

Investing In Nashville's Future

The Budget FY2006

With Estimates for FY2007 and FY2008



Mayor Bill Purcell



Carter Lawrence



Beaman Park



Hadley Park Community Center

The Metropolitan Government of Nashville and Davidson County

Metro's Budget Plan

- ✓ Focused Objectives
- ✓ Clear Priorities
- ✓ Conservative Estimates
- ✓ Low Taxes



Investing in Nashville's Future
The Budget FY2006

Page 2

Budget Objectives

- ✓ **Balanced Budget**
- ✓ **Keep Taxes Low**
- ✓ **Invest in Nashville's Future**



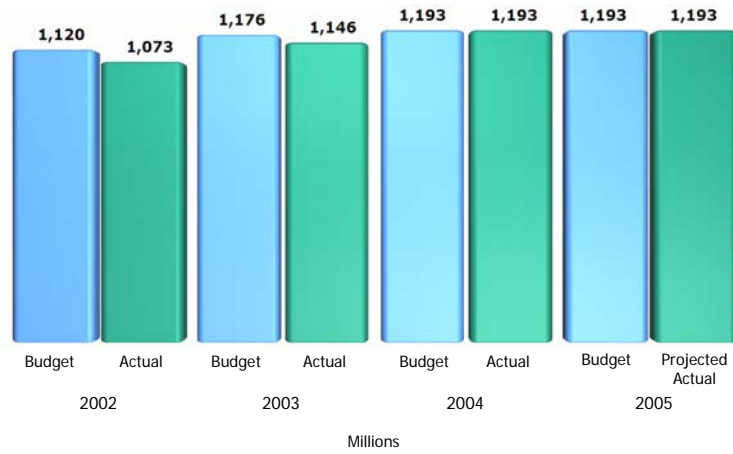
Nashville's Priorities

- ✓ **Schools**
- ✓ **Public Safety**
- ✓ **Quality of Life – Community & Neighborhoods**
- ✓ **Valuing Our Employees**



Total Expenditures

Compared to Approved Budget FY 2001 to FY 2005
(Excluding Debt Service)

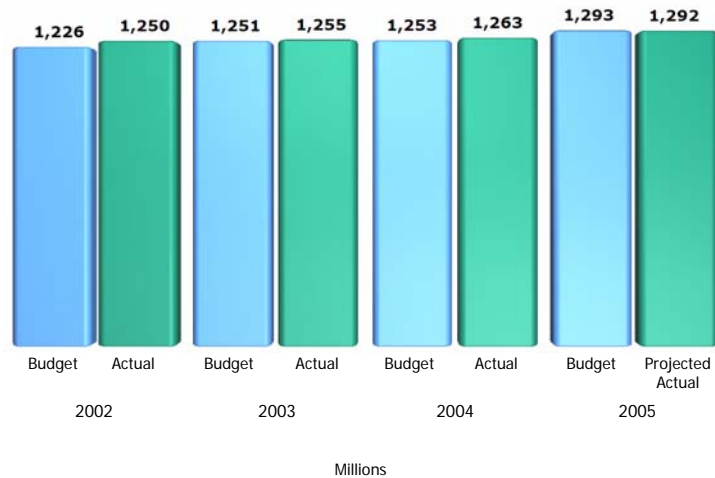


State law authorizes unbudgeted expenditures for certain elected officials. \$6,650,152 in such expenditures are excluded.

