

MEMORANDUM TO: All Members of the Metropolitan Council

FROM: Donald W. Jones, Director
Metropolitan Council Office

DATE: **June 17, 2008**

RE: **Analysis Report**

Balances As Of:	<u>6/11/08</u>	<u>6/13/07</u>
<u>GSD 4% RESERVE FUND</u>	* \$3,740,451	\$985,007
<u>CONTINGENCY ACCOUNT</u>		
USD	\$50,000	\$50,000
<u>GENERAL FUND</u>		
GSD	\$23,429,103	\$31,122,193
USD	\$15,945,572	\$12,243,660
<u>GENERAL PURPOSE SCHOOL FUND</u>	\$61,509,540	\$37,741,840

* Assumes estimated revenues in fiscal year 2008 in the amount of \$23,722,200.
(Does not include pending 4% appropriation totaling \$13,740,502.)

– RESOLUTIONS –

RESOLUTION NO. RS2008-157 (COLEMAN) – This resolution provides a proposed amendment to the Metropolitan Charter regarding term limits for members of council. The Charter currently limits holders of “elected office authorized or created by the Charter” to two consecutive terms by making such office holders ineligible to serve a third term if they have served more than a single term during the previous two terms of office. Thus, for purposes of the Charter term limits provision, a member of council completing any part of a partial term and serving a full consecutive term is prohibited from running again for the same office. This proposed Charter amendment would expressly provide that persons serving in the office of mayor, vice mayor, district councilmember, or councilmember-at-large would be ineligible to run for a succeeding term if such person has served more than one-half of a four year term and a consecutive complete four year term. This would essentially mean that serving less than two years of a term would not count as a first term for purposes of term limits.

This Charter amendment would also provide that the offices of district councilmember and councilmember-at-large are separate offices for the purposes of the term limits provision. This would clarify the issue as to whether a district councilmember serving two consecutive terms can be elected at-large, or vice versa.

The council, pursuant to the Charter, may only adopt two resolutions during the term of the council that submit amendments to the voters for ratification. Each proposed amendment to the Charter must be adopted by 27 affirmative votes of the council, and the resolution itself submitting the amendment must be adopted by 27 affirmative votes in order to become effective. This resolution provides that the date for holding the referendum election on the Charter amendments is to be the August 7, 2008 general election. The Charter provides that resolutions proposing amendments to the Charter must be filed at least 80 days prior to the election. State election law provides that resolutions requiring the holding of elections on questions submitted to the people must be adopted between 45 and 60 days prior to the election. Thus, if the resolution is to be placed on the August ballot, it must be adopted at the June 17, 2008 council meeting. However, the resolution could be deferred and brought back in time for the November ballot along with other proposed amendments to the Charter.

This proposed Charter amendment has been referred to the charter revision commission, but the commission has yet to meet for purposes of considering the amendment.

RESOLUTION NOS. RS2008-296 & RS2008-297 – These two resolutions approve contracts between the state department of transportation and the Metropolitan Government for the resurfacing of Mt. View Road and Hamilton Church Road. These are typical contracts with the state for road resurfacing authorized under the state-aid highway system program.

Resolution No. RS2008-296 (Duvall, Cole & Others) approves a contract for the resurfacing of a 3.28 mile section of Mt. View Road from Bell Road to Hamilton Church Road. The total cost of this project is \$618,700, with Metro providing \$29,169.85 in cash and \$125,505.15 as an in-kind contribution, and the state providing the balance of \$464,025.

Resolution No. RS2008-297 (Wilhoite, Evans & Others) approves a contract for the resurfacing of a 3.28 mile section of Hamilton Church Road from Murfreesboro Road to Lavergne-Couchville Pike. The total cost of this project is \$724,400, with Metro providing \$34,154.12 in cash and \$146,945.88 as an in-kind contribution, and the state providing the balance of \$543,300.

There are two proposed housekeeping amendments for these resolutions.

RESOLUTION NO. RS2008-302 (COLE) – This resolution appropriates \$13,740,502 from the general fund reserve fund (4% fund) to the general services department for preventive maintenance, major maintenance, miscellaneous roof repairs, replacement vehicles, police department motorcycles, and water/back flow projects for various Metro buildings. Four percent funds may only be used for the purchase of equipment and repairs to buildings.

