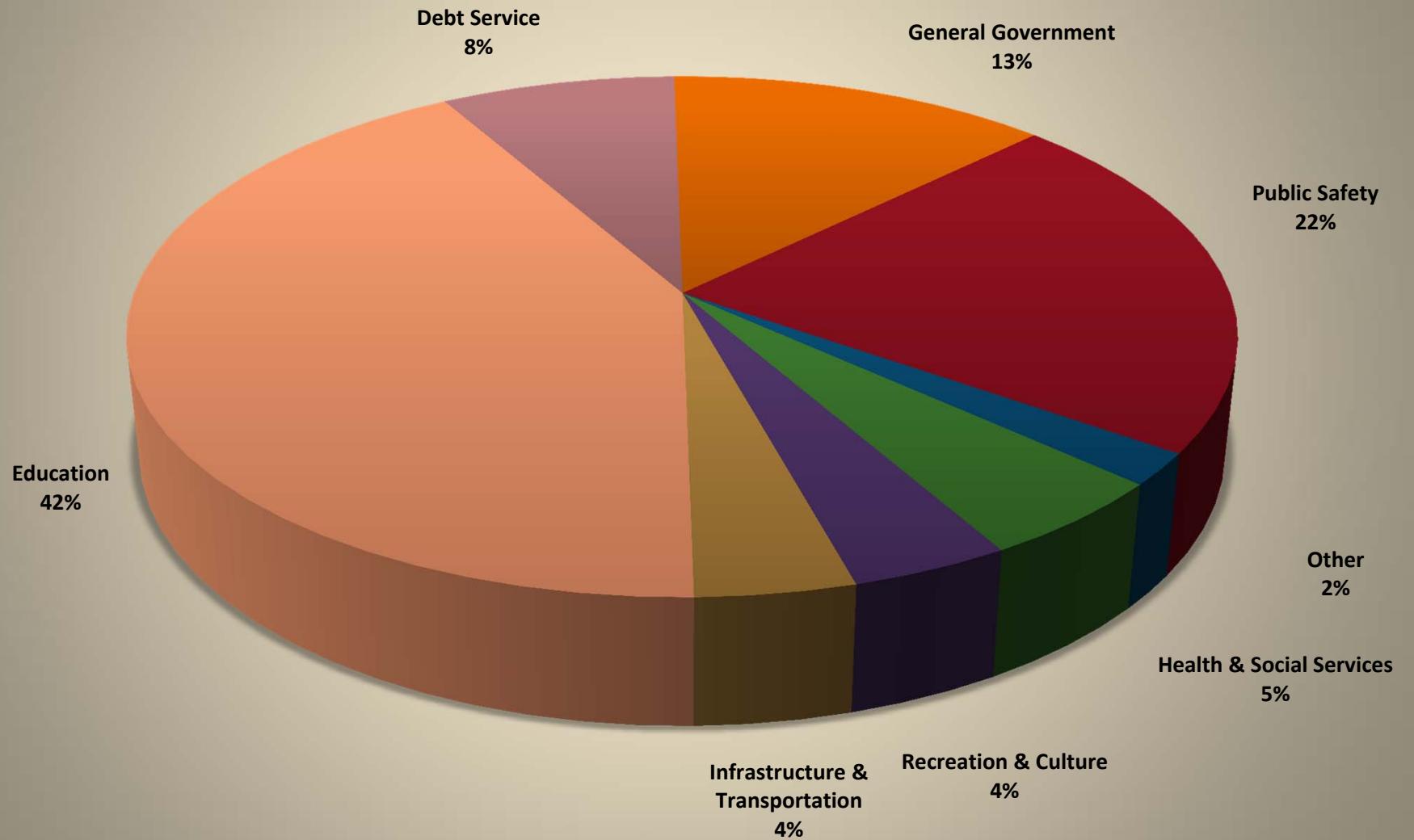
Total Budget \$1,710,193,100

- Increase of 7.85% from FY2012 approved budget
- No use of fund balance

Where The Money Comes From



Where The Money Goes



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Recommended Increases

Schools - \$46,385,500

- Teacher pay and growth
- Employee benefits and contractual obligations
- Expansion of non-traditional schools
- Opening Cane Ridge Elementary

