

**OFFICE OF THE CITY COUNCIL**

**CHERYL L. BROWN** 117 WEST DUVAL STREET, SUITE 425

DIRECTOR 4TH FLOOR, CITY HALL

OFFICE (904) 630-1452 JACKSONVILLE, FLORIDA 32202

FAX (904) 630-2906

E-MAIL: CLBROWN@coj.net

**SPECIAL BUDGET ANALYSIS COMMITTEE MINUTES**

**May 15, 2014**

**3:00 p.m.**

**City Hall**

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

**Council Chambers**

**Attendance:** Council Members Clay Yarborough (Chair), Richard Clark, Robin Lumb, Warren Jones (arr – 3:14p), Don Redman, Matt Schellenberg (arr – 3:43p)

**Excused:** Council Member Reggie Brown

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

See attached sign-in sheet for additional attendees.

Council Member Yarborough called the meeting to order at 3:11 p.m. This is the final meeting for this committee.

**Property Appraiser’s Office (PAO) – Jim Overton**

Mr. Overton presented a chart of the PRE-Preliminary Tax Roll Values from 2013 Final to 2014 Current as of 5/14/14. The commercial models are still being processed. The base rates for residential (modifiers in the calculations) and inspections have been completed. He stated that general government was at a plus 2.3% which can be used. This is a significant change compared to the past several years. The qualified sells for the residential portion of the market are only 10,000 for this tax roll. Mr. Keith Hall stated that short sells and foreclosures make up about 50% of activity. Sells volume in general is about 39%. Mr. Overton commented that the tax roll has been impacted by the 2007 Legislature on the revenue side with the additions of mileage restrictor, double homestead exemption, and homestead cap. There was discussion about distressed properties and additions to homes without permits. He reported that three years ago, a complete inventory was completed and is on schedule for 20% of the county being inspected every year. Therefore, all non-permitted structures would be recovered every five years if not previously reported. It should be noted that back taxes, up to three years, can be recouped from non-permitted additions.

Gross calculations utilizing the same mileage rate from last year would yield 12.9 million more in revenue. PAO’s dispersion rate is 11%. Level of assessment (percentage of market value assessed) is 98%. Mr. Hansen provided preliminary numbers for general fund after all adjustments. FY13 net was $434.9 million and actual was $436.6 million; FY14 net was $487.6 and expected to be under by one million; and FY15 operation budget is $488.3 million.

A master appraisal is done every year with every qualified (third-party) sale being included. The assessment role is suppressed by limiting residential properties from increasing value more than 3% a year or the CPI. The current CPI escalator is 1.5% which will result in a big increase in the taxable base. Although value may decrease, Mr. Overton explained the CPI escalator can continuously increase which is unfavorable to the resident. He estimated the market is currently priced as it was in 2006.

**Budget Office Update – Glenn Hansen**

Mr. Hansen reported that the budget process is underway. The kickoff was at the end of March. The current operation assumption is up about $2 million from last year. At present, FY14 is under plans primarily due to ad valorem; and utility and franchise taxes associated with JEA. Next year the major changes are expected in the non-departmental ad valorem on revenue; communications taxes to be down; JEA fee to increase to $2.5 million based on contract; and lower utility and franchise fees. There is no expectation of increase on the rate of return for the investment portfolios.

The office is working with JFRD and JSO to obtain a realistic scope of their departmental revenues (inspections, ambulance fees, collections, red light cameras) since last hear was under planned. Mr. Hansen stated the budget has been driven by the pension and reduction of the ad valorem. The resolution of the pension will determine the final budget. He confirmed that last year’s mileage rate is currently being used for the budget process. Departments are still conducting intra-departmental meetings. Mr. Hansen explained the process for the capital budget. He stated that elements involved are determined by all departments submitting a list of all ongoing projects to treasury of their borrowing needs are the upcoming year(s): a multi-year project amounts are requested each year according to need (first element); new projects which may include things required by regulation to streets, capital maintenance, sidewalks, and parks (second element); and those things outside the general fund (third element). The funding requested is prioritized and submitted to MBRC for determination of the capital budget.

There was discussion about bond ratings and the City’s borrowing status. The City receives a debt report from treasury which includes a series of ratios. Any notice of changes in ratings is due to the unfunded liability and cost of pension. Mr. Hansen provided a status brief on all the rating companies. The City has not received a down grade at this point from any of the agencies. He stated the City stays in constant contact with agencies and has provided each of them a copy of the pension committee recommendations. Procedurally, the office is developing the budget based on departmental and non-departmental revenues; consideration of the absolute adjustments; and postponement of finalization as much as possible to incorporate the pension cost. **CM Clark suggested that Mr. Hansen have a deadline to finalize the budget with or without the actuals related to the pension.** Mr. Hansen reported that the City has paid back more on debt in past two years than actually borrowed. **Mr. Hansen committed to submitting CM Schellenberg the borrowing capacity numbers and exact amount the City owes; and the balance of the banking fund to CM Lumb.** He stated that the City owes approximately $1.6 billion that is non BJP; includes the banking fund; and does not include any pension liability.

Mr. Hansen announced it was Annual Money Wi$e Week and the City was offering 25,000 hours of financial training. He has been to four elementary schools teaching junior achievement. He encouraged committee members to become engaged because of the wonderful children in our school system.

**Committee Member Comments**

The consensus of the committee was this process should be incorporated into the orientation of new Council members. It has been very informative and would be beneficial in assisting all members in making future decisions with a more comprehensive perspective of the various departments. CM Lumb suggested a two week training to include a syllabus. CM Yarborough stated that members’ comments would be a part of the overall recommendation from the committee. He commented that the final report would also include references about the Research Division; Legislative Division; and Auditor’s Office as means to inform and engage more utilization of the staff.

CM Redman reported that the Bike to Work Day was successful. Additionally, he reported the River Walk matter could have been addressed last year had there been adequate communication. However, the meeting went well and should be resolved by the next Council meeting.

CM Lumb announced that he will notice a Town Hall meeting about the Gas Tax. It was suggested that meeting be scheduled the Monday before next Council meeting.

**Public Comment**

Mr. Strasser suggested that consolidation of the City must be maintained. He stated that public safety needed to be balanced with the libraries, parks and recreation for the benefit of children. He thanked the committee for its work because the insight members have moving forward.

There being no further business, the meeting was adjourned at 4:19p.

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

Posted 05.19.14 6:00 p.m.