The balance in the general fund reserve fund as of June 11, 2008, was \$3,740,451. This consists of unrealized revenue for fiscal year 2008 in the amount of \$23,722,200. The resolution provides that “The Director of Finance may schedule acquisitions authorized herein to ensure an appropriate balance in the Fund.” A copy of the supporting information sheet required by Ordinance No. O86-1534, as well as additional information provided by the department of general services regarding the vehicles to be purchased, is attached to this analysis.

RESOLUTION NO. RS2008-323 (COLE) – This resolution appropriates \$4,148,100 in supplemental appropriations from the unappropriated fund balance and other sources to various departments to balance their fiscal year 2007-2008 operating budgets.

The amount of \$1,218,500 is to be appropriated from the unappropriated fund balance of the general fund of the general services district as follows:

- o \$595,000 to the trustee’s office for credit card processing fees
- o \$209,000 to the trustee for the senior property tax relief program
- o \$77,600 to the fire department for equipment and medical supplies
- o \$336,000 as an additional subsidy for the Metropolitan transit authority as a result of increased fuel costs

The amount of \$2,161,100 is to be appropriated from the unappropriated fund balance of the general fund of the urban services district as follows:

- o \$284,600 to the trustee’s office for the senior property tax relief program
- o \$1,627,200 to the fire department for overtime
- o \$249,300 to the fire department for fringe benefits

The amount of \$68,500 is to be appropriated from the community education unappropriated fund balance for various community education expenses.

The amount of \$700,000 is to be appropriated to the department of public works from the parking garage revenue. These funds will be used to cover expenses associated with operating the parking garage.

RESOLUTION NO. RS2008-336 (COLE) – This resolution supplements various prior resolutions by approving certain terms and ratifying the actions of the electric power board (NES) related to the issuance of series 2008 electric system revenue bonds. On May 20, 2008, the council approved Resolution No. RS2008-261 approving the issuance of bonds in the amount of \$120,000,000, and revenue refunding bonds in the amount of \$95,000,000, as requested by the NES board. Although the Metropolitan Charter grants NES complete control and authority over the operation of the electric system, NES cannot issue bonds without permission of the Metropolitan Government.

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RESOLUTION NO. RS2008-336 (continued)

This resolution ratifies the action of the NES board related to the approval of the principal amounts, maturities and interest rates on the bonds, as well as the redemption date of the refunded bonds. The resolution further authorizes the mayor and the director of finance to execute and deliver the bonds and the contract of purchase. The series 2008A bonds are being sold to the lead underwriter, Morgan Keegan & Company, Inc., at a purchase price of \$111,849,620.14. The purchase price for the series 2008B refunding bonds is \$88,916,349.45. The resolution also authorizes the issuance of the preliminary official statement for the bonds. The series A bonds will have a final maturity date of May 15, 2033, with the series B bonds maturing on May 15, 2023.

These bonds are to be paid solely from the revenue of NES and will not be an obligation of the Metropolitan Government or be guaranteed by the taxing authority of the Metropolitan Government.

RESOLUTION NOS. RS2008-337 & RS2008-338 – These two resolutions approve contracts pertaining to the positions of director of the council office and special counsel.

Resolution No. RS2008-337 (Forkum, Garrett & others) approves a contract for the employment of Jonathan B. Cooper as special counsel and director of the council office. This contract is for a term of four years beginning July 1, 2008. The Metro Charter authorizes the vice mayor to employ special counsel for the council, upon approval of the council by resolution. The council executive committee has approved the employment of Mr. Cooper as director of the council office and special counsel.

Mr. Cooper's duties under the contract will include acting as director and office manager for the council office, providing research and advisory services for the council, preparing legislation requested by council members, reviewing legislation submitted to the council for approval, and attending council meetings.

Resolution No. RS2008-338 (Forkum) approves a contract for the continued employment of Donald W. Jones as special counsel for the council on a part-time basis. Mr. Jones retired as full-time director and special counsel in July 2006, but remained in this position on a part-time basis. This contract provides that Mr. Jones will continue to serve as special counsel on a part-time basis, working approximately 12 hours per week. The contract is for a two-year term beginning July 1, 2008, but may be terminated upon thirty days notice.

RESOLUTION NO. RS2008-339 (COLE) – This resolution approves an application for an annual grant in the amount of \$50,585 for the Arts Build Communities program. These funds will be used to make grants to non-profit organizations for community arts projects. These funds are provided in conjunction with the \$2,250,000 million in the mayor's proposed fiscal year 2009 operating budget to provide arts grants. There is a required local match in the amount of \$50,585 to be provided from the Metro arts commission budget.

