

OFFICE OF THE COUNCIL AUDITOR

FY 2015/2016 PROPOSED BUDGET

FINANCE COMMITTEE MEMBERS

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Meeting #4
August 21, 2015

**COUNCIL AUDITOR'S OFFICE
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**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
PUBLIC WORKS
LOCAL OPTION ½ CENT TRANSPORTATION (S/F 142)**

**PROPOSED BUDGET BOOK – Page # 420-421
ON SCREEN – Page # 426-427**

BACKGROUND:

The local option half-cent sales tax for transportation was approved by referendum in 1988. The sales tax is first used to make all debt service payments due on Transportation Sales Tax Revenue bonds and then is distributed pursuant to the terms and conditions of the interlocal agreement, as amended, between the City and the Jacksonville Transportation Authority (JTA). The funding provides for the construction and maintenance of the City's roads and bridges as well as the operation and maintenance of the City's mass transit system.

REVENUE:

Non-Departmental / Fund Level Activities

Taxes

- The budgeted amount represents the revenues estimated to be generated from the local option half-cent sales tax. The revenue is expected to increase 6.1% for FY 2015/16.

EXPENDITURES:

Non-Departmental / Fund Level Activities

Grants Aids & Contributions

- The local option half-cent sales tax for transportation is a pass-through to the JTA. The funding will be used to make debt service payments and support mass transit operations.

SERVICE LEVEL CHANGES:

None.

EMPLOYEE CAP CHANGES:

There are no authorized positions in this subfund.

RECOMMENDATIONS:

None.

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COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
PUBLIC WORKS
LOCAL OPTION GAS TAX (S/F 143)**

**PROPOSED BUDGET BOOK – Page # 422–423
ON SCREEN – Page #428-429**

BACKGROUND:

The Local Option Gas Tax is the City's share of the Six-Cent Local Option Gas Tax collected from gasoline sales in Duval County. In accordance with the Better Jacksonville Plan, and the Interlocal Agreement between the City and the Jacksonville Transportation Authority (JTA), as amended, the gas tax revenue recorded in this subfund will be transferred to JTA as a mass-transit subsidy. In FY 2013/14, City Council approved an extension of the Local Option Gas Tax until August 31, 2036 with Ordinance 2013-820-E.

REVENUE:

Non-Departmental / Fund Level Activities

Taxes

- The budgeted amount represents the revenues estimated to be generated from the local option gas tax. The revenue is expected to increase by 1% for FY 2015/16.

EXPENDITURES:

Public Works

Grants Aids & Contributions

- Per the Interlocal Agreement between the City and JTA that extended the Local Option Gas Tax until August 31, 2036, the City will send to JTA five cents for every six cents collected of the Local Option Gas Tax and will retain one cent of the Local Option Gas Tax for City use. (See Recommendation) Eligible uses of funding are: public transportation operations and maintenance, pedestrian safety improvements, drainage projects, street lighting, traffic signs and signals, bridge maintenance and operation, and debt service for transportation capital projects.

SERVICE LEVEL CHANGES:

None.

EMPLOYEE CAP CHANGES:

There are no authorized positions in this subfund.

RECOMMENDATION:

We recommend decreasing the amount to be transferred to JTA by \$396,784, from \$28,568,446 to \$28,171,662 to account for the one month of five cents transferred to JTA instead of the full six cents as per the Interlocal Agreement that will be effective September 1, 2016. We also recommend placing the \$396,784 that represents one cent of Local Option Gas Tax for one month in cash carry over within Subfund 143. This has no impact on Special Council Contingency.

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COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
FINANCE
GENERAL FUND/GENERAL SERVICES DISTRICT (S/F 011)**

**PROPOSED BUDGET BOOK – Page #228-229
ON SCREEN – Page #234-235**

BACKGROUND:

The General Fund / General Services District (S/F 011) portion of the Finance Department includes the Office of the Director, Accounting, Budget, and Treasury. These areas provide accounting services, financial analysis and budget preparation support for City Departments.

Outside of the General Fund / General Services District (S/F 011), the Department includes the Pension Office for the General Employees' and Correctional Officers' Pension Plans and the Risk Management Office, which provides services for the City and some of its independent agencies.

REVENUE:

1. Miscellaneous Sales and Charges:

- This revenue of \$29,290 represents accounting service charges and payroll miscellaneous fees. These include child support deductions and union, police charity, and Tourist Development Council fees.

EXPENDITURES:

1. Salaries:

- The net increase of \$113,893 is mostly due to an increase of \$109,676 in permanent and probationary salaries. This increase is mainly attributable to the addition of one position (\$49,320), the promotion of five existing employees (\$38,200), and salary increases for five different existing employees (\$20,262).