Page 5

Revenue Collections

Compared to Budget Estimates Total Revenue
All Funds



Page 6

Metro Revenue Collections FY2005

Conservative Estimates



Millions

Page 7

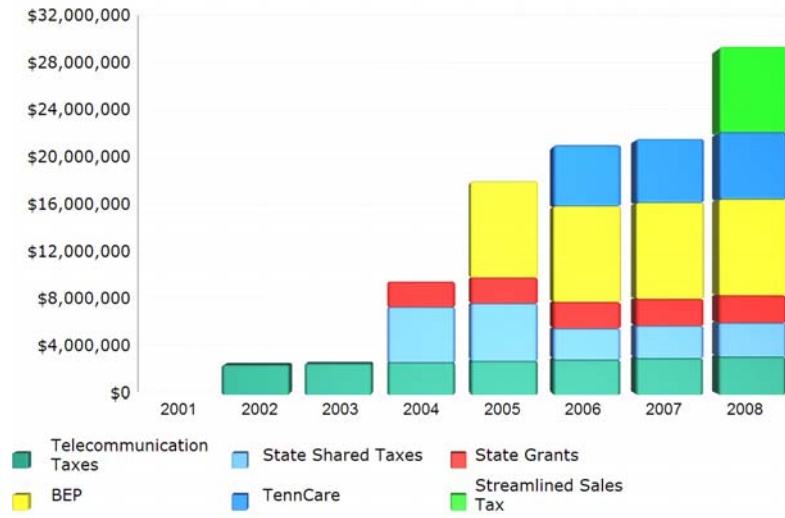
Metro Budget Cuts – Compared to State



Page 8

State Budget Decisions Impact on Metro Revenue

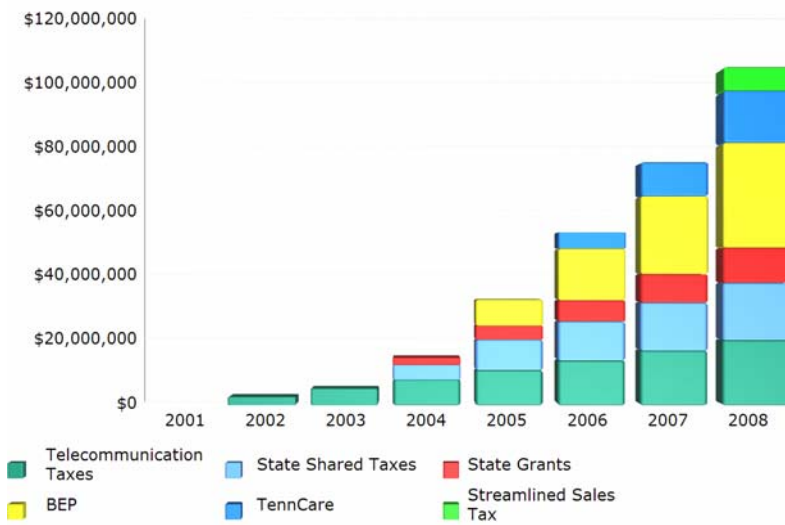
FY2001 – FY2008 Recurring



Page 9

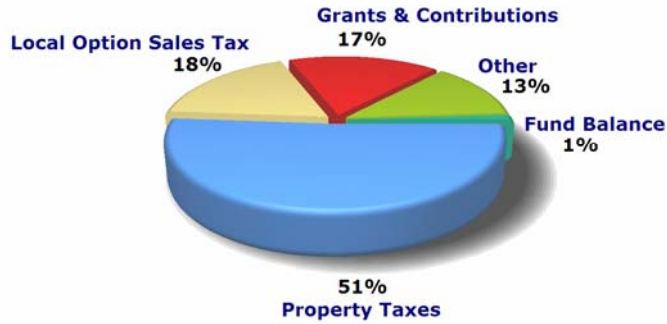
State Budget Decisions Impact on Metro Revenue

FY2001 – FY2008 Cumulative



Page 10

Where the Money Comes From



Total \$1,450,947,800

Where the Money Goes



Total \$1,450,947,800

Enacted Tax Rate Changes

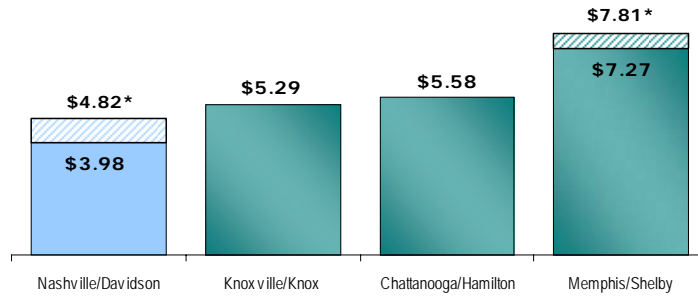
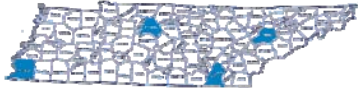
FY81 through FY08

		Proposed	Enacted
FY81-84	Fulton	\$2.87	\$1.53
FY85-88	Fulton	\$0.82	\$0.75
FY89-92	Boner	\$1.43	\$0.89
FY93-96	Bredesen	\$0.77	\$0.74
FY97-00	Bredesen	\$0.85	\$0.66
FY01-04	Purcell	\$0.88	\$0.88
FY06-08	Purcell	\$0.84	

Required Property Tax Rate

	GSD	USD	Combined
Current Rate	\$3.84	\$.74	\$4.58
Reappraisal	(\$0.51)	(\$0.09)	(\$0.60)
Budget Need	\$0.84	\$0.00	\$0.84
Final Rate	\$4.17	\$0.65	\$4.82

Major City/County Tax Rates

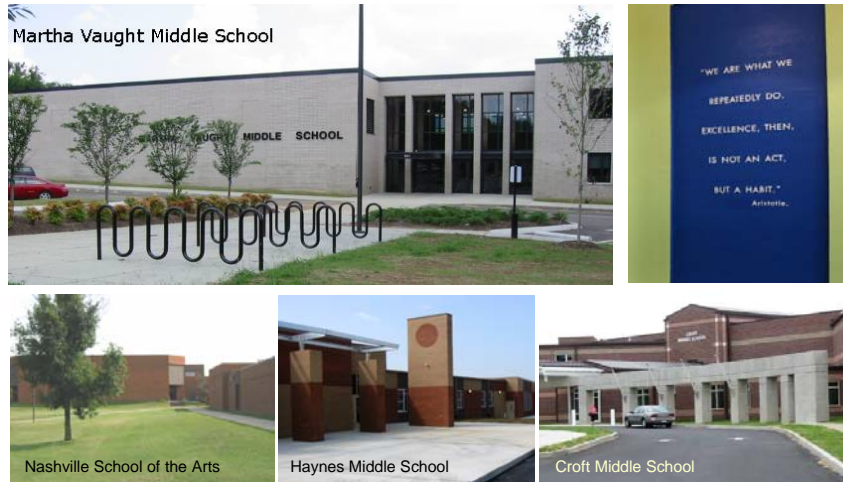


* Proposed

Note: Nashville / Davidson and Knoxville/Knox based on new certified tax rates.
Chattanooga / Hamilton and Memphis / Shelby based on tax rates before reappraisal.

