



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

FREDDIE O'CONNELL
MAYOR

OFFICE OF THE MAYOR
METROPOLITAN COURTHOUSE
NASHVILLE, TENNESSEE 37201
PHONE: (615) 862-6000
EMAIL: mayor@nashville.gov

Nashville,

As mayor, I'm committed to a Nashville for Nashvillians – a place where you can stay. As we crafted the budget for the upcoming fiscal year, my team and I did what many Nashvillians do: we sat together at the table, took stock of where we are, and worked through the tough decisions. We've developed a balanced budget that asks Metro to live within its means but also extends key investments from recent years. This budget invests in our people and priorities and sets the stage for our future success by focusing on what we need to tackle right now.

We start by addressing an issue that is top of mind for many Nashvillians: affordability. We're chipping away at our affordable housing challenge by ensuring we invest another \$30 million in the Barnes Housing Trust Fund, which will support the creation and preservation of affordable rental and homeownership options. This fund is one of our most effective tools for creating new homes and also preserving affordability, and it will also assist homeowners with lower incomes or fixed incomes in maintaining their homes through rehab programs.

We're maintaining quality services for Nashvillians and investing in the backbone of our government—our employees. The Fiscal Year 2025 (FY25) budget fully funds the data-driven Human Resources recommendation to the Civil Service Commission, with merit pay for eligible employees and a 3.5% cost of living adjustment (COLA) for all Metro workers, including teachers. In a critically important step, our recommended budget brings Metro's minimum hourly wage up to \$20 for general government employees.

Our commitment to Metro Schools remains strong, as this budget includes \$18 million for new student textbooks and ensures we continue successful programs previously paid for with one-time federal Elementary and Secondary School Emergency Relief Funds (ESSER). These programs have made a difference in the lives of our students and their families, so with federal funding ending, we are building a bridge to continue these services through the annual budget.

Our recommended budget fulfills a priority I laid out in the campaign, taking an important step towards the creation of a department to manage trash and recycling collections, rather than the temporary solution of this work being done by our Water department. I know firsthand how important reliability of trash collection is, and we want to maintain our focus on customer service.

We expect our revenues to be nearly the same as last year, so our total spending will be the same as well. To maintain services, avoid a property tax increase, and present a balanced budget, we're targeting 1.4% in overall efficiency savings and maintaining a strong fund balance policy that prepares us for a rainy day and has earned us the best credit rating in Metro history.

This budget doesn't accomplish everything we would hope to do in a single year, but it does accomplish the most important goal of any budget: it lives within its means, it invests in our people and priorities, and it sets us up for success in future years.



I look forward to working with the Metro Council to deliver a budget that reflects our shared vision for Nashville's future, strengthening a city we're all proud to call home.

Freddie O'Connell

A handwritten signature in blue ink, reading "Freddie O'Connell". The signature is written in a cursive style with a large initial "F" and "O".

Mayor
Metropolitan Nashville & Davidson County

Executive Summary

Introduction

Metro's Fiscal Year 2025 budget is outlined through the lens of the current economic conditions being projected to remain static, with revenue showing no significant changes from Fiscal Year 2024. This budget reflects Metro's prudent fiscal management and the strategic allocation of its resources while addressing the critical balance between its responsibility to both Nashville residents and its employees.

Metro will still see revenue growth that equates to 1.8% in the next fiscal year; but that growth as compared to fiscal year 2024 demonstrates a plateauing effect given the decreases of significant federal investments that most municipalities received during COVID. Metro will ask all of its Departments to stretch current resources and contribute



to a partnered response to continue its exemplary service delivery without any additional cost burdens to Nashvillians. Metro has met these kinds of challenges before but now it is better positioned for impactful success given the financial reserves that are guarded by the fund balance policy. With prudent financial management by all Metro departments, Metro has the opportunity to efficiently maintain the effectiveness built from its Fiscal Year 2024 achievements.

