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# STAYING *in* TOUCH

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DISTRICT 23  
BUDGET INFORMATIONAL MEETING.

SATURDAY, JUNE 13, 2020 ON THE GROUNDS OF BROOK HOLLOW  
BAPTIST CHURCH 678 BROOK HOLLOW ROAD

1 PM TO 2:00 P.M.

WE WILL MAINTAIN SOCIAL DISTANCING AT THIS OUTDOOR  
GATHERING. PLEASE WEAR A MASK AND FEEL FREE TO BRING A LAWN  
CHAIR.

I WILL PRESENT AN UPDATE ON THE BUDGET PROCESS AND YOU WILL  
HAVE AN OPPORTUNITY TO ASK QUESTIONS.-

HOPE TO SEE YOU THERE

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The Metro Council has received 2 budgets to review and vote upon.

1. Mayor Cooper has submitted a budget that proposes a 32% property tax increase.
2. Finance Chair Bob Mendes has submitted an alternate budget with an increase

of 34%.

3. CM Steve Glover promised a budget but he was not present at the budget meeting yesterday, and we have not received his budget to review. The status on that is unknown.

A budget can only be presented to council and voted upon after the Finance Department has evaluated and validated the revenue and expense assumptions.

The State Comptroller, Justin Wilson, sent a letter to the Mayor and Council yesterday. He made it clear that unless the council adopts a budget that is **a)** structurally sound so that ongoing revenue/taxes are equal to expenses and **b)** that restores fund and cash balances to meet the 5% reserve criteria, he could and would take actions to oversee finance operations for the city.

These are not "my" budgets, and I cannot support any of these options as written. The people of Nashville cannot afford such a steep increase at a time when wages are fragile or non-existent.

So, what options do I have? Under Metro Charter, we have only until June 30 to vote on a budget. If the Mendes budget is not approved by majority vote of council, the mayor's budget becomes law.

In my business and in our personal life, we make sensible financial decisions. A budget should be strategic and based on facts, rather than aspirational and based on hopes. **Expenses should be balanced with revenues.** Long term projects should not be approved until the full amount of the project is known and the funds are in hand. As we all know, sometimes you just cannot afford to do everything you want to do, and you have to wait.

Nashville is a prime example of what happens when you abandon those common sense financial decisions. The city is out of money. The savings account is empty, Our payment on our debt is \$336.9M! That is up 15% from 2019. The logical response to that is what many of you have shared with me: Cut expenses and raise revenue. It sounds simple until you encounter the laws and regulations that prohibit you from cutting expenses and raising revenue.

### **Cutting Expenses**

73% of the budget is for Education, Debt and Public Safety. Some expenses cannot be changed. Almost 40% of the budget is mandated to go to MNPS. Even at 40% of the budget, at \$914M, (FY2019) the schools are not fully funded.

That leaves 27% subject to cuts.

As part of Budget and Finance Committee, I have listened to each metro department detail their budget, and I have reviewed them all. Most budgets are flat. Travel has been cut. Hiring is mostly frozen.

### **Revenue Options**

The two budgets up for consideration are based on a single solution: a property tax increase. It's the easiest option if you ignore the strain it puts on homeowners. The 32% increase generates enough revenue (\$320M) to pay the bills and put 5% back into the savings account.

How much money do we need to find to have a more modest property tax increase and still pay the bills and fund the savings account? To have a more moderate property tax increase in the neighborhood of 18-20% (still significant), we need to "find" \$100M.

One option for revenue is a raise in fees, but must be done through an assessment. Many of the fees charged by metro are set at decades old amounts and could result in millions of dollars of revenue if raised a decent amount. An example is the annual beer permit fee of \$100. This is less than that charged in other like municipalities. However, it cannot be raised except by action of the state legislature.

There are numerous other fees that could reasonably be raised to generate substantial money to our city. Marriage licenses, short term rental permits, etc are all fees that should be reviewed. Metro legal has advised that this can only be done after a "fee study" to review current fees and make recommendations about what are acceptable increases.

A wheel tax is being discussed, and it could generate significant revenue. This has the potential to generate approximately \$15M. This is one fee that we need to look at seriously.