Page 15

Funding for Schools

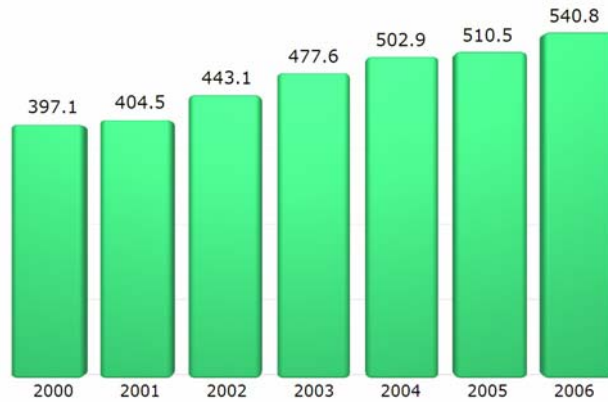


Investing in Nashville's Future
The Budget FY2006

Page 16

Funding for Metro Schools

Operating

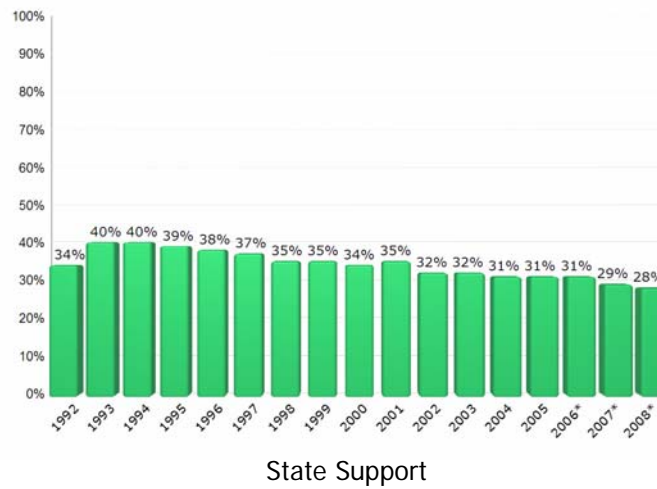


Millions

Page 17

School Operating Budget

State Funding Trends FY 1992 to FY 2006



State Support

* Estimated amounts for 2006, 2007 and 2008.

Page 18

School Details

FY06 Operating

Salary Steps for Teachers	\$4.8 million
COL Raise for Teachers (3%)	\$9.3 million
State Teacher Bonus	\$1.5 million
Salary Steps for Support Staff	\$1.9 million
COL Raise for Support Staff (3%)	\$2.9 million

Selected items - full listing provided separately.



School Details

FY06 Operating

Health Insurance – Teachers	\$0.5 million
Health Insurance – Support Staff	\$1.7 million
Pension Increase – Support Staff	\$1.5 million
Opening New and Expanded Schools	\$2.8 million

Selected items - full listing provided separately.



2001 Performance Audit

	Recommended	Actual	Difference
School Revenues	\$12 million	\$3 million	(\$9 million)
Budget Savings	\$24 million	\$4 million	(\$20 million)



School Details

FY06 Capital Projects

Renovate and Expand

Gateway Elementary	\$3.8 million
McGavock Elementary	\$1.4 million
Neelys Bend	\$3.4 million
West End Middle	\$5.2 million

New Construction

New Elementary (Hillwood Cluster)	\$6.7 million
New High School – Southeast*	\$3.8 million

Selected items - full listing provided separately.

* Planning funds – construction to follow in FY2007.

School Details

FY06 Capital Projects

ADA Compliance	\$5.4 million
Air Condition Middle School Gyms	\$0.5 million
Bus Replacements	\$3.6 million
Roof Replacement and Repair	\$2.8 million
Energy Conservation	\$13.9 million
Technology	\$6.0 million
Other School Capital	\$10.9 million
Total School Capital	\$67.4 million

Selected items - full listing provided separately.

The Budget FY2006

Public Safety



Public Safety

FY06 Operating

Fire - 6 Additional Fire Inspectors	\$343,700
Fire - High Rise Incident Training	\$258,100
Fire - Mandatory EMS Training	\$102,000
Fire - Homeland Security Technical Response	\$209,600
Fire - Fire Prevention Grant Match	\$163,200

Selected items - full listing provided separately.



Investing in Nashville's Future
The Budget FY2006

Page 25

Public Safety

FY06 Operating

Police - Overtime – Special Events	\$882,700
Police - 6 Civilian Police ID Specialists	\$302,900
Police - Technology Staff	\$865,300

Selected items - full listing provided separately.



Investing in Nashville's Future
The Budget FY2006

Page 26

Public Safety

FY06 Operating

ECC - Pay Plan Improvements	\$250,000
ECC - Technology Personnel	\$74,300
ECC - Overtime	\$243,000
ECC - Telecom Expenses (Backup)	\$400,000
ECC - Increased Security	\$57,600
Health - Correctional Facilities Health Services	\$951,900
Health - Forensic Medical Examiner	\$168,200

Selected items - full listing provided separately.