Metro recognizes the dedication and hardwork of its City employees and because of such, this budget prioritizes a 3.5% increase to the cost of living adjustment (COLA), up to a 3% merit (which is inclusive of steps for some job classes), market adjustments, and a Metrowide \$20 per hour minimum rate compensation package.

Metro continues investing in Metropolitan Nashville Public Schools (MNPS) by ensuring that their compensation is on par with the Metropolitan general government. In addition to the compensation investment, this budget also allocates funding to MNPS for its textbook needs (\$18M) and funding \$6.6M towards its inflationary costs.

To accommodate the proposed increases in employee compensation, Metro will be implementing targeted savings across all metro departments. These savings will be carefully chosen to minimize impacts on service delivery while maximizing operational efficiencies and we will rely on the expertise across all Metro departments to ensure that. Key areas for savings that will likely be explored at the department level are:

- Streamlining Administrative Costs and Accounts: Reducing non-essential administrative expenses
- Optimizing Contractual Services and Timing: Reviewing and renegotiating existing contracts to secure more favorable terms where possible
- Optimizing Recruitment timelines: Ensuring that vacancies are filled when and where necessary with a focus on generating savings.

This approach ensures we can continue to attract and retain talented personnel while maintaining our financial health. Metro additionally continues its tradition of having a clean audit, expounds on the Fiscal Year 2024 bond rating improvement, and producing this proposed balanced budget all while maintaining our fund balance policy reserve minimums.

In the following pages the details of Metro's balanced \$3.27 billion operating budget for Fiscal Year 2025. All tax supported funds are balanced where revenues, including the use of fund balance and expenditures are equal. With our refined objectives of preserving our current workforce, maintaining Metro's key/core service provisions to the public without additional increases, and continuing to be a competitive work environment being met given the moderate growth, Metro will optimistically look forward to Fiscal Year 2025.

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Budget Priorities

Keeping the Fundamentals

Debt Service

A second key factor to fiscal sustainability is ensuring Metro's obligations on all outstanding debt, all debt service - including both principal and interest - is fully funded in this budget. This includes a planned issuance of additional bonds in order to take advantage of low interest rates. Additional details on Debt Service can be found in Section J.

Debt Service Budget			
(in millions)	FY2024	FY2025	FY2024-2025 Variance
GSD Debt	\$256.1	\$258.3	\$2.2
MNPS Debt	136.8	133.2	(3.6)
USD Debt	20.2	19.4	(0.8)
Total	\$413.1	\$410.9	(\$2.2)

Metro Government & MNPS Fiscal Responsibility

It continues to be our primary charge to deliver a balanced budget. This includes matching expenses with revenues and maintaining fund balances at least at minimum policy level. Policy-required minimum balances of 17% of budgeted expenditures for operating funds and 50% of budgeted expenditures for debt service funds is achieved.

Fund Balance				
(in millions)	FY2023 Year End	FY2024 Projected	FY2025 Projected	FY2024-2025 Variance
GSD	\$310.65	\$284.50	\$284.50	\$0.00
GSD Debt	66.3	142.7	129.8	-12.9
MNPS	216.1	218.6	218.6	0
MNPS Debt	78.7	78.1	67.6	-10.5
USD	28.8	32.1	32.1	0
USD Debt	12.6	12.6	10.7	-1.9
Total	\$713.15	\$768.60	\$743.30	(25.30)

Employees

The FY 2025 pay plan includes historic investment in Metro employees. This includes a 3.5% cost of living adjustment (COLA), increments (or "steps") for eligible employees and an estimated 3% merit increase for eligible employees. Additionally, the plan brings Metro's minimum hourly wage to \$20 for general government employees. The budget includes almost \$47 million for the estimated cost of implementing the pay plan.

Executive Summary

How Nashville Moves

How Nashville Moves is about building a safe, modern, multi-modal transportation system that reduces Nashvillians' transportation costs and helps them get where they need to go. While Nashvillians have spent more than a decade weighing in on 70 plans and studies about how to improve the city's transportation system, the cost of transportation has grown, our commutes have been ranked as the worst in the nation, and the rates of traffic and pedestrian fatalities have increased. How Nashville Moves focuses on turning plans into action using data and the more than 66,000 points of input collected from Nashville residents.