RESOLUTION NO. RS2008-340 (COLE) – This resolution approves a grant in the amount of \$25,000 from the Tennessee Supreme Court, Administrative Office of the Courts, to the state trial courts for interpreter services for indigent defendants with limited English proficiency. The interpreter services to be provided through this grant will only be available to those defendants involved in a legal proceeding in which they have a constitutional or statutory right to appointed counsel. The term of the grant is from July 1, 2008 through June 30, 2009.

RESOLUTION NO. RS2008-341 (COLE) – This resolution approves an application for an annual grant in the amount of \$9,000 from the Tennessee commission on children and youth for the benefit of the juvenile court. These funds will be used to provide training opportunities to juvenile court probation officers.

RESOLUTION NO. RS2008-342 (COLE) – This resolution approves an annual grant in the amount of \$951,200 from the state department of human services to the Davidson County juvenile court to enforce federal and state mandated child support guidelines concerning children born out of wedlock. Pursuant to the grant agreement, the juvenile court referees will hear these child support cases and paternity hearings on an expedited basis. The referees will take testimony, evaluate the evidence, and establish child support orders based on the state child support award guidelines. The term of this grant is from July 1, 2008, through June 30, 2009. There is a required local match of \$490,012 to be provided from the juvenile court's operating budget.

RESOLUTION NO. RS2008-343 (MAYNARD) – This resolution approves a grant in the amount of \$125,000 from the U.S. environmental protection agency (EPA) to the Metropolitan board of health for the continued collection of data on the ambient air concentrations for fine particulate matter. The Metro health department is responsible for air quality monitoring within Nashville and Davidson County on behalf of the EPA. The term of the grant is through March 31, 2008.

RESOLUTION NO. RS2008-344 (MAYNARD & COLE) – This resolution approves a grant in the amount of \$25,000 from the state department of health to the Metro board of health to provide emergency dental services to uninsured adults. These grant funds will be used to provide emergency dental care on a sliding fee scale basis, as well as for the purchase of equipment necessary to provide the services. The term of the grant is from April 15, 2008 through March 31, 2009.

RESOLUTION NO. RS2008-345 (MAYNARD & COLE) – This resolution approves an annual grant in the amount of \$659,700 from the state of Tennessee to the Metropolitan board of health to provide family support services. Specifically, this grant is to fund the Healthy Start program established by the Early Childhood Development Act of 1994. The purpose of the Healthy Start program is to provide home visitation, counseling, and education services to ensure children receive the necessary immunizations and developmental screenings. These funds will be used to pay the salaries of public health nurses and outreach workers in the Healthy Start program. The term of the grant is from July 1, 2008 through June 30, 2009.

RESOLUTION NO. RS2008-346 (COLE & MAYNARD) – This resolution approves a grant in the amount of \$52,700 from the state department of finance and administration to the metropolitan board of health for health screening and health services for young adults. These funds will be used to provide 300 community-based mobile clinic health screenings to young adults in high risk areas of Nashville. The funds will also be used for a health course to be offered to 350 young adults at five sites in Davidson County. The term of the grant is from July 1, 2008 through June 30, 2009.

RESOLUTION NO. RS2008-347 (CRADDOCK & COLE) – This resolution approves an application for a grant in the amount of \$1,469,700 from the U.S. department of homeland security to the Mayor's office of emergency management for a risk management study for the Port of Nashville. The Port of Nashville has traditionally been defined by the U.S. Coast Guard as ten miles of the Cumberland River extending in each direction from downtown Nashville. If awarded, twenty percent of the grant funds will be used to cover the cost of a port-wide risk management/mitigation plan. The remaining funds will be available for projects outlined in the plan that Metro decides to undertake. These projects would require a twenty-five percent local match at the time the federal funds are made available. Since we do not know what the plan will entail at this point, it is impossible to determine the precise amount of the match that will be required.

RESOLUTION NO. RS2008-348 (CRADDOCK & COLE) – This resolution approves an amendment to a grant in the amount of \$89,565 from the state emergency management agency to the Mayor's office of emergency management to complete a multi-hazard mitigation plan. The purpose of the multi-hazard mitigation plan is to reduce risks from natural hazards. The plan is to include a risk assessment describing the type, location, and extent of all natural hazards and a description of Metro's vulnerability to such hazards. The plan is also to include a mitigation strategy for reducing the potential risks identified in the risk assessment.