Investing in Nashville's Future
The Budget FY2006

Page 27

Public Safety

FY06 Operating

Mental Health & Drug Court	\$89,400
Traffic School Instructors	\$74,000
Online Traffic School	\$43,000
Juvenile Court - Supervised Probation	\$46,600
Juvenile Court - Detention Center	\$275,500
Juvenile Court - Replace Grant Funding for Referee	\$59,900
Sheriff - Community Service	\$997,800

Selected items - full listing provided separately.

Investing in Nashville's Future
The Budget FY2006

Page 28

Public Safety

FY06 Capital Projects

Fire – Master Plan	\$6.5 million
Fire / EMS Equipment	\$3.9 million
Police – New Records Management System	\$6.0 million
Police – Replace East Precinct	\$3.4 million
Criminal Courts (FFE)	\$3.3 million
Civil Courts & Other (FFE)	\$3.9 million

Selected items - full listing provided separately.



Neighborhoods/Quality of Life



Neighborhoods/Quality of Life

FY06 Operating

Health - Influenza Vaccine	\$141,600
Health - Reopen Lentz Dental Clinic	\$89,700
Health - Animal Services	\$96,300
Health - Bridges to Care Pharmacy	\$34,000

Selected items full listing provided separately.



Neighborhoods/Quality of Life

FY06 Operating

Parks - Hartman Community Center	\$190,500
Parks - Parkwood Neighborhood Center	\$105,000
Parks - Hadley Park Community Center	\$441,800
Parks - Custodial Services	\$167,900
Parks - Park Rangers	\$230,000
Parks - Grounds / Landscaping	\$1,231,700
Parks - Repair Crews	\$451,400
Parks - Seasonal Staffing	\$174,800

Selected items full listing provided separately.



Neighborhoods/Quality of Life

FY06 Operating

African American Museum	\$300,000
Arts - Community Arts Grants	\$611,700
Library Books & Materials	\$2,200,000
Social Services - Homeless Initiative	\$800,000
Social Services - Infant & Toddler Care	\$195,600
Public Works - Compliance Inspector (ROW)	\$49,900

Selected items full listing provided separately.



Neighborhoods/Quality of Life

FY06 Capital Projects

Health – Lentz Center Expansion & Renovation (Phase I)	\$6,400,000
Parks - Master Plan	\$25,000,000
Parks - Deferred Maintenance	\$6,000,000
Parks - Zoo Capital Contribution	\$5,000,000

Selected items full listing provided separately.



Neighborhoods/Quality of Life

FY06 Capital Projects

Public Works - Bridge Rehabilitation	\$3,500,000
Public Works - Demonbreun Bridge	\$1,700,000
Public Works - Downtown Safety Lighting	\$1,000,000
Public Works - Paving Program	\$10,700,000

Selected items full listing provided separately.



Demonbreun Viaduct

Neighborhoods/Quality of Life

FY06 Capital Projects

Public Works - Woodland St. Bridge Maintenance	\$3,550,000
Public Works - Traffic Signals	\$4,930,000
Public Works - Bordeaux Landfill Maintenance	\$4,200,000

Selected items full listing provided separately.



Neighborhoods/Quality of Life

FY06 Capital Projects

Public Works - Bikeway Strategic Plan	\$600,000
Public Works - Roadway Improvements	\$20,000,000
Public Works – Sidewalk Master Plan	\$10,000,000
MTA - Bus Replacement	\$14,100,000
MTA - Bus Facilities	\$551,000
MTA - Central Station	\$664,400

Selected items full listing provided separately.



Neighborhoods/Quality of Life

FY06 Capital Projects

Howard Campus/Office Renovation (Phase I)	\$16,800,000
Lindsley Hall Renovations	\$960,000
MDHA - John Henry Hale Homes Hope VI	\$1,000,000
MDHA - Gulch Infrastructure	\$885,700
Libraries – Bellevue Library (planning)	\$800,000
Libraries – Goodlettsville Library (planning)	\$400,000

Selected items full listing provided separately.

Neighborhoods/Quality of Life

FY06 Capital Projects

Adventure Science Center	\$5,000,000
Country Music Hall of Fame	\$1,000,000
Frist Center	\$500,000
Capital Construction Symphony	\$5,000,000
Children's Theatre	\$1,744,000

Selected items full listing provided separately.

The Budget FY2006



Valuing Our Employees

FY2006

With Estimates
for FY2007
and FY2008

Metro Pay Plan FY06 – FY08

	FY06	FY07	FY08
GSD/USD Salary Increases*	\$23.0	\$14.7	\$14.8
GSD/USD Benefit Cost**	\$12.0	\$12.2	\$12.4
Non-Tax Funds Salary Increases	\$4.0	\$3.1	\$3.1
Non-Tax Funds Benefit Cost**	\$20.3	\$20.6	\$20.8
Total Salary Increases	\$27.0	\$17.8	\$17.9
Total Benefit Cost	\$32.3	\$32.8	\$33.2
Grand Total Pay Plan	\$59.3	\$50.6	\$51.1

*Based on 3% COL Increase in FY06 and 2% COL in FY07 and FY08 (includes Benefit Cost for the increased salaries).
 **Based on current benefit structure with no changes other than the definition of disability proposal.

