

The amounts hereafter set out in Section I and Section II shall constitute the estimated revenues and applicable prorating provisions for property taxes, and the Operating Budget for The Metropolitan Government of Nashville and Davidson County, and the said sums specified herein are hereby appropriated for the purpose of meeting the expenses for the General Services District (GSD) and the Urban Services District (USD), respectively, for the various departments, institutions, offices, and agencies of the Metropolitan Government, and for meeting the payments of principal and interest on the Metropolitan Government debt maturing during the fiscal year beginning July 1, 2023 and ending June 30, 2024 (hereinafter referred to as Fiscal Year 2024 and FY2024).

The informational summary sheets immediately following are summaries of the detailed estimated revenue sources and budget appropriations by funds for purposes and in amounts numerically itemized by departmental accounts in subsequent schedules of Section I and Section II.

In order to facilitate proper grant accounting, the Director of Finance is hereby authorized to transfer grant-related appropriations and estimated revenues from the general funds to existing or new grant-related special revenue funds at her discretion.

For the purpose of maintaining authorized position counts in Metro's enterprise business system, the Director of Finance is hereby authorized to adjust budgeted positions and full-time equivalents of the various departments and agencies of the Metropolitan Government so as not to exceed authorized budget allocations established in this ordinance.

The Director of Finance is hereby authorized to transfer funds as necessary to implement the Guaranteed Payment Plan program previously approved by the Metropolitan Council.

Pursuant to RS2021-794, the Director of Finance is hereby authorized to transfer funds and positions as necessary for the continued services for the collection and disposal of solid waste as discussed in the Memorandum of Understanding.

Pursuant to BL2021-971, the Director of Finance is hereby authorized to transfer funds and positions as necessary to implement the creation of the Office of Homeless Services.

Pursuant to TCA Title 38, Chapter 8, as amended, the community oversight board will be terminated and the Metropolitan Council may create a police advisory and review committee within 120 days of July 1, 2023. Therefore, the Director of Finance is hereby authorized to transfer funds and positions as necessary to support the creation of a police advisory and review committee.

The Director of Finance is hereby authorized to carry forward and allocate in FY 2024 any unencumbered and unexpended funds at June 30, 2023 for General Government Administration, Employee Benefits and Contingency, Economic Development, and Community Support.

The Director of Finance is hereby authorized to carry forward and allocate in FY 2024 any unencumbered and unexpended funds at June 30, 2023 for appropriations made from benefit trust fund accounts.

The Director of Finance is hereby authorized to adjust the interest earnings of each account in the Metro Investment Pool to recover a pro-rata share of the costs of the Treasurer's investment and cash management programs.

The Director of Finance is authorized to transfer funds and designate expenditures as appropriate to maintain compliance with the fund balance policies as outlined in BL2022-1632 and RS2022-1901. The FY2024 budget includes appropriations for these purposes in Section I, Schedule B.

Pursuant to RS2022-1901, the Director of Finance is authorized to allocate calculated surpluses during FY2024 upon verification of their availability at the completion of the FY2023 Annual Comprehensive Financial Report. Surpluses in operating funds will be allocated for the purposes outlined in Section I, Schedule F.

For the purpose of providing funds in anticipation of various grant and other revenues, the Director of Finance is hereby authorized to enter into interfund loans between funds of the Metropolitan Government and between the Metropolitan Government and related but separate legal entities that are included in the Metropolitan Government's reporting entity, as may be permitted under the laws of the State of Tennessee.