Choose How You Move

On February 15, 2024, Mayor Freddie O'Connell announced that the city would pursue a transportation referendum on the November 5, 2024 ballot. This launched an effort to create the program of investments and the Transportation Improvement Plan (TIP) showing what this program can accomplish. The TIP envisions a coordinated set of investments that together make Nashville safer, more connected, more affordable, and deliver a rapid and reliable transportation system. The TIP proposes transit-connected investments that benefit all travelers, regardless of whether they're driving, walking, biking, or taking transit. To fund the Transportation Improvement Program, the TIP proposes placing a 0.5% local sales tax surcharge on the ballot for voters to consider. If approved by voters, the new sales tax revenue would be used in combination with federal formula funds, federal competitive grants, state funding, transit fares, and other agency revenue to implement the program. For more information, see <https://www.nashville.gov/featured-initiatives/transit>.



WeGo/MTA

The Metro Transit Authority (MTA) received an additional \$3 million in its FY 2025 operating budget. A portion of this budget increase will cover operating costs for the new Dr. Ernest Rip Patton, Jr. North Nashville Transit Center, which is opening later this year at 6th Avenue and Clarksville Highway. This transit center is part of a larger effort to enhance public transit accessibility citywide. The new transit center features an air-conditioned waiting room, restrooms, and multiple bus bays, enabling seamless connections between routes spanning the city. During FY 2024, MTA implemented several service enhancements as part of its Better Bus initiative. These improvements included increased route frequency, extended routes, introduction of new bus routes, and the addition of new WeGo Link Zones. The FY 2025 budget includes funding to sustain these enhanced services.



Executive Summary

How Nashville Works

How Nashville Works is about services working well, making Nashville the city's premier customer service organization. Nashvillians want affordable housing, safe neighborhoods, and equitable educational opportunities. Underlying each of these issues – and decisions about other big topics that impact Nashvillians’ quality of life – is the need for city services that work well. Metro Government should be accessible to all Nashvillians. Decisions about Metro policy should be open and transparent. Metro leaders should hold themselves accountable to Nashvillians. Increased coordination across Metro entities will help expedite solutions to issues Nashvillians face.

Police Department

The FY 2025 Police Operating budget includes an additional \$1.2 million to accommodate the need for additional tasers as MNPd gets closer to being fully staffed as a result of Academy graduations and transfers from other departments. In anticipation of pending airport expansion, the Office of Professional Accountability will receive \$315 thousand to provide for rent when it relocates from Metro Southeast to the Airways Plaza Building during FY 2025. The Secondary Employment Unit provides the means for local businesses to hire MNPd officers for security services. Increases in officer salaries necessitates a \$2.2 million influx to increase the flat rate of pay for officers providing these services. This will ensure MNPd’s ability to meet its contractual agreements and will be offset by a matching increase in revenue.

Justice Integration Services

The FY 2025 Budget for Justice Integration Services (JIS) includes \$429 thousand to move several applications and databases from local servers to a cloud service. This includes the annual contract for Oracle to host the data on the cloud, which includes ensuring availability, security, updates, and upgrades. A move of this information to the cloud allows for a more safe, secure, and redundant environment with a much more flexible allowance for growth. In addition, once on the cloud, the need for on-premise servers, with a 5-year refresh rate, will no longer be necessary. An additional \$70 thousand has been added to accommodate enhancements and upgrades to the eFiling system being used by the Circuit Court Clerk, Criminal Court Clerk, and Juvenile Court Clerk.

Information Technology Services (ITS)

Fulfillment of contractual obligations constitutes the bulk of the changes to the FY 2025 Budget for ITS. Software licensing renewals across the many Metro platforms requires \$1.9 million, and an additional \$1.3 million is needed to maintain the critical maintenance and support contracts.