Schools Pay Plan FY06 – FY08

	FY06	FY07	FY08
Teacher Salary Increases*	\$14.7	\$13.7	\$14.3
Teacher Benefit Cost**	\$0.5	\$8.9	\$4.3
Support Staff Salary Increases*	\$4.9	\$4.5	\$4.7
Support Staff Benefit Cost**	\$3.3	\$4.0	\$4.1
Total Salary Increases	\$20.6	\$18.3	\$19.0
Total Benefit Cost	\$3.7	\$12.9	\$8.4
Grand Total Pay Plan	\$24.3	\$31.2	\$27.4

*Based on 3% COL Increase in FY06 and 2% COL in FY07 and FY08 plus salary step increases (includes Benefit Cost for the increased salaries).
 **Based on current benefit structure with no changes other than the definition of disability proposal.

Hospital Authority



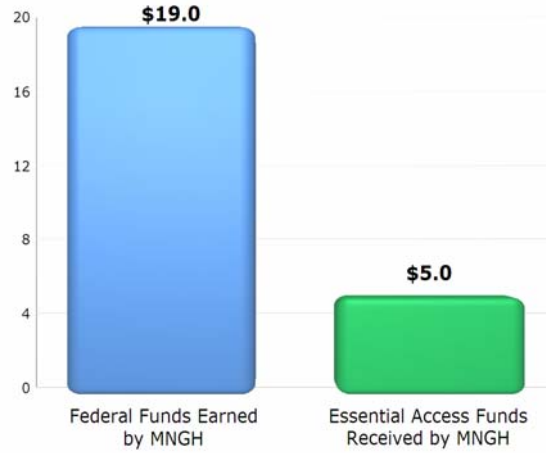
Hospital Authority

General Hospital

	FY05	FY06
Operating Revenues	\$41,817,524	\$38,980,639
Total Expenses	79,141,644	92,425,535
Deficit	(\$37,324,120)	(\$53,444,896)
Metro Funds Provided / Needed	\$19,979,304	\$34,864,400 *
State Funds Provided / Needed	\$5,063,100	\$19,000,000

* \$7,650,000 debt service included in total to provide full payment of up to \$50 million in operating debt of the Hospital.

Comparison Of Funds Earned For State With Funds Received From State By Metro General Hospital



Millions

Page 45

Hospital Authority

Accumulated Cash Balance Payable to Metro Government



Estimate of 6/30/05 from performance audit.

Page 46

Hospital Authority

Bordeaux Hospital

	FY05	FY06
Operating Revenues	\$23,898,071	\$21,419,752
Total Expenses	33,614,651	33,614,651
Deficit	(\$9,716,580)	(\$12,194,899)
Metro Funds Provided / Needed	\$7,855,100	\$12,194,899

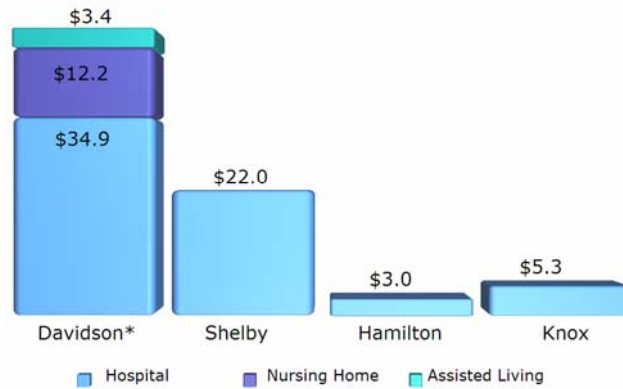
Hospital Authority

Knowles Home

	FY05	FY06
Operating Revenues	\$870,600	\$869,379
Total Expenses	\$3,468,847	\$4,295,846
Deficit	(\$2,598,247)	(\$3,426,467)
Metro Funds Provided / Needed	\$2,494,000	\$3,426,467

Comparison of Health Care Facility Subsidies

FY06



* \$7,650,000 debt service included in total

Millions

Page 49

The Budget FY2006



Investing in Nashville's Future
The Budget FY2006

Page 50

Projected Operating and Debt Service Budget

General Government

	FY2007	FY2008
Baseline Budgets (Operating & Debt Service)	\$899.2	\$925.5
Pay Plan (Based on 2% COL plus Steps)	14.7	14.7
Debt Service Requirements	8.4	8.3
Benefits and Other Requirements	18.2	18.5
Total	\$940.5	\$967.0
Normal Revenue Growth	12.8	13.0
Savings / Cost Recovery	22.0	30.0
Fund Balance Appropriated	6.5	(1.5)
Additional Funds Required	\$0.0	\$0.0

Millions

Investing in Nashville's Future
The Budget FY2006

Page 51

Projected Operating and Debt Service Budget

Metro Schools

	FY2007	FY2008
Baseline Budgets (Operating & Debt Service)	\$600.4	642.2
Pay Plan (Based on 2% COL plus Steps)	18.3	19.0
Debt Service Requirements	7.0	4.2
Benefits and Other Requirements	16.5	12.7
Total	\$642.2	678.1
Normal Revenue Growth	9.9	10.1
Fund Balance Appropriated (Change Only)	10.0	1.0
Additional Funds Required	\$21.9	\$24.8