Nashville General Hospital (NGH) serves as a safety net facility for the provision of acute medical care services to residents of Davidson County, Tennessee. NGH requires additional resources to provide health care services to the indigent, uninsured and Medicaid/TennCare patients in Davidson County; otherwise such services would be unavailable. An appropriation of \$57,820,700 is to be provided to the Hospital Authority, all of which is provided as part of this Fiscal Year 2024 operating budget with the following appropriation established for safety net expansion purposes: \$6,000,000. This safety net expansion appropriation shall be in the form of an intergovernmental transfer to the State of Tennessee as a match to secure federal funding. Such federal funding requires the approval of the Centers for Medicare and Medicaid Services (CMS). If CMS fails to approve the \$6,000,000 as a federal funding match, then the \$6,000,000 appropriation will be paid directly to the Hospital Authority. The Mayor is authorized to execute any and all documents necessary to complete the above-referenced transaction with the Federal and State governments.

As an express condition of the receipt of the Hospital Authority appropriation set forth herein, monthly, within 5 days of Hospital Authority Board review but no later than 45 days after the end of each month, the Hospital Authority shall provide electronic copies of the following:

- (a) the most recent month end budget to actual income statement;
- (b) the most recent cash flow statement showing each actual month beginning July 1, 2023 and showing each projected month through June 30, 2024;
- (c) the most recent month's balance sheet;
- (d) the most recent bank statements or other documentation from all Hospital Authority banks showing detailed deposit and withdrawal transactions;
- (e) aging reports with explanations for any amounts in dispute for accounts receivable, accounts payable and any recorded or unrecorded liabilities not included in accounts payable, including a comprehensive summary of each unpaid amount billed by Meharry Medical College;
- (f) the previous month's copies of the balance sheet;
- (g) the monthly actual and projected cash flow;
- (h) patient outcome documentation;
- (i) co-pays and deductibles collected at time of service upon intake; and
- (j) Nashville General Hospital department audits.

These records shall be submitted to the following:

- a. the Metropolitan Director of Finance;
- b. the Vice Mayor of the Metropolitan Council; and
- c. each member of the Metropolitan Council.

In the event adjustments are needed for internal service fund budgets by the Metro Council, the Director of Finance is authorized to adjust the affected operating budgets of internal service funds, special revenue funds, enterprise funds, and departmental operating budget accounts. The Director of Finance is authorized to adjust internal service fund budgets for purposes of incorporating pay plan adjustments as authorized by the Metro

Council.

Within 5 business days of the closure of the ledger for each month, but no later than 45 days after the end of each month, the Metropolitan Nashville Public Schools (MNPS) shall provide the following for the MNPS General Fund and special revenue funds and internal service funds managed by MNPS listed in Section 1, Schedule D of this ordinance:

- (a) the most recent month end budget to actual expense activity with monthly projections through June 30, 2024;
- (b) the most recent month end budget to actual revenue activity with monthly projections through June 30, 2024 for revenue accounts projected by MNPS;
- (c) the most recent cash flow statement showing each actual month beginning July 1, 2023 and showing each projected month through June 30, 2024;
- (d) any reported programmatic or funding changes in Tennessee Investment in Student Achievement (TISA);
- (e) any audit findings or legal determinations that could have a material impact on financial resources;
- (f) summary by grant of the amounts billed but not yet received;
- (g) summary by grant of the amounts expended but not yet billed to grantors; and
- (h) a report on the status of revenue allocations and expenditure status of any local, state, or federal funds made available to the MNPS for COVID-19 relief.

These records shall be submitted to the following:

- a. the Metropolitan Director of Finance;
- b. the Mayor's Office;
- c. the Vice Mayor of the Metropolitan Council; and
- d. each member of the Metropolitan Council.

The Director of Finance is hereby authorized to carry forward and allocate remaining funds at June 30, 2023 and funds received during FY 2024 from Hotel Occupancy Tax Funds (30047 Hotel Occupancy 2007 1% Secondary TDZ Fund) enacted pursuant to Ordinance BL2010-727, as amended by BL2017-589, for the purpose of reimbursing expenses related to flood mitigation and the repair and renovation of the Grand Ole Opry House due to damages directly caused by the May 2010 flood.

