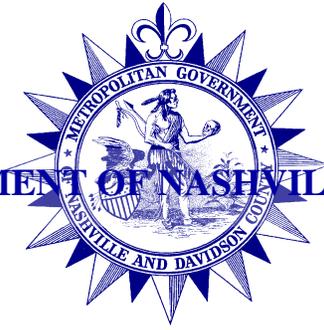


METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



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Budget and Finance Chair Vercher and Members of Council:

This past fiscal year was not without its challenges, and I want to thank you for your partnership. Together, we have met those challenges and will continue to do so as we close FY19 and enter FY20. You will recall that last year we made tough choices in crafting a fiscally prudent budget that protected service levels while limiting expenses. The FY20 Operating Budget similarly makes the strategic investments necessary to carry on the core functions of our city.

Where We Are Now

Great news – our efforts to achieve savings while continuing to provide essential services paid off. Most departments are on track to meet their savings targets and some may exceed their targets. The General Fund as a whole is expected to meet its budgeted savings targets and close the year under budget. Although some of the budgeted non-recurring revenue will not be realized during FY19, fund balances (i.e., our savings) are sufficient to mitigate those impacts. This is thanks to achieving overall savings this year and because our 2018 balance closed higher than expected. The operating fund for Schools is expected to end the fiscal year at \$31.9 million and 3.5% of FY20 expenditures. This compares to Schools actual fund balance of \$33.2 million at June 30, 2018

The GSD and USD General Funds, after supplemental appropriations in FY19, are projected to have 5% fund balances. Property tax and local option sales tax revenues are projected to meet the budgeted estimate for the fiscal year, with the potential for local option sales tax to exceed budgeted estimates. We continue to anticipate slightly decreased revenue stemming from declines in excise tax and moving violation fines and fees. Even with these impacts, fiscal discipline in FY19 has established a stable base on which to move forward to FY20.

FY20 Recommended Operating Budget

The FY20 Operating Budget makes investments in public education, Metro employees, public safety, affordable housing, and health and hospitals. Our primary focus is on investments in our public schools and for our dedicated employees while meeting our debt service obligations and contractual commitments.

Public Education

Under the recommended budget, Metro Nashville Public Schools will receive a \$28.2 million increase over their FY19 operating appropriation as well as a \$6.7 million increase for debt service obligations, totaling \$34.9 million. The operational increase is intended to support 3% cost-of-living raises for employees as well as improvements to bus driver/monitor pay and investments in social and emotional learning. A budgeted savings target has also been established of \$ 6.2 million

Metro Employees

The FY20 Operating Budget proposes to fund a 3% cost-of-living adjustment for Metro employees, step increments for eligible employees and merit-based 2% open range increases. In addition to this **\$23.3 million** dollar investment in our hard-working Metro employees, they will again see **no cost increase for their health insurance** in FY20.

Public Safety

A total of \$3 million is recommended in operating funds for the implementation of body worn cameras. The FY20 Operating Budget also recommends \$1.5 million in funding for the Community Oversight Board. Additionally, \$250,000 is recommended to complete staffing studies related to public safety and other select departments.

Affordable Housing

Mayor Briley has committed another \$10 million to the Barnes Fund for Affordable Housing. This is the fourth consecutive appropriation of that amount to the Barnes Fund. When combined with the \$50 million of already approved capital spending, this will represent a \$90 million investment in affordable housing for Nashville since 2017. Additionally, the mayor recommends \$300,000 to continue the Housing Incentives Pilot Program.

Health and Hospitals

Nashville General Hospital is recommended to receive their requested operating subsidy of \$43.1 million. We are also recommending that Bordeaux Nursing Home receive \$3.5 million to fund the operating contract with Signature and the Knowles Assisted Living Facility is recommended to receive \$2 million to fund the operating contract with Anthem.

Additional Highlights

The recommended budget provides \$2.6 million of funding for the opening and security of several Metro facilities. Parks is opening the Bellevue Community Center. Funding is also recommended for the MNPD Headquarters and Family Safety Center complex.

The Nashville GRAD program is recommended to receive \$1 million in FY20 to provide financial assistance for full-time students pursuing higher education in Davidson County. This program was created in partnership with Nashville State Community College and the Tennessee College of Applied Technology Nashville. The Mayor's Office has also ensured that students will also receive wraparound services including academic and career counseling.

The mayor is recommending \$442,300 to support the Equal Business Opportunity Program, the program established this fall to help ensure minority and women-owned businesses have equal access to Metro procurement opportunities. Metro has also secured \$2.8 million in grants to support increasing recycling pickup to every other week. Metro's contribution to this effort is recommended at \$518,000 in the FY20 budget. We are also recommending various improvements in the Codes, Fire and Finance departments around the administration of short-term rentals (STRs), including the addition of two Codes inspectors dedicated to STRs paid for by increased fees paid by landlords.

The attached presentation provides additional information on the Mayor's recommended budget.

Thank you for your service to our city. Please know that my staff and I are available to answer any questions you may have regarding these topics.

Respectfully,



Talia Lomax-O'dneal
Director of Finance

Attachment