Millions

Investing in Nashville's Future
The Budget FY2006

Page 52

FY2007 and FY2008

Schools

Projected Normal Revenue Growth	\$20.0
Fund Balance	11.0
Sales Tax Increase	46.7
Additional Budget Requirements	\$77.7

Millions



Sales Tax Proposal

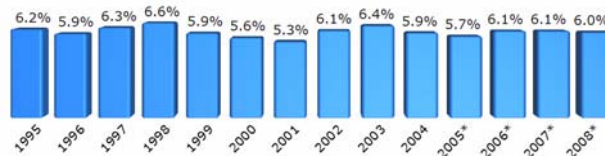
- ✓ Referendum Fall 2005
- ✓ Effective January 2006
- ✓ 80% of Proceeds to Schools
- ✓ 20% of Proceeds to Tax Relief

Sales Tax Proposal

- ✓ Diversifies School Funding
- ✓ Provides Comprehensive Tax Relief
- ✓ Potential For Greater Growth Than Property Tax
- ✓ Avoids Burden to Property Owners
- ✓ Revenue From Out Of County Citizens Who Benefit From Nashville
- ✓ Joins 33 Other Counties at 2.75%
- ✓ Assures The Tax Is Not Taken By State

Total Metro Spending

As a Percent of Personal Income



*Average Annual Growth Rate between 1995 and 2003 used to estimate growth

Tax Relief



Investing in Nashville's Future
The Budget FY2006

Page 57

Tax Relief

New Senior Tax Relief Program

- ✓ **Includes All Home Owners 65 And Older**
- ✓ **No Income Restrictions**
- ✓ **Includes All Local General Taxes**
 - Property Tax (On Homes Appraised Up To \$200,000)
 - Local Sales Tax
 - Wheel Tax (Limit 2 Vehicles)
- ✓ **Caps Local Tax Liability At 5% of Income (AGI)**

Investing in Nashville's Future
The Budget FY2006

Page 58

Tax Relief

Simple for Taxpayer and Metro

- ✓ Documents Required Same As Current Program
- ✓ Wheel Tax Receipts
- ✓ Sales Tax Calculated From IRS Tables

Tax Relief

Example 1 Income \$15,000 Home Value \$100,000

	Current	Proposed
Property Tax	\$1,205	\$1,205
Local Sales Tax	236	236
Wheel Tax	70	70
Tax Relief	\$0	(\$761)
Total	\$1,511	\$750
Percent Income	10.1%	5.0%

Both current and proposed are based on proposed tax rates.

Tax Relief

Example 2 Income \$25,000 Home Value \$150,000

	Current	Proposed
Property Tax	\$1,808	\$1,808
Local Sales Tax	293	293
Wheel Tax	70	70
Tax Relief	\$0	(\$921)
Total	\$2,171	\$1,250
Percent Income	8.6%	5.0%

Both current and proposed are based on proposed tax rates.

Tax Relief

Example 3 Income \$40,000 Home Value \$200,000

	Current	Proposed
Property Tax	\$2,410	\$2,410
Local Sales Tax	329	329
Wheel Tax	70	70
Tax Relief	\$0	(\$809)
Total	\$2,809	\$2,000*
Percent Income	7.1%	5.0%

* In this example Tax Relief is limited to \$809 which is the amount required to bring down total tax liability to 5% of a \$40,000 income (\$2,000).

Both current and proposed are based on proposed tax rates.