The Director of Finance is hereby authorized to increase the allocation for the tourist promotion budget from Hotel Motel Occupancy Tax Funds (30044 Hotel Tourist Promotion) for the purpose of recognizing any revenue received in excess of budgeted revenues to support the direct promotion of tourism in accordance with TCA Title 7, Chapter 4.

For the purpose of obtaining adequate funds for its continued operation while awaiting the receipt of funds from federal grants, MTA is hereby authorized to borrow funds in a principal amount not to exceed \$20 million dollars at a rate of interest and such other terms to be determined at the discretion of MTA in accordance with its policies and procedures, (the evidence of such borrowing referred to as the "Note"). The Note shall mature not later than June 30, 2024. The principal of and interest on the amount of the Note may be secured by the pledge of the MTA's business assets, including accounts, accounts receivable, contract rights, inventory, furniture, fixtures, equipment, general intangibles, and personal property of all and every kind, wherever located and whether now existing or hereinafter acquired. MTA may take such other steps as are necessary to

effectuate the Note and the purposes of this Resolution. The debt secured by the Note shall not pledge the credit of the Metropolitan Government of Nashville and Davidson County and shall be "without recourse" such that the Metropolitan Government of Nashville and Davidson County is not obligated with respect to the debt or the Note.

Analysis

This ordinance is the proposed operating budget for the Metropolitan Government for Fiscal Year 2024. The budget filed by the Mayor provides for the following proposed funding:

- General Services District General Fund \$1,490,780,400
- General Services District Schools Fund \$1,205,472,800
- General Services District General Debt Service Fund \$ 327,270,400
- General Services District Schools Debt Service Fund \$ 136,782,600

TOTAL GENERAL SERVICES DISTRICT BUDGET \$3,160,306,200

- Urban Services District General Fund \$ 183,819,600
- Urban Services District General Debt Service Fund \$ 20,189,000

TOTAL URBAN SERVICES DISTRICT BUDGET \$ 204,008,600

TOTAL OPERATING BUDGET \$ 3,364,314,800

The Fiscal Year 2023 budget is \$2,970,260,500. The Mayor's proposed budget represents an overall increase of \$598,062,900 (20.14%).

The Mayor's proposed budget is projected to result in the following fund balance percentages by June 30, 2024:

- General Services District General Fund 20.2%
- General Services District Debt Service Fund 50.0%
- General Services District Schools Operations Fund 22.5%
- Schools Debt Service Fund 57.6%
- Urban Services District General Fund 17.1%
- Urban Services District Debt Service Fund 61.0%

Pursuant to the Fund Balance Policies adopted by the Council in RS2022-1901, appropriations of surplus funds from the unreserved fund balances of the primary budgetary funds are permissible only after meeting levels recommended in the policies during the budget annual review. Any remaining balance may be utilized for one-time expenditures: capital expenditures; debt reduction; and establishment of other reserves to enhance Metro's financial position. The proposed budget includes the following appropriations of fund balance surplus funds:

Barnes Fund Affordable Housing \$ 6,750,000

Capital Grants for Cultural Support	\$ 2,000,000
Large Vehicle Fleet	\$ 4,957,500
Hospital Authority FY24 Capital Request	\$ 7,344,800
MTA Murfreesboro Pike BRT Construction Planning	\$15,000,000
NDOT Vision Zero	\$12,000,000
NDOT Traffic Calming	\$ 4,000,000
NDOT Sidewalks	\$ 7,500,000
Total	\$59,552,300

Additionally, an appropriation of MNPS fund balance surplus funds would be made in the amount of \$65,894,800 (see below for details).

Ordinance No. BL2023-1868 would adopt the same rates as the current FY23 property tax rates: GSD is \$2.922 per \$100 of assessed value and USD is \$0.332, giving a combined rate of \$3.254.