Sheriff

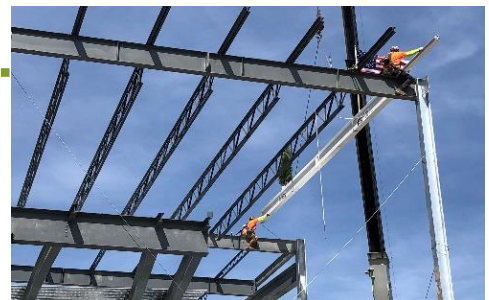
The FY 2025 Operating Budget for the Sheriff’s Department will receive \$10 million in enhancements. Most significant is \$8.5 million in baseline budget increases for staffing, inmate care, and rising maintenance and repair costs. A new contract for inmate food services requires an additional \$850 thousand. Due to contractual increases, \$542 thousand is added for the Metro security contract that is managed through the Sheriff’s Office. Finally, a single FTE and \$107 thousand will be transferred from the Election Commission to the Sheriff’s Office to enhance inmate access to voting rights.

How Nashville Grows

How Nashville Grows is about building a better Nashville for Nashvillians and being intentional about that. Metro should invest in infrastructure, affordable housing, and other community assets in neighborhoods throughout Nashville at a level that is equivalent in relative impact to the investments being made in the East Bank.

Capital Spending Plan

The FY 2024 Capital Spending Plan contains \$514 million for numerous projects across Metro. Highlights include \$106 million for Metro Schools, \$60 million for the new Juvenile Justice Center, \$94 million for NDOT that includes \$20 million for East Bank infrastructure, \$31 million for Metro Transit, \$33 million for Parks, and \$82 million for General Services. Please see Appendix 3 - Capital for additional details.



Executive Summary

Postage

To meet the needs of a growing Nashville-Davidson County population, the Assessor of Property, Election Commission and Trustee were allocated additional funding for postage totaling \$253 thousand. This will enable these offices to manage the increased mailing costs and deliver efficient services to the community including voter registration cards, awareness of taxpayer programs, as well as upcoming 2025 reappraisal informal review notices.



Solid Waste

The FY 2025 budget for Waste Services allocates \$395 thousand for four new leadership roles, including a Waste Services Director. These positions will be critical as Waste Services transitions to an independent department within the fiscal year. Waste Services also received \$4 million for contractual increases necessary to maintain reliable curbside solid waste service.

All budget priority highlights mentioned are the year over year changes from the FY 2024 operating budget and are detailed in the "Budget Changes and Impact Highlights" section of each department's narrative in this document. This information is also accessible online via the Citizens' Guide to the Budget at www.nashville.gov/citizens_budget.

FTE Adjustments

In keeping with the intention to "live within our means," no staff additions are included in the FY 2025 budget.

The table below illustrates changes in full-time equivalent (FTE) counts for FY 2023 through FY 2025 budgets for positions funded by the general funds.

Additional position details can be found with each department's pages as well as the Expenditure Overview.

*FTE being transferred from GSD to another Fund. No net change in overall employment levels.

FTE by Fund Group				
	FY2023	FY2024	FY2025	FY2024-2025 Variance
GSD	7,687.87	7,957.99	7,956.99	*(1.00)
USD	777.00	809.00	809.00	0.00
Total	8,464.87	8,766.99	8,765.99	0.00

