



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

TO: Department Heads and Elected Officials

FROM: Talia Lomax-O'dneal, Director
Department of Finance

SUBJECT: Fiscal Year 2019 – 2020 Budget

DATE: January 18, 2019

First of all, thank you for your continued cooperation and assistance in preparing and monitoring your operational and capital budgets. It is particularly noteworthy that at mid-year almost no departments have reported an anticipated need for a supplemental appropriation, and targeted savings are on track to be achieved. As the year progresses, we will continue to work with you on any challenges that you may have in the current year to reach your targeted savings or on other matters.

In the FY2019-2020 budget, we are calling on all departments to remain diligent in effectively managing our resources. Mayor Briley is clear that we must remain accountable and transparent in how funds are prioritized, allocated and managed as we work to help more Nashvillians share in the city's prosperity. A few items that will need to be considered in the upcoming budget include the following:

- We must remain focused on limiting the use of fund balance in FY2019-2020 and prioritizing the continued restoration of fund balances. With your assistance and cooperation, fund balances for the GSD/USD general operating funds met policy targets at the end of FY2017-2018;
- We have noticed recent declines in some revenue categories this year, such as traffic violations, and there will be further reductions in revenue from the Hall Income Tax in the upcoming fiscal year. While we believe that overall revenue targets will be met in the current year, these declining revenues will need to be considered in our budget assumptions for next fiscal year;
- Revenue growth will need to be used to cover one-time revenue assumptions in the FY2018-2019 budget;
- There are new facility openings that require operational funding support; and
- There are increased debt service requirements.

In consideration of these preliminary assumptions, departments are asked to maintain current funding levels. While we understand that maintaining current funding levels will be a challenge, we can only consider required/mandatory budgetary improvement requirements given our anticipated revenue streams. You do not need to include pay plan estimates in your

submissions. As usual, the Department of Finance's Office of Management and Budget staff (OMB) will work with Metro Human Resources regarding the pay plan. OMB will be reaching out to you to identify non-discretionary items that you may wish to include for discussion with the Mayor. However, please note that we cannot guarantee improvement funding for these requests can be granted.

Blue Ribbon Commission

As you may recall, the Metro Council recently passed legislation to create a Blue Ribbon Commission. Please note these excerpts from the legislation:

- The purpose of the Commission shall be to identify cost savings, increased revenues and cost avoidance, including one-time and on-going savings, with the targeted goal of achieving budgetary cost savings, increased revenues, and cost avoidance collectively totaling \$20 million
- The Commission shall focus its efforts during the remainder of Fiscal Year 2019 on identifying cost savings, cost avoidance, and revenue enhancements that can be realized in the Fiscal Year 2020 operating budget.
- The Commission shall present a report detailing potential budget savings proposals, cost avoidance proposals and revenue generation proposals to the Mayor and to the Metropolitan Council by April 1 of each year.

The Mayor's Office and the Finance Department are to "...coordinate responses and facilitate the flow of information" for the Commission.

At the request of the Blue Ribbon Commission, we are asking that you submit, as part of your budget request, a suggestion for each of the three categories: cost savings, increased revenues and cost avoidance.

Please take a moment to read the legislation in its entirety, so that you are fully aware of the Commission's charge.

Nashville | Substitute Bill BL2018-1314 (as amended)

An ordinance amending requirements for the Blue Ribbon Commission, as established by Substitute Ordinance BL2018-1184, consistent with the Annual Operating Budget for Fiscal Year 2019. WHEREAS, the Annual Operating Budget for FY 2019, approved by Substitute Ordinance No. BL2018-1184, as amended...

<https://www.nashville.gov/Metro-Clerk/Legislative/Ordinances/Details/f71947a2-d9ab-46e0-8ccf-4ea66d21fbfd/2015-2019/BL2018-1314.aspx>

Revenue Estimates

If you are aware of specific issues that could impact revenues, or if you have recommendations for adjustments to fees or other revenues, please discuss them with your OMB budget analyst. As normal practice, we will work with you on all departmental revenue estimates.

Other

OMB budget analysts will contact you early next week and will provide additional detail to you on Hyperion submissions. Meetings with the Finance Department will occur during the weeks of February 25 and March 4, and conversations with the Mayor are expected to occur late March.

Thank you for your vital role in helping to ensure a timely, effective and equitable budget process. We look forward to working with you on behalf of the residents of our great city.