Growth is expected to generate new property taxes in the amount of \$46.4 million over the budgeted FY23 revenue. The proposed FY24 budget includes an increase of \$137.2 million in projected local option sales tax revenues. The budget also includes expected revenue increases from grants and other non-tax revenues in the amount of \$56.9 million.

The proposed budget includes \$54.9 million for new pay plan improvements, an increase of \$11.3 million over the FY23 amount. All employees would receive a 4% cost-of-living raise on July 1, 2023. In addition, funding is included for increment increases for all eligible employees and funding for 3% open-range pay increases. The department heads have the discretion to determine the actual raises to be given to each open-range employee.

The Mayor's budget includes a \$2.6 million increase for equipment and building repairs - the General Fund Reserve Fund.

The Barnes Fund for Affordable Housing would receive an additional \$23.2 million as part of the continuing commitment for affordable housing, which is partly funded by the local portion of the hotel/motel taxes generated by short-term rental properties. This amount represents a \$8.2 million increase over the FY23 appropriation.

The largest investment in the Mayor's proposed budget is for Metro Nashville Public Schools. This includes an \$96.47 million increase in the amount of local funding for schools. This would result in a total MNPS operating budget of \$1,205,472,800. This includes employee pay for support staff, steps and 4% COLA for all employees. Additionally, \$65.8 million in schools fund balance surplus is appropriated for a collection of one-time capital expenses and additional reserves:

Alex Green Elementary Addition	\$ 9,480,000
Pre-K Classroom Additions/Renovations	\$25,600,000
Fifth Grade Space Portables/Renovations	\$ 750,000
Districtwide capital improvements	\$18,314,800
Additional Reserve	\$11,750,000
Total	\$65,894,800

The budget includes funding for a number of improvement requests submitted by various departments. This includes a \$10.1 million increase for WeGo, \$15.3 million for Fire and EMS operations, \$29.18 million for the Police Department, \$9.7 million for NDOT, \$7.2 million for the Parks Department. Internal service appropriations will increase by \$2.7 million in the GSD and \$3.2 million in the USD representing an increase of 63% and 510% respectively over the FY23 budget.

The Hospital Authority would receive a subsidy from the general fund of \$57.8 million, an increase of approximately \$5 million over the FY23 budget. The subsidy includes approximately \$10 million for operations costs related to building lease, parking garage, grant match, and Bordeaux and Knowles pension/healthcare costs.

Section 6.07 of the Charter requires the next order of business following adoption of the operating budget ordinance, to be the adoption of the tax levy ordinance - BL2023-1868.

Per Rules 39 and 41 of the Metro Council Rules of Procedure, the budget ordinance is amendable on third reading. And pursuant to section 6.06 of the Metro Charter, the Council must adopt a substitute operating budget no later than June 30. Otherwise, the budget as originally submitted by the Mayor becomes effective on July 1 by operation of law.

Analysis of the Substitute Budget

The Chair of the Budget and Finance Committee is proposing a substitute budget that provides for some changes in appropriations, surplus allocations, and revenue projections. The substitute includes increased funding totaling \$ \$14,619,100 for the following departments and programs:

- \$13,000,000 for a 2% increase to the Metro employee COLA bringing the total to 6%.
- \$183,100 to fund the addition of two FTEs (Veterinarian and Veterinarian Tech) for MACC/Health Department.
- \$87,000 to fund the addition of one FTE (Veterans' Services Officer) for the Human Resources Department.
- \$633,000 to fund transportation services for the Library's NAZA program.
- \$25,000 of the appropriation to Metro Action Commission will be used to support the Rapha Institute.
- \$50,000 of the appropriation to Metro Action Commission Workforce will be used to support MC3 workforce development.
- \$380,000 for Metropolitan Transit Authority to provide new routes in Bellevue to support student transportation to the new Lawson H.S.
- \$45,000 to support Neighbor 2 Neighbor's efforts to create a directory of services and information for neighborhood associations and additional training bringing the total appropriation to \$60,000.
- \$191,000 appropriated to the Council Office to increase councilmember education and development travel as well as fund contractual services.
- \$75,000 appropriated to Metro Family Safety to support the Safe Bar Program.
- \$25,000 to support Sister Cities, increasing the direct appropriation to \$95,000.