This grant amendment makes some technical changes to the grant contract regarding the required quarterly progress reports and plan review requirements, but makes no changes to the amount of the grant.

RESOLUTION NO. RS2008-349 (COLE & CRADDOCK) – This resolution approves a grant in the amount of \$800 from Target Corporation for the purchase of global positioning units and digital cameras for the Hermitage police precinct flex unit.

RESOLUTION NO. RS2008-350 (EVANS & COLE) – This resolution approves a substitute grant in the amount of \$1,785,000 from the state department of environment and conservation to the department of public works for the purpose of collecting and disposing of waste tires from residents. Metro operates this program without requiring tip fees for the disposal of the tires. The majority of the tires collected under this program have typically been disposed of by Metro's subcontractor, and only a small portion of tires have been collected at Metro's convenience centers.

This grant was approved at the May 20, 2008 council meeting, but a provision in the original grant was inadvertently omitted. The state subsequently submitted a new grant agreement that includes the deleted provision, but the council must ratify the revised agreement. The term of the grant is July 1, 2008 through June 30, 2011.

RESOLUTION NO. RS2008-351 (COLE) – This resolution authorizes the department of law to compromise and settle the lawsuit brought by Leslie F. Herndon against the Metropolitan Government for the amount of \$11,500. On January 18, 2007, an employee of the fire department was operating a Chevy Tahoe in response to an emergency call when he slid on a patch of ice and struck Mr. Herndon's 2003 Toyota truck causing him to run into the rear of a tractor-trailer. Mr. Herndon sustained an injury to the tendon in his shoulder, incurring \$6,020 in medical bills and \$1,539 in lost wages.

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RESOLUTION NO. RS2008-351 (continued)

The department of law recommends settling this claim for the amount of \$11,500 to be paid from the self-insured liability fund. This is approximately one and one-half times the medical bills and lost wages, which is typical for personal injury settlements.

No disciplinary action was taken against the Metro employee involved since the accident was the result of the icy road conditions.

RESOLUTION NO. RS2008-352 (COLE) – This resolution authorizes the department of law to compromise and settle the lawsuit brought by Mark and Sylvia Young against the Metropolitan Government for the amount of \$251,428. On May 10, 2006, Mark Young, a Metro firefighter residing in Lebanon, Tennessee, was riding as a rear passenger on a fire truck (Rescue 12) in response to a reported house fire on Raines Avenue. The fire truck was traveling westbound on Polk Avenue, which has a posted speed limit of 40 m.p.h. It had been raining all morning and was raining while the fire truck was en route to the fire. The fire truck began to slide as it approached a curve. The driver attempted to regain control, but the vehicle spun out of control and rolled over. Of the four firemen on the truck, it was immediately evident that Mr. Young had sustained the worst injuries.

Mr. Young was transported to Vanderbilt Hospital and diagnosed with a fractured C6 and C7 vertebra, and underwent spinal fusion surgery consisting of a bone graft and the placement of screws. After surgery, Mr. Young was in physical therapy for three months before returning to light duty work with the fire department on July 31, 2006. Mr. Young returned to full duty as a fire engineer on September 18, 2006, which is less physically demanding than the job of a firefighter, but is a higher pay grade than a firefighter. Mr. Young's doctor has assigned him a permanent impairment rating of 25% to the body as a whole.

Mr. Young and his wife filed suit against the Metropolitan Government alleging that the driver of the fire truck was negligent in driving too fast for the road conditions and in his failure to maintain control of the vehicle. In addition, the Young's allege that the tire tread on the fire truck was worn down beyond the appropriate level. Mr. Young has incurred medical bills totaling \$120,214. His wife incurred \$3,893.25 in lost wages as an employee with the Wilson County school system while caring for him, and has made a claim for loss of consortium since his injury continues to prevent him from performing household duties and has harmed their relationship.

No disciplinary action was taken against the driver of the fire truck. The fire department's vehicle accident review board determined that disciplinary action was unwarranted due to the weather conditions and the dispute as to whether the tire tread was insufficient.

The department of law recommends settling both claims for the amount of \$251,428, which is to be paid out of the self-insured liability fund.