Executive Summary

At a Glance

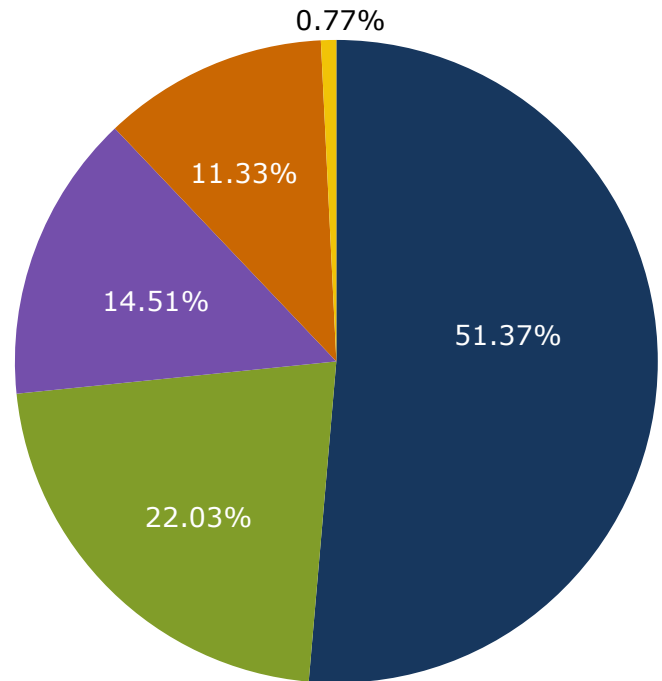
The \$3.27 billion FY 2025 budget for the Metropolitan Government’s six budgetary (tax-supported) funds supports a wide range of public services. This budget represents a 1.8% increase from the FY 2024 budget.

Revenues

Where the Money Comes From-

Total \$3,277,385,200

Property Taxes	\$1,683,593,400
Local Option Sales Tax	\$721,870,100
Other Government Agencies	\$475,409,000
All Other Revenues	\$371,277,300
Fund Balance Appropriated	\$25,235,400

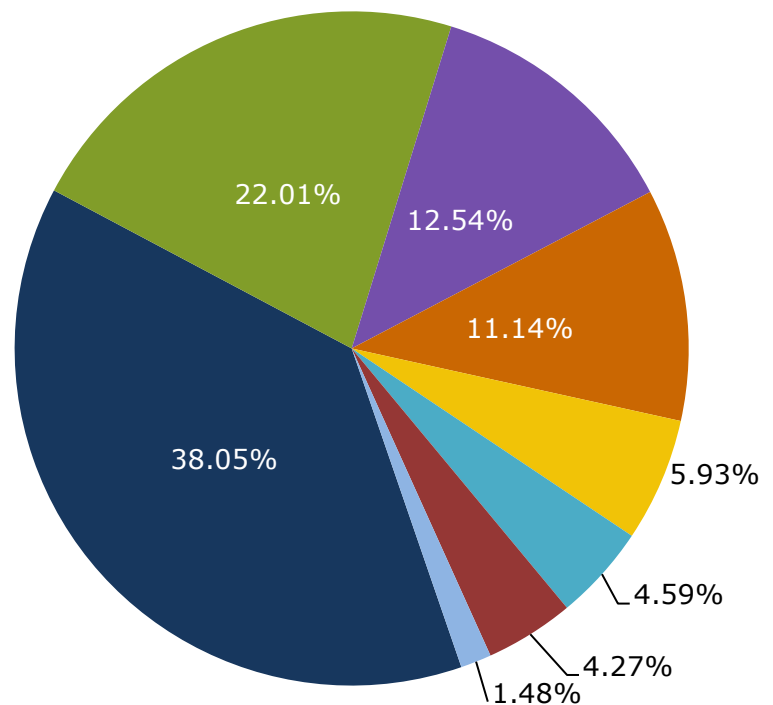


Expenditures

Where the Money Goes-

Total \$3,277,385,200

Education	\$1,247,078,900
Public Safety & Justice	\$721,251,100
Debt Service	\$410,900,600
General Government	\$365,044,500
Infrastructure & Transportation	\$194,197,200
Health & Social Services	\$150,559,100
Recreation & Culture	\$139,950,300
Other	\$48,403,500



Executive Summary

Revenues

The feasibility of any government’s budget is always set by the availability of resources. Revenues and available fund balances must be able to support budgeted expenditures, and both the Metropolitan Charter and Tennessee Law prohibit deficit financing. The largest sources of revenue are property taxes and sales taxes, which are discussed below.

Property Reappraisal

The Assessor’s Office conducts a property reappraisal every four years under Tennessee state law, with FY 2022 serving as the most recent and the next to occur in FY 2026. The reappraisal estimates the value of all property in Davidson County. This is performed to periodically adjust recorded property assessments to generally reflect market values.