Additionally, increased pay for the Administrator of Elections up to the maximum salary amount of the

Assessor of Property is authorized subject to the Election Commission budget appropriation.

The following appropriations are being reduced to fund the increased expenditures:

Corp Dues/Contribution	(\$150,000)
Judgements & Losses	(\$4,836,000)
General Fund 4% Reserve Fund	(\$3,449,600)
Benefit Adjustments	(\$4,714,400)
Contingency Utility Increase	(\$141,000)
Mayor's Office NDOT	(\$132,000)
	(\$1,196,100)

The substitute budget includes allocation modifications in General Fund Surplus totaling \$9,817,500 as follows:

- Reducing the Hospital Authority Capital allocation by \$60,000 and reallocating the funds to the Health Department to support The Justice Center work to assist Nashville residents with anticipated Medicaid enrollment changes.
- Reducing the General Services Large Vehicle Fleet allocation by \$4,957,500 and reallocating to Public/Private Real Estate one-time expenses to support the Naval Reserve Building and the School for the Blind. It is anticipated that this modification will be offset by a change to prior capital spending plans to de-obligate the expenditures for the Naval Building and the School for the Blind and approve expenditures for Large Vehicle Fleet.
- Reducing the MTA Murfreesboro Pike allocation by \$2,800,000 and reallocating the funds to MTA's Better Bus Initiative for one-time capital expenditures.
- Reducing the Capital Grants for Cultural Support in the Administrative Department by \$2,000,000 and reallocating the funding for Arts Commission -Capital Grants for Cultural Support.

The substitute budget also includes allocation modifications in Schools Fund Surplus totaling \$2,750,000 as follows:

- Reducing the MNPS Additional Reserve allocation by \$1,750,000 and reallocating to MNPS for One-Time Substitute Pay.
- Reducing the MNPS Additional Reserve allocation by \$ 1,000,000 and reallocating to MNPS Family Liaisons Pilot Program.

Unlike prior years and in part due to the adoption of the Fund Balance Policies in January, this substitute budget does not make any new appropriations from the undesignated fund balance for one-time spending items. Rather, all the one-time spending items are covered by the Fund Balance Surplus Allocations. Language is added to Article I of the substitute budget to clarify that the Fund Balance Policies are amended for the purposes of this budget to allow one-time expenditures to include not only capital expenditures, but also other non-recurring expenditures. Because of the Fund Balance Surplus and adherence to the Fund Balance Policies, the total fund balance available for use in the event of unforeseen emergencies or economic downturns has not been diminished.

The substitute budget reduces the appropriation to the general fund reserve fund, known as the 4% Fund, by approximately \$3,449,600 for a total appropriation of about 4.5% or \$54,000,000. Per the Metro Charter, this fund is to be funded with 4% of the gross revenues of the GSD general fund and reserved for equipment and

building repair uses throughout the year.

The proposed mayor's budget included General Fund Surplus Allocations for Vision Zero (\$12,000,000), Traffic Calming (\$4,000,000), Sidewalks (\$7,500,000). During the budget work sessions held by the Budget and Finance Committee Chair, NDOT Director Alarcon provided detailed location and scope information about each of the budgeted items. Exhibits A, B, and C have been included in the substitute budget to provide clarity to each of the surplus allocations.

The budget ordinance is amendable on third reading. Pursuant to Council Rules, no amendment to the budget may be offered unless it has been submitted to the Budget & Finance Committee for a recommendation. The Budget & Finance Committee will meet at 4:30 p.m. on Tuesday, June 20, to consider the substitute budget. The full Council will consider the substitute at the regular Council meeting at 6:30 p.m. on June 20.