The council office would point out that since this was an injury-on-duty, the plaintiff has no out-of-pocket medical expenses. Further, it is questionable whether the plaintiff's injury resulted in a loss of earning capacity since he returned to work at a higher salary than he was making at the time of the accident. Since the fire department vehicle accident review board took no disciplinary action against the driver, there is apparently some dispute as to liability. Under the Tennessee Government Tort Liability Act, the maximum exposure of the Metropolitan Government is \$250,000 per claim.

– BILLS ON SECOND READING –

ORDINANCE NO. BL2008-214 (JAMESON) – This ordinance authorizes the imposition of a \$45.00 litigation tax on all criminal cases in Davidson County and designates CASA, Inc. as the agency to receive the funds. State law allows local governments to impose a \$45.00 “victims assistance assessment” to create a program or fund an existing program that assists victims of crime and their families. The state enabling legislation provides that the types of programs that can be funded through the assessment include “rape crisis centers, domestic violence shelters, victim of crime hotlines and information programs, individual, group and family counseling services, crisis intervention programs, support groups and other similar programs designed to assist victims of crime, their families or survivors.” CASA of Nashville, which is an acronym for Court Appointed Special Advocate, is an organization that provides trained community volunteers to advocate for abused and neglected children in court.

This \$45.00 assessment, which is in addition to all other taxes, court costs, and fines, will be collected by the criminal court clerk from any person who enters a guilty plea or is found guilty of committing a criminal offense for which a maximum possible punishment exceeds \$500 and for which jail time is possible. This means that a criminal defendant does not actually have to be fined more than \$500 or sentenced to jail in order for the assessment to apply. The first \$3.00 of the assessment will be retained by the criminal court clerk to defray processing and handling costs associated with collecting the assessment. The remaining \$42.00 will be distributed to CASA, Inc.

At the time this ordinance was prepared and filed, state law provided that only one existing program could be funded with this litigation assessment and required that the program to be funded be specifically named in the legislation authorizing the litigation assessment. However, this statute was amended in May 2008 to allow local governments to fund multiple programs with the victims assistance assessment.

ORDINANCE NO. BL2008-224 (STANLEY) – This ordinance amends the Metro property standards code to prohibit the excessive accumulation of wood/chips. The Metro Code currently prohibits the accumulation of trash and debris on residential property, but does not specifically address the dumping of large amounts of mulch for use as fill material.

This ordinance would prohibit owners and occupants of property of one-half acre in size or greater from covering more than five percent of the total lot area with wood chips/mulch. Such property owners could continue to use mulch for landscaping purposes as long as they do not exceed the five percent maximum lot coverage. Since mulch is biodegradable, it is questionable why anyone would attempt to use it as fill material. In any event, at least one residential property owner has been dumping large quantities of mulch on their property to fill in the yard. This ordinance exempts commercial establishments engaged in the sale of mulch, as well as Metro’s mulch facility at the old Bordeaux landfill.

A similar ordinance that would have regulated the dumping of mulch on residential property was deferred indefinitely in March 2008.

ORDINANCE NO. BL2008-230 (HUNT) – This ordinance amends the Metro fire code to allow the fire marshal to grant a waiver of the requirement that group homes install sprinklers when the group home can demonstrate they have an adequate safety plan in place. When the latest version of the national fire code and life safety code was adopted by the council pursuant to Ordinance No. BL2007-1390 in April 2007, the council approved several local amendments, which were more restrictive than what is included in the national code and required by the state. One of these more restrictive local amendments requires group homes to retrofit existing homes with automatic sprinkler systems. Specifically, Ordinance No. BL2007-1390 deleted a provision contained in the 2006 National Fire Prevention Association (NFPA) Life Safety Code that would have exempted group homes serving eight or fewer residents from the sprinkler installation requirement when all occupants have the ability to move to a point of safety within three minutes.

This ordinance would allow the fire marshal to grant a waiver of the sprinkler installation requirement for existing small board and care homes serving eight or fewer residents upon the submission of an adequate safety plan. Such safety plan must detail the measures in place to protect the occupants in the event of a fire, and must demonstrate proof that all occupants have the ability as a group to move reliably to a point of safety within three minutes.

It is important to point out that this ordinance does not automatically exempt group homes from the sprinkler requirement. It simply provides a mechanism for the fire marshal to grant a waiver, as opposed to seeking a variance from the board of fire and building code appeals, when the applicant proves they have an adequate safety plan in place.