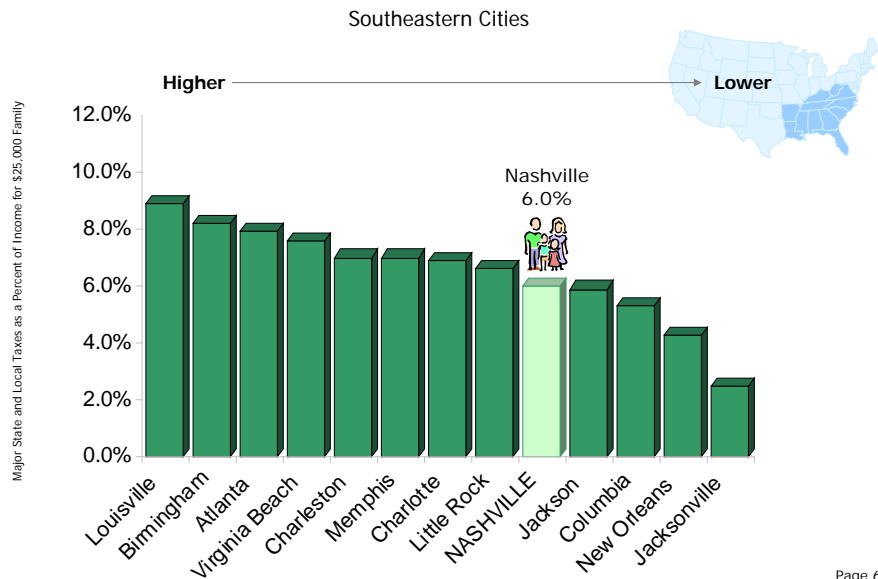
Keeping Taxes Low



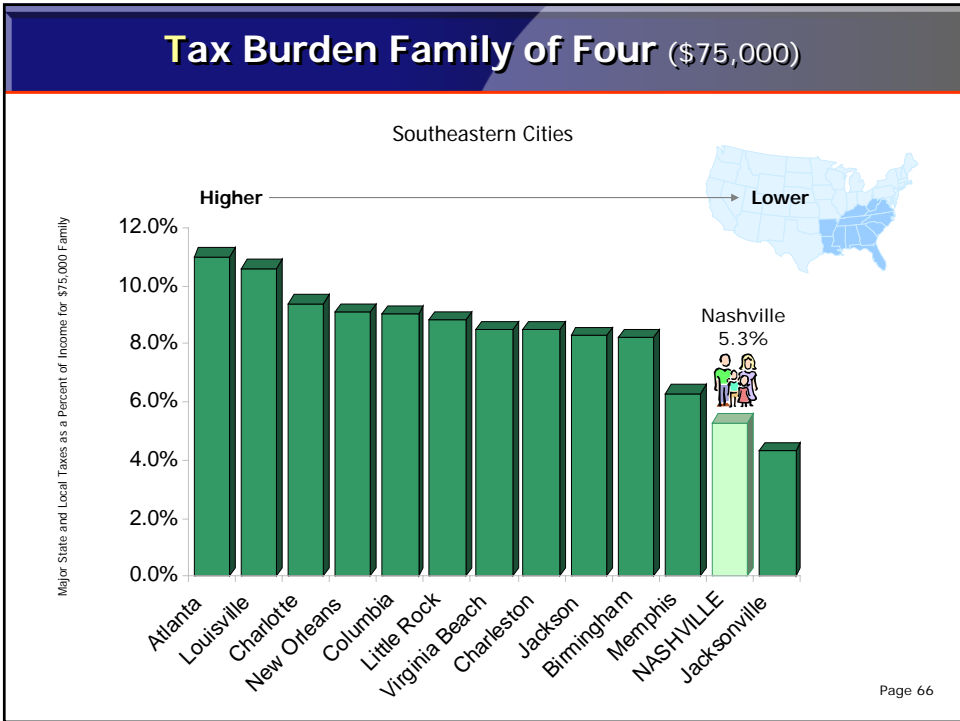
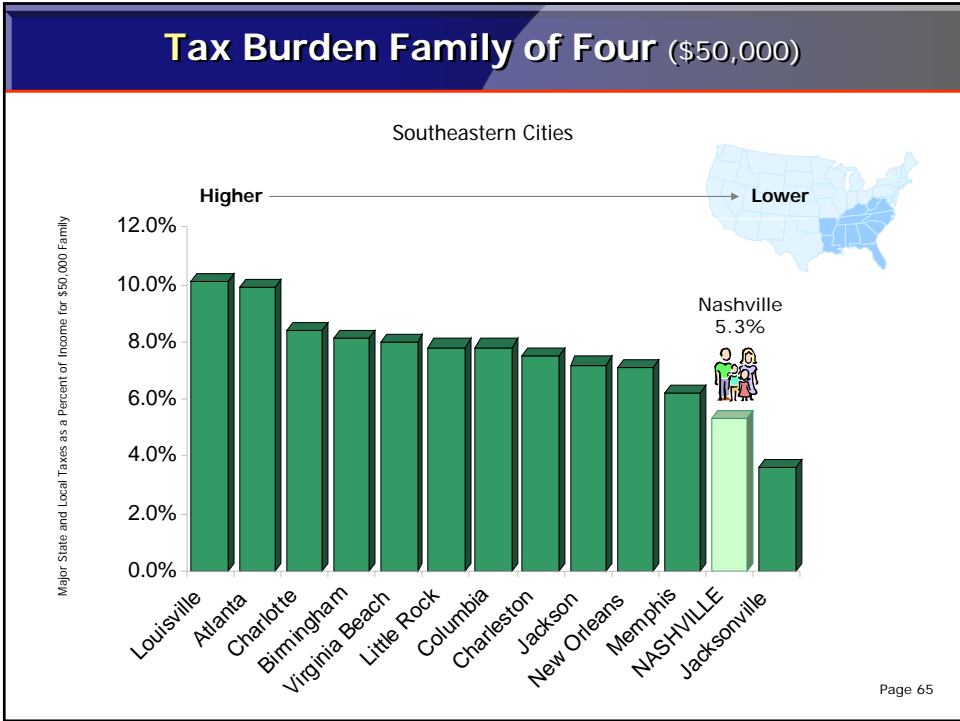
Investing in Nashville's Future
The Budget FY2006