2. Employer Provided Benefits:

- The net increase of \$24,804 is mostly due to an increase of \$13,013 in the allocation for workers' compensation insurance. Additional increases netting \$8,060 are from the addition of one position and changes in employee selections for pension and health plans.

3. Internal Service Charges:

- The net increase of \$270,020 is mostly due to an increase of \$246,414 from \$737,306 to \$983,720 in OGC allocation charges to better align with actual costs. In addition, the building maintenance allocation increased by \$28,414 due to an overall increase in the total shared cost for the building.

4. Internal Services – IT Operations:

- The increase of \$174,459 is for computer system maintenance and security allocations due to a higher portion of the shared cost as a result of an increase in the use of application development and support services.

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 GENERAL FUND/GENERAL SERVICES DISTRICT (S/F 011)**

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5. Other Operating Expenses:
- The net increase of \$483,742 is mostly due to an additional \$500,000 of funding in professional services for actuarial, legal, and other related costs related to pension reform solutions, which increased the budgeted expenditures from \$100,000 to \$600,000. Please note that in recent years there have been transfers to increase the budget capacity throughout the years.
6. Extraordinary Lapse:
- The extraordinary lapse that was approved by the City Council Finance Committee in FY 2014/2015 has been removed for FY 2015/2016.

DIVISIONAL CHANGES:

FINANCE EXPENSES	2014/15 Original	2015/16 Proposed	% Change from FY 15	\$ Change from FY15	
Accounting	\$ 3,159,118	\$ 3,373,642	6.8%	\$ 214,524	A
Budget Office	900,058	1,031,746	14.6%	131,688	B
Office of the Director	1,206,774	1,931,464	60.1%	724,690	C
Treasury	977,258	993,312	1.6%	16,054	
Department Total	\$ 6,243,208	\$ 7,330,164	17.4%	\$ 1,086,956	

- A. The budget for the Accounting Division increased \$214,524 primarily due to an increase of \$138,437 in IT allocations resulting from an increased usage of application development and support services. Additional increases include \$16,638 in permanent and probationary salaries due to increases for existing employees, \$15,359 in pension costs due to an increased contribution percentage in addition to the salary increases, and \$15,917 in building maintenance and security allocations due to a higher overall cost.
- B. The budget for the Budget Office increased \$131,688 primarily due to the addition of a new full-time position and changes in employee selections for health insurance.
- C. The budget for the Office of the Director increased \$724,690 primarily due to the \$500,000 increase in professional services for pension reform and an increase of \$253,255 in OGC legal allocation charges.

EMPLOYEE CAP CHANGES:

One (1) position was added to the Budget Office for a Budget Systems Administrator to coordinate the transition and implementation of the financial ERP.

SERVICE LEVEL CHANGES:

None.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2014/15 BUDGET
RISK MANAGEMENT DIVISION
SELF-INSURANCE (S/F 561)**

**PROPOSED BUDGET BOOK – Page #230-231
ON SCREEN – Page #236-237**

BACKGROUND:

This fund administers a self-insured Worker's Compensation and General Auto/Liability program for the City and independent agencies such as the JEA, Jacksonville Port Authority, Jacksonville Housing Authority and the Jacksonville Aviation Authority. As an internal service fund, revenues are generally billings to other City funds and independent agencies. Exceptions to this rule include interest earnings and monies from the State of Florida for 2nd injury worker's compensation claims.

REVENUE:

Finance

1. Charges for Services:

- The increase in charges for services of \$987,150 is mainly attributable to an increase in billings for workers compensation based on changes to the actuarial report.

Non-Departmental / Fund Level Activities

2. Miscellaneous Revenue:

- The \$2,500,764 budgeted includes investment pool earnings (\$1,789,424) and earnings from escrow deposits (\$711,340).

3. Transfer In to Pay Debt Service:

- This transfer in from the General Fund / General Services District (S/F 011) is associated with a receivable within this subfund for money loaned out by the City for the Adam's Mark Hotel. This funding is placed in a cash carryover as detailed below.

EXPENDITURES:

Finance

1. Salaries:

- This increase of \$18,862 is mainly associated with filling a position with a higher salaried employee.

2. Employer Provided Benefits:

- The net increase of \$65,579 is primarily due to an increase in pension costs (\$32,468), in health insurance costs (\$23,356), and in the workers compensation allocation (\$10,440).

3. Internal Service Charges:

- The \$740,280 is mainly comprised of allocations from the Office of General Counsel (\$722,610).

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MAYOR'S PROPOSED FY 2014/15 BUDGET
RISK MANAGEMENT DIVISION
SELF-INSURANCE (S/F 561)**

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4. Internal Service Charges – IT Operations:
 - There increase in charges of \$21,516 is mainly due to an increase in the allocation of shared costs.