ORDINANCE NO. BL2008-231 (STANLEY, COLE & EVANS) – This ordinance authorizes the Metropolitan Government to enter into a participation agreement with Phillips Development, LLC, to provide a public pressure sewer extension through the construction of a pump station and force main at the Ravenwood subdivision. The construction of the pump station will be at the sole expense of the developer, and the developer agrees to contribute \$158,100 to fund the additional operation and maintenance costs for the proposed pump station and force main.

– BILLS ON THIRD READING –

ORDINANCE NO. BL2008-174 (COLE) – This ordinance is the operating budget of the Metropolitan Government for the Fiscal Year 2008-2009. The budget filed by the mayor provides for the following proposed funding:

• General Fund of the General Services District	\$ 691,052,300
• Schools Fund of the General Services District	627,227,300
• Schools Debt Service Fund	58,895,700
• Debt Service – General Services District	<u>85,957,900</u>
TOTAL GENERAL SERVICES DISTRICT BUDGET	\$1,463,133,200
• General Fund of the Urban Services District	\$ 100,444,700
• Debt Service – Urban Services District	<u>13,086,700</u>
TOTAL URBAN SERVICES DISTRICT BUDGET	\$ 113,531,400
TOTAL OPERATING BUDGET	\$1,576,664,600

The substitute budget adopted by the council for the current fiscal year is \$1,559,728,500. The mayor's proposed budget is an overall increase of \$16,936,100 (+1.1%), although there is a reduction of \$14,537,800 in the appropriation from the general fund of the GSD. The GSD general fund provides the funding for the majority of the general government operations.

\$31,394,900 is appropriated from the total GSD unappropriated fund balance, compared to a total of \$14,334,400 in the current year's budget. This includes an appropriation in the amount of \$19,264,100 from the schools unappropriated fund balance. No funds are appropriated for use from the USD unappropriated fund balance, as compared to \$1,397,800 in the current year's budget.

The proposed budget does not fund any modification to the existing pay plan for all Metro employees, but does fund incremental step raises for employees that are not included as part of the open range classifications. The budget includes \$2,894,700 in the GSD General Fund and \$347,100 in the USD General Fund for these incremental increases.

The proposed budget does not include any "Budget Adjustment Savings" in order to balance the total budget requirements as was done the previous several years. The FY08 budget provided for a negative expenditure in the amount of \$16,938,500 in the GSD and \$2,264,700 in the USD for these budget adjustment savings. \$165,000 of the appropriations in this budget is contingent upon passage of legislation that will provide for additional probation fee revenue, which is the subject matter of Ordinance No. BL2008-176 presently on third reading.

One of the most substantive changes in the mayor's proposed FY09 budget is the elimination of certain "internal service fees". The departments of finance, human resources, general services, information technology services, and internal audit were funded almost entirely from internal service fees in the FY08 budget. These fees appeared as increased expenditures in the operational budgets of various departments, paid to these five departments in their various internal service funds. For FY09, the number of functions being charged to the departments by these internal service fees will be reduced by approximately 40%. The changes to these internal service fund functions are as follows:

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ORDINANCE NO. BL2008-174 (continued)

- Finance Services Returned to the GSD
- Human Resources Returned to the GSD
- Internal Audit Returned to the GSD
- Payment Services Absorbed by Finance (GSD)
- Real Property Services Absorbed by General Services (GSD)
- 311 Call Center Absorbed by Public Works (GSD)
- Shared Business Office Eliminated

After these reductions are made, the remaining internal service fund functions are as follows:

- Treasury
- Information Technology
- Fleet Management
- Building Operations
- Radio
- Postal
- Surplus Property

In addition to the internal service fees, the FY08 budget included a safety and risk management fund under control of the legal department. This was funded through premiums charged to the other departments. For FY08, these charges totaled \$19,097,400. This fund was used to implement a centralized safety and risk management program for the entire Metro Government. It was also used as the funding source for other funds such as injury-on-duty (IOD) medical claims, self-insured liability, property insurance, etc. For FY09, this fund is being eliminated. Safety programs will revert back to the various departments. The other funding that was previously routed through safety and risk management will now be made through direct general fund appropriations.

