



Metropolitan Nashville and Davidson County, TN

Legislation Text

File #: BL2021-617, Version: 1

An ordinance repealing Resolution No. RS2020-154 pertaining to the \$10,000,000 annual Metro Water Services payment in lieu of taxes, and amending Chapter 15.32 of the Metropolitan Code to reduce water rates to offset the \$10,000,000.

WHEREAS, on December 3, 2019, the Metropolitan Council enacted Ordinance No. BL2019-45, as amended, which implemented a water and sewer rate increase; and

WHEREAS, as part of the rate increase approved by Ordinance No. BL2019-45, Metro Water Services (MWS) factored in a \$10,000,000 additional annual payment in lieu of taxes to the Metropolitan Government; and

WHEREAS, on January 7, 2020, the Metropolitan Council approved Resolution No. RS2020-154 directing MWS to make a payment in lieu of ad valorem taxes on MWS property within the geographical jurisdiction of the Metropolitan Government to the general fund of the Metropolitan Government in the amount of \$10,000,000 annually; and

WHEREAS, to date, general fund revenues of the Metropolitan Government have exceeded revenue projections by more than \$10,000,000; and

WHEREAS, the Metropolitan Council has determined that it is in the best interest of the MWS ratepayers that the water rates be adjusted to reflect the repeal of the \$10,000,000 annual payment in lieu of taxes.

NOW, THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

Section 1. That Resolution No. RS2020-154 is hereby repealed in its entirety. All monthly installments of the payments in lieu of taxes shall cease as of the effective date of this ordinance.

Section 2. That Section 15.32.020 of the Metropolitan Code is hereby amended by amending Table 15.32.020(a) to reduce the monthly meter charge for a 5/8" residential meter size by five cents (\$0.05) per month, shown as follows:

Monthly Service Charge (\$)					
Meter Size (in)	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024
5/8	5.0904	5.3025	5.4540	5.6257	5.7974

Section 3. This Ordinance shall take effect from and after its passage, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

Analysis

This ordinance repeals the \$10,000,000 annual Metro Water Services (MWS) payment in lieu of taxes (PILOT), and reduces water rates to offset the \$10,000,000. Ordinance No. BL2019-45, as amended, increased water and sewer rates for MWS customers, and contemplated a \$10,000,000 additional annual

PILOT to the Metropolitan Government to help reimburse Metro for services and operational support it provides to MWS. The Council subsequently adopted Resolution No. RS2020-154 directing MWS to make a \$10,000,000 PILOT to the Metro General Fund annually. This \$10,000,000 PILOT is in addition to the \$4,000,000 PILOT MWS was already paying to Metro, which is pledged toward the debt on Nissan Stadium.

This ordinance includes a recital noting that Fiscal Year 2021 General Fund revenues are on par to exceed the budgeted revenue projections by more than \$10,000,000. The resolution would accordingly repeal the \$10,000,000 PILOT, and make a reduction in the water rates to offset the \$10,000,000 MWS would not have to pay. All monthly installments of the PILOT would cease as of the effective date of this ordinance.

The ordinance currently provides for a five cent (\$0.05) reduction in the monthly service charge for 5/8" residential meters. MWS has worked with a consultant to determine what the actual amount of the decrease would need to be to fully offset the \$10,000,000 PILOT amount, as shown below:

Current

	Water Charges	Sewer Charges
Volumetric Charge		
Residential - Tier 2	\$ 3.64	\$ 6.08
Residential - Tier 3	4.37	6.08
Residential - Tier 4	5.46	6.08
Non- Residential - Uniform	\$ 2.86	\$ 6.08

\$10M Reduction Scenario

	Water Charges	Sewer Charges
Base Charge NO CHANGE		
Volumetric Charge		
Residential - Tier 2	\$ 3.47	\$ 5.79
Residential - Tier 3	4.16	5.79
Residential - Tier 4	5.20	5.79
Uniform Non- Residential	2.73	5.79

This bill should be amended to reflect the actual reductions needed. Further, MWS advises that this bill could not be implemented from a logistical standpoint until at least July 1, 2021.

As the Council will recall, prior to the increase in water and sewer rates, the Tennessee Water and Wastewater Financing Board (the "Board") made a determination that Metro's water and sewer system was in a state of financial distress. As part of the Board's December 4, 2019 order, the Board directed Metro to enact BL2019-45, as amended, and ordered that Metro "shall not adopt rates or fees lower than those listed in the amendment" to Ordinance No. BL2019-45. Thus, approval of the Board would likely be needed for the rate decrease to become effective.