Impact fees on developers would generate millions. State law prohibits Metro from charging these fees. Williamson County was grandfathered in and has collected almost \$40M in the past 3 years. We need to look at challenging the legal ban on these fees. Developers are making great profits in our city, and there is no logical reason why we should not charge appropriate fees to reinvest into the community.

There are two other sources of revenue. Sales tax may build up our balances if we are able to continue reopening the city. We also have federal covid funds on deposit and finance is working to determine the best use for these funds.

We have until June 16 to review the budgets, discuss amendments and vote. Unfortunately, the speed with which we must vote is counterbalanced by the slow process required to make any significant change. Things like impact fees and beer permits are state creatures that require an act by the legislature. That won't happen before June 16th. The fee study required to raise fees won't happen quickly either.

So, while I will pursue all of these, the budget requires a more immediate plan. I intend to introduce amendments to the proposed budgets.

Several of us on the council are advocating for an additional week to work on the budget before final votes.

One of these is a sunset provision. If we are able to go back to business in our city, and sales tax revenues return to reasonable amounts, we may not need all of the money to be raised by a property tax increase in 2022. Any increase should be tied to need, and not set as an indefinite rate. If other money comes in, the property tax should come back down.

I want you all to know that I have received calls and emails in the thousands about this budget. I have been surprised to hear the overwhelming majority of the communications do not oppose the property tax increase, but instead urge us to divert funds from police to schools, and to fully fund public schools. If any of you watched our 11 hour council meeting last Tuesday, you probably saw and heard this same sentiment from hundreds who called and came in to speak. I appreciate their opinions greatly, but I cannot support the defunding of our public safety system.

There is strong union support for the budget from CM Bob Mendes with the 34% tax increase. That budget provides for \$15/hour wage increases for MNPS employees, wage increases for teachers, and step increases for metro employees.

The majority of calls and emails from those of us in District 23 are very much against the 32% property tax increase, and I want you to know that I am looking for every way to make this as painless as possible.

I hope you can join me on Saturday for further discussion and questions.

### **Home Business Bill**

One bill that has the potential to impact all property owners is the home business

bill sponsored by CM Dave Rosenberg. Current zoning allows homeowners to work in their homes in a space up to 500 square feet with 1 employee who does not live in the premises. Customers are prohibited. This is very similar to the code used in Brentwood.

CM Rosenberg's bill will dramatically expand allowable home business activity. The usable space is expanded from the original 500 square feet and includes up to 2500 square feet in outbuildings. Business may be conducted six days a week from 8 a.m. to 7 p.m. and both employees and customers are permitted. Numerous employees could live in the home. Allowable businesses include personal care, hair salons, tanning, tattoo, fitness, and craft manufacturing. There are no real mechanisms for complaints or enforcement. It is up to neighbors to complain and police the businesses. Some of the issues that would be violations such as noise are difficult to prove.

I have concerns that this bill will damage the character of our residential neighborhoods. Zoning has traditionally drawn a line between residential uses and heavier business use of real property. This legislation will largely blur those lines. One of the arguments we have long used against non-owner occupied short term rentals is the fact that owners are using residential properties to conduct business. This bill effectively negates that position by welcoming businesses into our residential neighborhoods.

There are also questions about parking, traffic, enforcement and the general look of outbuildings used for business that are not addressed in the bill.

I am offering some amendments to this bill, should it pass, in an effort to protect the character of our neighborhoods.

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**More Good Neighbor News!** Many thanks to Lou Wilbanks and all who participated in the day of fun on Saturday for the Edgehill Bike Club. It was a wonderful summer day and all who attended has a great time. Thanks for your energy Lou!

We are saddened to hear of the passing of longtime Metro Nashville School Board Member Anna Shepherd. She was a passionate supporter of our schools, teachers and students, and she will be missed. Our prayers go out to her family and loved ones.

# Please stay in touch. Thom Druffel

Councilman Thom Druffel- District 23 | 615.767.6458

**Audit Committee**

**Budget & Finance Committee**

**Convention Committee**

**Education Committee**

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