

BILL NO. BL2018-1140 (DOWELL, VERCHER, & K. JOHNSON) – This ordinance would create a new South Nashville Central Business Improvement District (SONA CBID). Central business improvement districts (CBIDs) are permitted pursuant to Tenn. Code Ann. §7-84-501 *et seq.* and allow the imposition of an additional assessment on all property located within the area to provide enhanced services. Under state law, a majority of all real property owners must petition the government to create a CBID, representing two thirds of the assessed value within the area seeking designation. The Council has previously approved the creation of two CBIDs – one in downtown and a second in the Gulch area.

A petition has been filed with the Metropolitan Clerk signed by the requisite percentage of owners petitioning the Metropolitan Government for the creation of the SONA CBID. The SONA CBID area would consist of approximately 266 acres with boundaries extending from Cane Ridge Road to the West, I-24 to the East, Target Drive to the North, and Old Franklin Road to the South.

A District Management Corporation (DMC) would act as an advisory board to carry out recommendations for use of the special assessment revenues. The DMC would be governed by a board of directors, as provided under state legislation. The ordinance proposes a board consisting of at least seven (7) members. Under state law, a member of the state senate and a state representative whose districts include the majority of the area contained within the SONA CBID would be appointed by the speaker of the Senate and the speaker of the House of Representatives, respectively, as *ex officio* members during the time for which they are elected to office. The ordinance further proposes that the member(s) of Council in whose district(s) the CBID is located would also be members of the board; and that the mayor would appoint two members who would serve a four-year term, subject to renewal by the mayor. Property owners within the district would appoint the remaining two members to serve five-year terms, who must be principles of property owners or companies owning property within the CBID boundaries. At the end of the initial terms, these seats would be filled at an annual meeting upon nomination by the outgoing board members.

The DMC would have the authority to acquire, construct, and maintain parking facilities, to acquire, construct, and maintain public improvements, and to acquire interests in real property. The corporation also will provide supplemental services such as promotion and marketing, advertising, health and sanitation, public safety, security services, recreation, cultural enhancements, and business recruitment and retention in the district. The district could employ persons and retain professional services to fulfill these purposes. The DMC would also, to the extent permitted by law, be authorized to borrow money and issue bonds, notes, or other obligations for the purpose of paying the costs of public improvements, or the funding or refinancing of any such bonds, notes, or other obligations issued pursuant to the authority of Tenn. Code Ann. §7-84-518.

The ordinance would authorize an assessment equal to \$0.55 per \$100 of assessed value to be collected by the district. This special assessment would essentially be an additional property tax levy that would be collected by Metro beginning in 2018 at the same time other property taxes are collected. After collection, the funds would be returned to the district board, which is required to submit an annual report on how funds are expended. The Metropolitan Government cannot reduce the level of services within the district as a result of the district having its own revenue and providing some of its own services. It is estimated that in the first

year, the costs of the initially proposed improvements, services, and projects will be \$10,948,000, and \$28,500,000 over the 20 year term.

The Council must approve this district before it becomes effective, and must conduct a public hearing that occurs after first and second readings. Since this ordinance is a “tax measure”, the ordinance is amendable on third reading. Pursuant to this ordinance, the SONA CBID would be dissolved on December 31, 2037, unless further action is taken by the Council to extend it.

Fiscal Note: The estimated costs of the initially proposed improvements, services, and projects are approximately \$10.948 million during the first year and \$28.5 million over the 20-year term.

The additional rate of levy of the special assessment for the SONA CBID would be 55 cents per \$100 of assessed value of real property for 2018. This rate would continue unless and until changed by the Council. For the levy rate to be changed, the District Management Corporation (DMC) must request such change by resolution. The new rate must be approved in an election held by the DMC by not less than a majority in number of owners of real property in the District voting in said election. Also, the assessed value of the property in the District owned by all of the persons voting affirmatively must equal or exceed two-thirds of the assessed value owned by all of the persons voting.

Upon receipt of this approved resolution from the DMC, the Council must hold a public hearing on whether there should be a change in the rate of levy for the special assessment.

Beginning in 2018, special assessments would be levied against all taxable real property within the SONA CBID. Notice of the special assessment would be issued with the tax notices for regular real property taxes within Metro. All revenues from this special assessment would be segregated into a special revenue fund subject to the direction of the Council and the DMC.