Recommended Increases

- **Police** - \$6,300,000
 - *COPS grant/overtime/crime lab*
- **Fire** - \$400,000
 - *Safer grant/overtime/fire inspector*
- **Emergency Communications Center** - \$198,000
 - *Madison precinct*
- **District Attorney** – \$157,000
 - *Domestic violence attorneys/rent*
- **Public Defender** - \$110,100
 - *Social workers/rent*

Recommended Increases

- **Public Library** - \$647,900
 - *Limitless Libraries*
- **Parks & Recreation** - \$260,000
 - *Landscaping/special events*
- **Metro Transit Authority** - \$3,300,000
 - *Murfreesboro Road BRT/University Connector/other operating needs*
- **Public Works** - \$880,700
 - *Horticulturalist/brush collection/contractual*

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Recommended Increases

- **Assessor** - \$200,000
 - *Reappraisal*
- **Codes** - \$200,000
 - *Inspectors*
- **Health** – \$165,600
 - *Radon testing/restoration of grant positions*
- **Planning** - \$325,000
 - *General Plan update*

Recommended Increases

- **General Services - \$3,278,200**
 - *Fuel*
 - *Utilities*
 - *Replace one-time use of reserves*

- **Information Technology Services - \$1,715,000**
 - *Contractual obligations*
 - *Replace one-time use of reserves*

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Recommended Increases (Subsidies)

- **Farmers' Market** - \$316,900
- **State Fair** - \$200,000

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Organizational Realignments

Collections responsibility for certain fees are returned to
Finance from the County Clerk's Office

Tourism Taxes

Wholesale Beer Tax

Wholesale Liquor Tax

Franchise Fees

Alcoholic Beverage Privilege Tax

Investment in Employees and Retirees*

- Health, Life And Dental * - \$5.4 Million
 - (\$4.4 - pensioners)
- IOD - \$6.5 Million
- Pay recommendations* - \$15 million
- Maintain Longevity Pay - \$3.1 million

Total Employee Investment – \$30 million

**GSD/USD requirements for general fund departments, subsidized accounts and internal service funds*

Pay Recommendations

- 4% for most employees
- 2% for Department Heads and more highly compensated senior management
- Added as a permanent adjustment to base salary

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Rising Costs of Employee Benefits

- During prior three budgets, benefit costs have increased by nearly \$27.4 million as well as another \$11.9 million for FY13
- Significant increases in IOD and health insurance costs
- Aging workforce that will drive pension obligations higher
- Study and Formulating Recommendations

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Legislation To Track With Budget

- Operating Budget Ordinance
- Tax Levy Ordinance
- Urban Council Resolution
- Supplemental Resolution *
- Criminal Court Clerk Compensation *
- Property Tax Relief *
- Return collections activity to Finance from County Clerk *
- Pay Plan Resolutions **

**Anticipated 5/04/12 filing date*

*** Anticipated 5/18/12 filing date*

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Capital Spending Plan

Capital Spending Plan

- With the increase in funding for debt service, we can afford this spending plan
- \$300 million recommendation
 - \$200 million for general government
 - \$100 million for schools

Capital Spending Plan

Community needs are primary focus:

- Sidewalks and improvements to streets and roads
- Improvements to park facilities
- Continued investment in mass transit
- Building the Bellevue Regional Library
- Investment in schools—major renovations to 10 schools

Legislation To Track With Budget

- Capital Improvement Budget Ordinance
 - May 15, 2012
- Capital Spending Plan – (Initial Bond Resolution)
 - May 18, 2012

Conclusion

Nashville is moving forward.
It is not the time
to halt the progress.

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

[www.nashville.gov/citizens budget](http://www.nashville.gov/citizens_budget)