Exclusive of new construction, state law requires that this reappraisal be revenue neutral for local governments. This means that as the aggregate value of existing property changes, the tax rate must change as well to ensure that the local government receives the same amount of revenue. So, if the property in the county collectively increases in value, the actual property tax rate needs to drop so that the revenue collected remains the same. As was the case in 2017, 2021’s (FY 2022) reappraisal resulted in nearly a \$1.00 decrease in the rate, as property values throughout Metro continued to climb. FY 2023 saw a slight decrease in the rate, the result of lower-than-expected appeals following the preceding year’s reappraisal. FY 2025’s projected growth assumes no change in rate.

Property Taxes

Property Tax Budget	
FY 2024	\$1,654.7M
FY 2025	1,683.6M
Change	\$28.9M

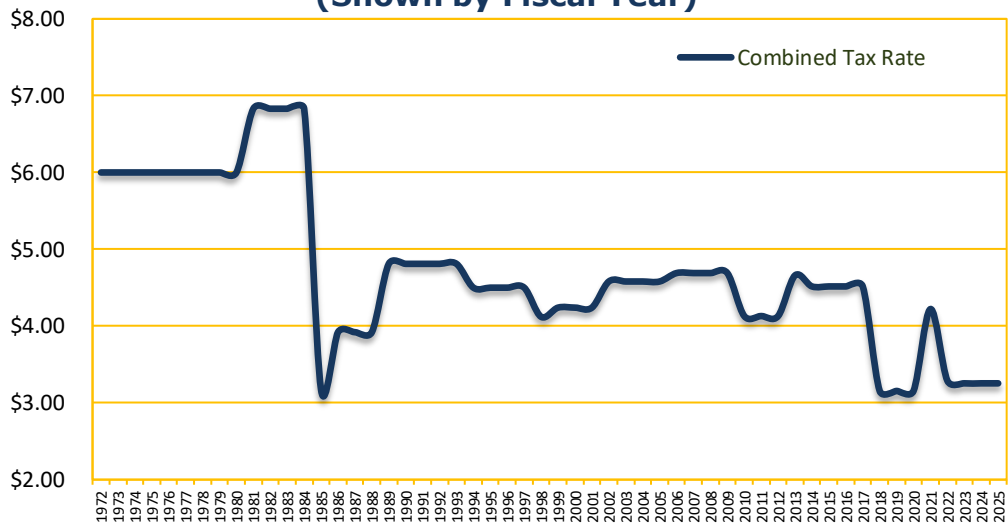
Property taxes are Metro’s predominant and most stable source of revenue. FY 2025’s projected increase is due to ongoing new development, both in the commercial and residential sectors.

The combined USD-GSD rate is the total paid for property in the USD; property outside of the USD is taxed at the GSD rate. Residents of the satellite cities within Metro pay the GSD rate plus the rate set by that satellite city.

FY 2025 Property Tax Distribution (Rates per \$100 of Assessed Value)			
District	Fund	2024 Rate	2025 Rate
GSD (General Service District)	General	\$1.339	\$1.339
	Schools General Purpose	0.986	1.000
	General Debt Service	0.473	0.459
	Schools Debt Service	0.124	0.124
	Subtotal- GSD	\$2.922	\$2.922
USD (Urban Service District)	General	\$0.283	\$0.291
	General Debt Service	0.049	0.050
	Subtotal- USD	\$0.332	\$0.332
Combined USD/GSD Rate		\$3.254	\$3.254

