DRAFT

Items of Initial Possible Inquiry for the Blue Ribbon Committee

1. Should Payment in Lieu of Property Taxes be increased? These 'non-tax' revenues of the GSD and USD (from entities that legally don't have to pay property taxes but pay 'in lieu of fees') are pledged as collateral behind revenue bond and contingency bond commitments. These 'non-tax' collections have been cited as totaling several hundred million in revenue. Are they the right amount? Should they be 're-assessed' more frequently?
2. Should the Water Department make an 'in lieu of property taxes' payment similar to the one that NES makes?
    a. FYI — NES made a $29.3 million 'in lieu of payment' in 2017.
3. Should the MCC (which is a separate Authority like NES) make an 'in lieu of property tax payment'? If the Convention Center was appraised at $750 million, the annual 'in lieu of fee' would be $9.45 million.
4. Should the TDZ at the MCC be re-sized, so that the City collects a share in the growth of sales tax generated by the 1,700 downtown acres that are in the TDZ? Or, should residentially-driven sales taxes (such as grocery stores) be excluded from the TDZ? And then have the TDZ focused more directly on collecting revenues from 'tourists'? The opening of grocery stores in the TDZ (Whole Foods and Publix) will redirect sales taxes from the general fund to the MCC via the TDZ.
5. What are the are potentially reimbursable tourism expenses that the City could ask the MCC or the Visitors Bureau for — to be reimbursed by portions of the hotel tax? In 2010, the Visitors Bureau received $300,00 from the 'tourist related' portion of the hotel tax, in 2018 it is projected to receive over $30 million from the hotel tax (1/3 of the total tax). The City is also footing capital costs for tourist-related venues such as the Frist (through MDHA) and Fort Nashboro (through Parks). Would operating or debt expenses at Bridgestone or Nissan be appropriate for the TDZ or hotel tax collections to reimburse? Or the capital costs of the Gulch Bridge which is in the TDZ? Could this be done directly by the MCC? The MCC has already committed to building a $40+ million parking garage on property sold to a private developer.
    a. Hotel taxes were used for a variety of purposes by Metro prior to it being re-allocated to the MCC. Prior to the re-allocation for example in FY 2010, the Sommet Arena (now Bridgestone) received $7.3 million from the hotel tax. At that time, the hotel tax also picked up some of the costs of the MTA/RTA, police overtime, Adventure Science Center, arts and historical programs. These are costs now carried by the general fund. The general fund currently pays about $8 million for arena subsidies downtown.
6. Do to large increases in hotel taxes — 11% just last year alone — should the City's allocation to the Hotel and Visitor's Bureau still remain fixed at 1/3 of all hotel taxes? Should the City's share of hotel taxes increase to more than just 1/6 to help defray the increased cost of tourist-related activities. Are some of these expenses that the Visitor's Bureau and MCC should share? Hotel taxes in 2018 were $95.137 million and the City received just $12.8 million.
7. Are the 'fees and collections' set at the right amount? What studies should be performed to have them set correctly? The Air B'n'B industry is always cited as paying too small an amount to cover the cost to the City. What is the appropriate increase, if any?
8. In 2018, charges for current services were $70.529 million, up 1.15% from the year before. The 10 year compounded growth rate for current service charge increases is 3.63%. If 2018 had met the 10 year average increase, an additional $1.69 million would have been collected. Is it possible to implement current charge increases?
9. Is purchasing centralized enough? The retired chair of IBM makes the point that if governmental entities grouped together to purchase the same items — a material amount could be saved. If the

school districts of Davidson, Williamson and Rutherford joined together for the purchase of basic items, for example, our purchasing clout would double. Would this be true for other governmental entities? Should the city engage in shared purchasing arrangements for basic items with other governmental entities?

10. Does our RFQ process allow for re-bidding quickly enough when appropriate?
11. Are there Departments or Authorities that duplicate services already being performed? The Sports Authority is basically a Finance and a Public Property function. Why does it need $800,000 of additional staff and facilities cost? The same duties could be performed by the Finance Department operating as the Sports Authority? Is there consolidation of other entities that could save administrative cost?
12. Fund management fees for pension fund? Would using the state as an asset manager be cheaper and then our contributions to the pension could be less? The service cost for the $3.009 billion Metro plan was $55 million in service and administrative cost — or 1.7%? What could be saved by using the State as fund managers? The state's cost for pension administration could be much lower than having our own, perhaps only a third. Other counties use the state as fund managers for their pensions.
13. The actuarially determined contribution required for the Metro Pension Plan was $66.3 million, but we contributed $76.5 million. Why the overage? Should next year be a lower number? Could this cost be reduced if administering our own plan was less expensive.
14. Metro is not thought to collect for public property damage from traffic accidents — even though insurance is prepared to pay for this cost. Automated claims makes this relatively inexpensive now. Is this true?
15. Other cities are thought to be using the ROW as a significant revenue generator from cellular and communications companies? As 4G and 5G roll out, are we doing that?
    a. Do we collect 'property tax fees' on capital equipment installed in Metro ROW by private communications companies? If they pay a rental fee, is it appropriate? Does NES reimburse us appropriately for the use of city ROW which they may lease to third parties?
16. In 2018, actual expenditures were under budget by $54 million (previous year was $25 million) from savings achieved throughout all departments. Where did these come from? What is to be learned from these efforts for the years ahead? Should any of these measures be incorporated on a permanent basis? Where did the additional savings of $29 million (the difference between 2017 and 2018) come from?
17. The negotiating fees for the sidewalk program are thought to be preposterously high — $500 for each residential negotiation and several thousand for a commercial property. These expenses have been mentioned as being higher than the cost of the appraised ROW itself. Given that the cost of a new assistant DA is only $62,000 — should this function be in-house? Could we obtain as many linear feet of sidewalk at a much lower cost?
18. In 2018, the Health and Educational Facilities issued $350 million in tax-exempt bonds through the Board's offices. Since 1996, issued bonds by the Board (as a facility for local tax-exempt issuers and there is no financial liability to Metro) total $6.145 billion (the previous year the balance was $5.791 billion). Nashville essentially charges nothing for this service. Other cities add a very small fee for providing this facility. A 5 basis point fee on the interest paid by such a large amount of bonds (if it had been in place during the issuance) would have generated over $3 million in annual revenue for the city. The recipient of this revenue could be the Barnes Fund. Five basis points on the $350 million issued during the past year would be $175,000 per year. A ten basis point charge for use of the facility would be twice that amount.

19. Fines, forfeits and penalties actually has gone down over the past ten years from $17.9 million to $13.6 million. This line item fell $1 million during 2018. Should this be adjusted? Can it be adjusted? Why has this number fallen?
20. What study needs to be performed for the Parks Department to increase some of its user fees? Currently, this user fee goes back to Metro. If users knew that their increased fees would go to the maintenance of parks, could these fees be raised? If so, how much?
21. Currently the city pays $1.9 million in rent for downtown office space. It pays rental of $656,609 for 'additional' governmental office space. It pays $569,335 for additional classroom space. Metro leases certain other warehouse and office space in various other places and accounts for these as an operating expense. (This is separate from the temporary police lease in Donelson, the clinic lease and the Hospital lease.) Could surplus buildings, such as schools' properties, reduce the long-term out-of-pocket cost?

22. Why doesn't MDA pay the cost of the busted TIF loan on the ballpark vs general fund?

23. Why can't Sports Authority at least recover its own costs from its leases?