Another important change in the mayor's proposed budget is a new system for appropriating most grants to non-profit organizations. The intent is to award funds to those agencies that best meet the priorities of the city while reducing the total amount of the grants by \$369,400. Grant applications will be reviewed and approved in three categories, as follows:

- Domestic violence agencies \$750,000
- Education and afterschool care \$750,000
- Community service agencies \$500,000

The budget includes reductions averaging approximately 5% for many of the general fund departments, with a few exceptions. These reductions were originally projected to result in the layoff of as many as 200 Metro employees, but this number has been substantially reduced over the past two months. The budget does provide funding for new initiatives within the budgets for the juvenile court, fire department, and codes department. These improvements are as follows:

- Juvenile court – Increase of \$500,000 for a new truancy center. This will be used to provide enhanced truancy reduction and educational neglect services. The goal is to help more children to stay in school until graduation.

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ORDINANCE NO. BL2008-174 (continued)

- Fire department – Increase of \$2,326,700 to fund, transparently through the budget, the staffing required for three ambulances as recommended by the EMS audit. The fire department is also receiving an additional \$1,821,000 to pay for overtime costs typically incurred by the department.
- Codes department – Increase of \$100,000 to pay for a new electronic plan system to increase their efficiency and to provide better availability of information as needed. However, the codes department budget does include a reduction of three property standards inspector positions totaling \$167,500.

This budget includes a subsidy of \$47,307,200 for the hospital authority. This is a reduction of \$2,489,900 from the subsidy for the current fiscal year. Per Resolution No. RS2008-144, the hospital authority received a third extension of the reimbursement date for the outstanding loan from Metro Government. In addition, the line of credit amount was increased by \$11,500,000 to fund operations through June of 2008. This includes a contingency of \$4,100,000 due to the uncertainty of how the state would disburse essential access payments. Also, payments from the state's inmate healthcare contractor, First Medical Management, were reduced by about 50% due to a change in their interpretation of the contract. If the entire \$11,500,000 increase in the line of credit is used, the total owed to Metro by the hospital authority for operation expenses would be \$31,948,700.

There are several appropriations from the hotel occupancy tax that are included in the proposed budget. These appropriations are as follows:

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| • Sister Cities | \$40,000 |
| • Sports Council | \$100,000 |
| • Sommet Center subsidy | \$7,351,500 |
| • Farmers Market | \$258,000 |
| • Municipal Auditorium subsidy | \$871,500 |
| • Country Music Hall of Fame | \$100,000 |
| • Partnership 2010 | \$300,000 |
| • Regional Transportation Authority subsidy | \$764,900 |
| • Convention Center subsidy | \$800,100 |
| • Opryland Tourist Development Zone | \$399,600 |
| • Adventure Science Center | \$200,000 |
| • Metropolitan Transit Authority | \$500,000 |
| • Metro Arts Commission | \$150,000 |

The proposed budget for the Schools General Purpose Fund is \$627,227,300, which is an increase of \$35,681,100 over this year's budget. There is also a separate line in the ordinance appropriating \$750,300 for administrative support for Metro schools, down from \$3,642,500 in the current budget. \$19,264,100 of the proposed increase in the Schools General Purpose Fund budget would come from their unappropriated fund balance. Even with this appropriation, the reserve fund is projected to have a balance of \$52,735,900 at the end of FY09, or 8.4% of the operational budget. According to state law, this balance must remain above 3%.

There will be a substitute ordinance proposed by the chair of the budget and finance committee on third reading.

ORDINANCE NO. BL2008-175 (COLE) – This ordinance adopts the property tax levy for the fiscal year 2008-2009. The Metropolitan Charter requires that the council's next order of business upon adopting the annual operating budget is to adopt a tax levy that fully funds the operating budget. The property tax proposed by the mayor is \$4.04 per \$100 assessed value in the general services district (GSD) and an additional \$0.65 per \$100 assessed value in the urban services district (USD), for a total tax of \$4.69 in the USD.

This proposed property tax levy shifts three cents from the general fund of the USD to the debt service fund of the USD. This shift is estimated to be the equivalent of \$4.5 million, which will be used to make payments on debt issued by the Metropolitan Government for capital projects in the urban services district. The overall tax levy, however, is the same as last year.

