

**OFFICE OF THE CITY COUNCIL**

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**SPECIAL BUDGET ANALYSIS COMMITTEE MINUTES**

**March 27, 2014**

**3:00 p.m.**

**City Hall**

**117 W. Duval St., 1st Floor**

**Committee Room B**

**Attendance:** Council Members Clay Yarborough (Chair), Robin Lumb, Don Redman, Matt Schellenberg, Warren Jones, Reggie Brown, Lori Boyer

**Excused:** Council Member Richard Clark

**Also**: Kirk Sherman – Council Auditor’s Office;Peggy Sidman – General Counsel Office; Paula Shoup– Legislative Services Division; Yvonne Mitchell – Council Research

See attached sign-in sheet for additional attendees.

Council Member Yarborough called the meeting to order at 3:06 p.m.

**Task Force on Consolidated Government**

CM Boyer reported that the full Task Force for Consolidated Government voted on one of its recommendations from the Organization, Operations, Personnel, Budget, Borrowing, Risk and Economy Sub-Committee. The recommendation is for Council to change the Ordinance Code and eliminate internal service billing between general fund departments. She provided a detailed overview of the background supporting the committee’s decisions. It will be internally managed but not necessarily through a departmental budget. The recommendation doesn’t apply to enterprise fund or independent authorities with independent sources of revenue. There is a recommendation that cost of pension liability in excess of normal cost, unfunded liability, be taken out of the charge back so cost of central service is more accurate of a market cost. There was conversation about level of service as it relates to cost of service. CM Boyer shared an additional recommendation related to Risk Management. The committee believes that all compensatory damages be budgeted and handled through Risk Management. Currently, departments have the ability to determine in conjunction with Office of General Counsel to negotiate settlements of certain claims without any input from Risk Management.

**Finance (Budget Office)**

Mr. Glenn Hansen reported the office has spent countless hours seeking revenue opportunities. He stated that these revenue opportunities have not been positive and non-departmental and departmental revenue is extremely challenged due to various reductions. A positive aspect is the shared revenue from the state which is primarily the sales tax representing the improved economy although it has leveled over the last month.

Parking Division is operating at $100,000 below plan. He stated that assets utilization is the key component to increase in revenue. There was extensive discussion about parking spaces and purchase of garages as related to courthouse opening. Mr. Belton briefly discussed the extension of the initial garage contract and rate of interest. Review of the contract is annually to discuss the requirement to purchase the garage. CM Schellenberg requested the numbers associated with the garage expenses and revenue. Mr. Hansen reported that downtown has not materialized to bring the business as expected. This is affecting the profits. Mr. Shad stated that there is a lot more parking supply than demand. He reported an expected $1 million dollar surplus in budget. Customer service is a strong focus with improving savings in getting additional vehicles in lots and being proactive. Pay by cell and monthly parking are plans for upcoming year.

Mr. Hansen reported that projected additional cost for police and fire pension is estimated at $6 million. He met with JFRD representative about their needs (capital expenditures). JFRD needs will be added to the list. The City has a lot of debit capacity. With the risk a drop in double A plus rating, the City will have to engage in capital rationing by prioritizing request/needs without harming City’s financial status. Mr. Hansen committed to providing CM Schellenberg an explanation to justification of only $40 million out of $280 million being credited to the Police and Fire Pension unfunded liability.

Mr. Hansen provided a brief report on Code Compliance due to Ms. Scott being out on family emergency. There are various sources of revenue into the trust fund. CM Yarborough requested information on the collection rate on fees.

Mr. Hansen commented that the budget office had adequate staff moving forward and preparing to work with the $11 million dollars associated with police and fire pension. He reported that departments were instructed in a meeting this morning to develop flat revenues and budgets. Ms. Moyer provided clarification that departments were instructed to maintain level of service. Fitch, Moody and other rating companies have given the City good marks for financial management. The negative hold is the unfunded liability with Police and Fire pension fund.

There is 30 days remaining in the Moody’s 90 day watch. Fitch has given the City until the end of the year. Mr. Belton expressed the need to accept that the City’s rating will decrease without immediate action on pension issue. It has been approximately twelve years since the City’s ratings have dropped. Mr. Belton and Hansen confirmed that administration/budget office would present town hall meetings to the citizens prior to presenting budget to Council.

There was some discussion about the interest on upfront money provided to DIA. Mr. Hansen reported it was probably about 2%. The prioritize method for this budget system will focus on public safety, repairs, cost of keeping employees and required needs in the allocation of dollars.

There is a RFP for a company to handle JFRD billing with an extension of 60 days to make it more competitive. Gross billing is ahead of and transport is expected to exceed plans. A current accrual rate has been settled at 60%. There are a lot of complexities involved with billing due to time range given to recoup funds. This could actually take 6 months to two years. Mr. Hansen and Chief Senterfitt have met to discuss improving the collection rate. Ambulance billing services will close on April 16th. More accurate numbers can be provided after this time.

Mr. Hansen reported briefly on Public Works. There is not a large amount of rental property. This report did not include community centers, parks and recreation. Mr. Hansen agreed to submit the numbers for all rental of space. CM Yarborough requested that Mr. Hansen contact with Mosquito Control about the sale of aircraft as a cost savings of storage.

CM Yarborough provided an update from Mr. Robinson relating to the lazy asset study. Mr. Robinson will present again on April 10th.

Mr. Duckworth reported a collaboration has been developed with 630-CITY to inform Risk Management simultaneously about certain issues. Risk Management will not take over responsibility but has the ability to contact department in high risk situations to ensure resolution as quickly as possible. Although a particular communication effort, it may assist with minimizing some of the general liability cost of claims for the City. He has begun meeting with Chief Senterfitt on heart health initiative. He is meeting with a broker on Thursday to discuss loss safety prevention initiatives in order to implement more safety training opportunities along with an analysis of current claims to determine the areas of improvement. CM Yarborough commended Mr. Duckworth on his work and encouraged him to pursuing preventive measures and updating the committee. Mr. Duckworth shared from an empirical standpoint the event changes with the non-profits has been positive and response has been quicker.

CM Yarborough provided an update of the schedule. JFRD is scheduled for April 3rd, Public Works and Regulatory Compliance (pending) on April 10th, JSO on April 17th, Library and Parks & Recreation on April 24th, and Property Appraiser’s Office on May 1st.

The next meeting is scheduled for April 3rd at 3:00 p.m. There being no further business, the meeting was adjourned at 4:53p.

Yvonne P. Mitchell, Council Research Division (904) 630-1679

Posted 04.01.14 1:00 p.m.