Executive Summary

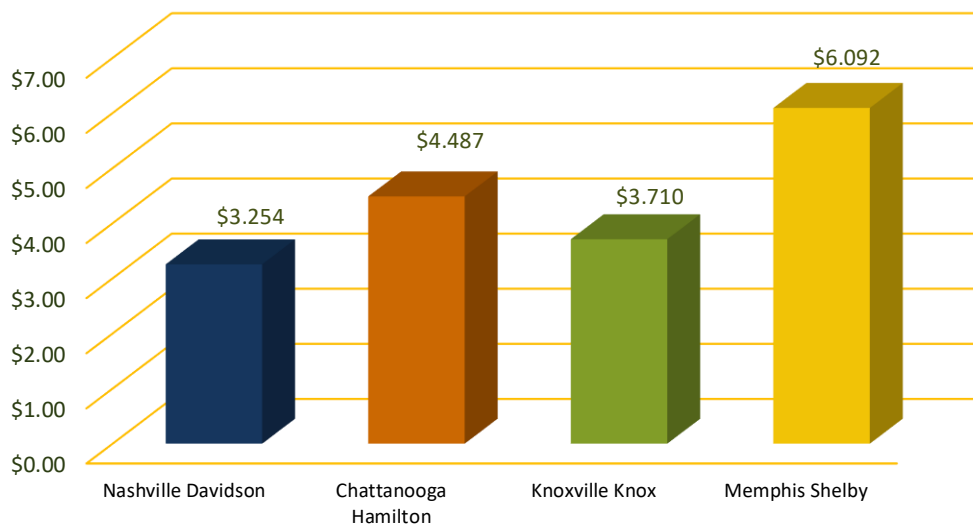
History of Property Tax Rates (Shown by Fiscal Year)



Over the course of the last 50 years, as with any major city, Metro has seen changes in its property tax rate. The need to stabilize overall revenues, fund critical initiatives and weather economic downturns have each served as driving factors. COVID-19's occurrence, in the face of existing financial challenges, necessitated the most recent increase, which occurred in FY 2021.

Following FY 2023's slight decrease due to the required recapture rate, FY 2025's rate remains unchanged in total from the previous year. However, it has been reallocated between funds to accommodate the application of Metro's fund balance policy, as well as the state's requirement to produce a balanced budget across funds. FY 2025's rate of \$3.254 is tied for third lowest in Metro's history. This rate would also be \$1.00 less than the average rate over the previous quarter century and maintains Metro's highly competitive rate relative to other major cities in Tennessee.

Major City/ County Tax Rates



Executive Summary

Local Option Sales Tax

Sales Tax Budget	
FY 2024	\$730.1M
FY 2025	721.9M
Change	(\$8.2M)

Sales taxes are among some of the more economically sensitive revenue sources for state and local governments. This is especially true for Metro, given tourism’s place in the local economy. Over the course of the last 18 months, economists’ recession fears have gone unrealized and instead were overcome by resilient consumers, backed by a historically tight labor market, high savings and low debt, strong wage growth and higher price levels. One-time reallocations for the TDZ and the new Titans stadium were detrimental to FY 2024’s perceived growth and are contributing factors to FY 2025’s reduced budget.

FY 2025’s budget assumes continued source stability, albeit at a slower pace of growth given the changing economic landscape.

Federal, State and Other Revenues

Federal, State, & Other Gov’t Agencies Budget	
FY 2024	\$470.6M
FY 2025	475.4M
Change	\$4.8M

Budgeted Federal, State and Other revenues are based on our best estimates of revenues from specific sources, to include state-shared revenues, reimbursements, and grants from various other organizations.

Revenue growth in this category is largely tempered given subdued growth expectations for state shared revenues and state provided TISA funding for education.

Other Local Revenues

Other Revenues Budget	
FY 2024	\$362.8M
FY 2025	371.3M
Change	\$8.5M

Other local revenues include a variety of sources ranging from taxes, licenses and permits to revenues from services provided to the public. Transfers from other funds are also included in this category.

Growth is primarily driven by stronger than anticipated upside in Business Tax (\$8.7M).

Conclusion

The Fiscal Year 2025 Operating Budget for the Metropolitan Government of Nashville and Davidson County reflects conservative growth estimates, but the government is on firm fiscal foundation thanks to years of recovery efforts and a focus on financial fundamentals. The Operating Budget is focused on providing essential services to all Nashvillians and supporting the community at large. The government looks forward to a successful fiscal year implementing the targeted improvements in this budget.