Page 63

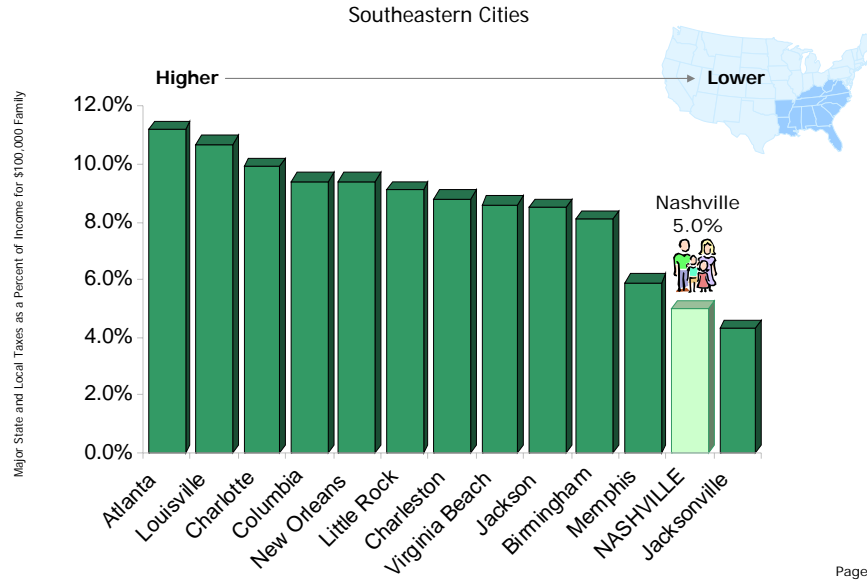
Tax Burden Family of Four (\$25,000)



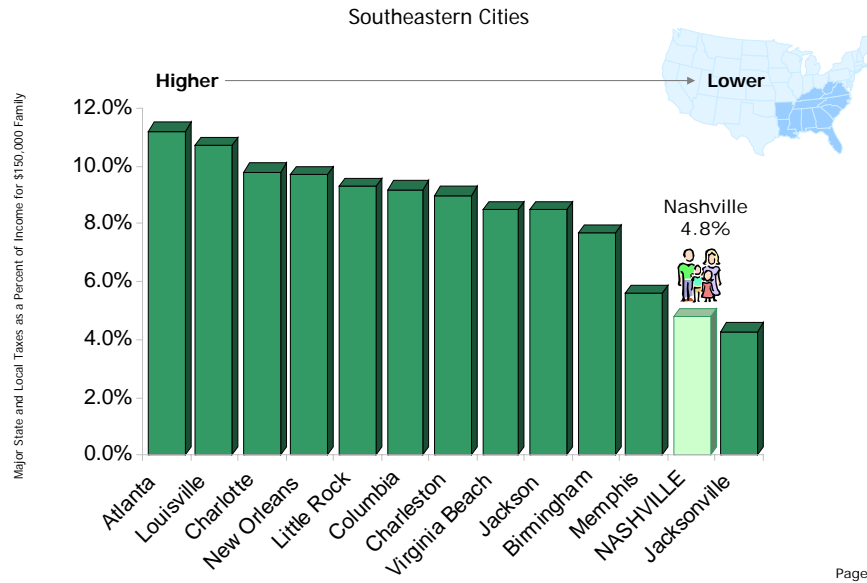
Page 64



Tax Burden Family of Four (\$100,000)



Tax Burden Family of Four (\$150,000)



Other Issues



Investing in Nashville's Future
The Budget FY2006

Page 69

Stormwater Program

Projected Program Funding



Source: Stormwater Program and Organizational Study, January 2002

Page 70

Supplemental Appropriations FY2005

Fire Department	\$2,853,800
MNPS (State Teacher Pay Bonus)	\$3,085,100
ECC - Supplemental – 911 Backup	\$590,500
Legal – Outside Counsel	\$100,000
Transportation Licensing	\$37,500
Domestic Violence Intervention Center	\$144,200
Corporate Dues & Contributions	\$38,300



Investing in Nashville's Future
The Budget FY2006

Page 71

Budget Process – FY 2006 to FY 2008

- ✓ **Citizens' Guide to the Metro Budget**
54,000 visits since inception,
viewing almost 750,000 pages
- ✓ **WEBudget Improvements**
- ✓ **Capital Process**
- ✓ **Results Matter**
70% Departmental Budgets Covered
(excluding Schools)

Investing in Nashville's Future
The Budget FY2006

Page 72

Metro's 311 Proposal

- ✓ One Easy To Recall Number
- ✓ Diverts Non-Emergency Calls From ECC
- ✓ Provides Measurable Results For Citizens
- ✓ Cost Neutral
- ✓ Highly Successful In Other Cities



Shared Services

- ✓ Consolidates And Reduces Cost of
 - Paying Bills
 - Purchasing
 - Accounting
 - Facilities Management
- ✓ Improves Accountability
- ✓ Used Extensively In Private Sector



E-Procurement

- ✓ Streamlines Contract Management
- ✓ Assures Contract Compliance Within Metro
- ✓ Allows Metro To Maximize Buying Power
- ✓ Improves Metro's Ability To Assure Legal Compliance



Audit Savings

Cumulative Savings/Costs to Date

	Millions
Projected (to Date*)	\$50.6
Achieved (to Date*)	\$42.2
Cost of Audits	\$4.6
Return on Investment	921%

*As of May, 2005



Investing In Nashville's Future

The Budget FY2006

With Estimates
for FY2007
and FY2008

Metropolitan
Government of
Nashville and
Davidson County



Mayor Bill Purcell