ORDINANCE NO. BL2008-176 (COLE) – This ordinance approves an increase in the probation supervision fees for probation services provided by the general sessions court. This fee was established in 1991 at a rate of \$20 per month. The fee was increased to \$25 per month as part of the revenue enhancements associated with the fiscal year 2006-2007 budget, which was expected to result in \$516,000 in increased revenue.

This ordinance increases the probation supervision fee from \$25 to \$35 per month. The ordinance provides that the cost of operating the division of probation has increased since the fee was last increased in 2006. The proposed operating budget for next fiscal year includes \$165,000 in additional revenue from this fee increase used to balance the budget. By law, the Metropolitan Government cannot charge more in fees than the cost of providing the governmental service.

SUBSTITUTE ORDINANCE NO. BL2008-206 (CRADDOCK & COLE) – This substitute ordinance amends the Metropolitan code of laws to include certain employees of the sheriff's department in the fire and police pension plan. Certain public safety employees receive more favorable retirement benefits than other Metro employees due to the physical and mental demands of the job. While these benefits were traditionally provided only to police officers and fire fighters, the law was amended in 2003 to add sheriff's department correctional officers and parks special police (park rangers) based upon the degree of danger involved in these positions.

Some employees within the sheriff's office are performing many of the same duties as correctional officers, but since they do not have the title of correctional officer, are not entitled to the enhanced pension benefit. This ordinance would include the additional employees of the sheriff's office that perform public safety duties as part of the police/fire pension plan. The ordinance adds a definition for "sheriff's officer" as part of the police/fire pension plan, which includes sheriff's office employees that spend a majority of their workday engaged in direct inmate contact in a secured environment or armed agents responsible for serving civil process, orders of protection, body attachments, or performing evictions. An actuarial determination of the cost of adding these additional sheriff's office employees in the police and fire pension plan has been made and the study and formulating committee and employee benefit board have determined that these additional employees should be eligible to receive the public safety benefits. This ordinance is the final step in a process that was initiated in 2002.

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SUBSTITUTE ORDINANCE NO. BL2008-206 (continued)

One important distinction between the pension benefits provided by this ordinance and those received by policemen and firemen is that these sheriff's office employees will only be entitled to receive the enhanced benefit (or receive credit under the plan) for the time they are actually performing the duties listed above. Thus, a sheriff's officer that is promoted to a manager would no longer be entitled to the benefit since he/she would no longer be in direct contact with inmates or serving process. The new manager would receive credit under the enhanced plan for the time he/she served as a sheriff's officer, but would not continue to accrue time under the plan.

The actuarial information on this pension change is on file with the council office. This pension change will result in an annual increase in the Metro contribution rate of approximately 0.09% of total covered compensation.

ORDINANCE NO. BL2008-218 (COLE & GARRETT) – This ordinance, as amended, repeals Ordinance No. BL2001-777 pertaining to the waiver of credit card processing fees. Credit card companies charge merchants a fee for accepting the cards at their places of business. Since Metro accepts certain credit cards for the payment of a variety of fees and services, Metro is charged the processing fee in the same manner as other merchants. State law requires that local governments set and collect a debit and credit processing fee equivalent to the amount the government is charged when these methods are used for payments, provided the processing fee charged these persons cannot exceed five percent of the payment collected. However, oddly enough, the state law was amended to allow governments to waive this processing fee if they wish to do so. In 2001, the Council enacted Ordinance No. BL2001-777 to waive the credit/debit card processing fee. It was the thought at the time of enactment that waiving the fee would encourage persons owing money to the Metropolitan Government to pay in a more timely manner, which would result in quicker payments to Metro. However, the fee waiver has been costing the Metropolitan Government millions of dollars a year.

In 2006, the council amended the 2001 ordinance to partially repeal the fee waiver for non-point-of-sale transactions. A point of sale transaction is one where the goods or services are purchased directly from Metro face-to-face or "over the counter", such as payment for greens fees at Metro golf courses. Non-point-of-sale transactions include those payments made by phone or Internet. The 2006 ordinance authorized a 2.5% processing fee to be charged for all non-point-of-sale transactions.

Although the partial repeal of the fee waiver in 2006 helped reduce Metro's expenses associated with the credit/debit card processing fees, the Metropolitan Government continues to absorb a significant financial loss in paying these fees for customers that use credit cards to pay fees and property taxes. This ordinance simply repeals Ordinance No. BL2001-777 in its entirety so that Metro will no longer be subsidizing persons making payments by credit or debit card.