5. Other Operating Expenses:
 - The net increase of \$562,698 is being driven by increases related to the workers compensation portion of the actuarial report (\$691,406). (Please see recommendation below regarding this amount. We feel this increase is understated.) The increases are somewhat offset by decreases in professional services (\$105,351) and the State Fee Assessment (\$50,000) based on actual expenditures.

6. Supervision Allocation:
 - This line represents the cost of the administrative staff housed in Insured programs (S/F 581) that is allocated to Self-Insurance (S/F 561). The increase of \$83,521 is caused by a slight change in the allocation methodology from the prior year.

7. Indirect Cost:
 - This is an allocation calculated by the City's independent consulting firm as part of the full cost allocation plan study.

Non-Departmental / Fund Level Activities

8. Salary & Benefit Lapse:
 - This reflects an estimated salary and benefit lapse based on the average turnover ratio and estimated number of vacancies in FY 2015/16.

9. Cash Carryover:
 - This is the FY 2015/16 debt service payment from the General Fund – GSD for Adam's Mark.

SERVICE LEVEL CHANGES:

None.

EMPLOYEE CAP CHANGES:

720 part-time hours have been transferred to the Insured Programs subfund (SF 581) as part of the budget process.

CAPITAL OUTLAY CARRYFORWARD:

None.

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RISK MANAGEMENT DIVISION
SELF-INSURANCE (S/F 561)**

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CONCERN:

Worker's Compensation and General and Auto Liability are budgeted at the 55% confidence level in the proposed budget. For Worker's Compensation this is consistent with the practice for many years; however, for General and Auto Liability the practice has been to utilize the 70% confidence level. The issue is that utilizing a 55% confidence level for Worker's Compensation for the City has resulted in the City not budgeting (and charging) enough to cover the actual changes in liabilities and paid claims. The City has under budgeted for Worker's Compensation over the three most recently completed fiscal years the following amounts:

- FY 2013/14 - \$5,911,446, funded as follows:
 - Excess from General and Auto Liability covered \$2,171,930
 - Assessment to the General Fund/General Services District covered \$3,739,516
- FY 2012/13 - \$866,830, funded as follows:
 - Excess from General and Auto Liability covered \$866,830
- FY 2011/12 - \$4,535,423, funded as follows:
 - Excess from General and Auto Liability covered \$1,850,183
 - Assessment to the General Fund/General Services District covered \$2,685,240

This has resulted in the City draining its portion of the operating reserves within the Risk Management subfunds. FY 2014/15 appears to be heading towards another year that an assessment may be needed unless the final quarter takes a drastic turn. Per the Budget Office's projections as of June 30, the City is going to realize a negative budget variance of over \$5 million in claims experience for the Workers Compensation and General and Auto Liability.

RECOMMENDATION:

We recommend that the City budget the costs of Worker's Compensation and General and Auto Liability at the 70% confidence level in lieu of the 55% that is utilized in the proposed budget. This is based on the fact that Worker's Compensation has been drastically under budgeted in recent years and without the built-up reserve, both of these areas need to be budgeted at a higher rate until the operating reserves are at a more acceptable level. This will have a negative impact to Special Council Contingency of \$2,948,609.

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MAYOR'S PROPOSED FY 2014/15 BUDGET
RISK MANAGEMENT DIVISION
INSURED PROGRAMS (S/F 581)**

**PROPOSED BUDGET BOOK – Page #232-233
ON SCREEN – Page #238-239**

BACKGROUND:

This internal service fund administers a Miscellaneous Insurance Program for the City and Jacksonville Port Authority. Along with other policies, the City maintains property coverage, aviation insurance, a blanket crime policy and a policy covering the Northbank and Southbank River Walks.

REVENUE:

Finance

1. Charges for Services:

- The decrease of \$2,253,220 is due to decreases in budgeted costs for certain policies as explained below in the other operating cost category.

Non-Departmental / Fund Level Activities

2. Miscellaneous Revenue:

- The decrease of \$23,108 is based on lower actual interest earnings.

EXPENDITURES:

1. Salaries:

- The increase of \$35,121 is mainly being driven by the addition of part-time salaries (\$39,103) to assist on insurance reviews and process.

2. Employer Provided Benefits:

- The net decrease of \$26,689 is primarily due to a reduction in pension costs (\$25,707) associated with positions being filled with defined contribution employees instead of defined benefit employees.

3. Internal Service Charges –IT Operations

- The increase of \$71,588 is mainly due to additional application development costs based on support for a current system and how certain other costs are allocated.

4. Other Operating Expenses:

- The net decrease of \$2,292,012 is being driven by a reduction in the property premium (\$1,724,590) based on the current cost of the policy, the removal of the medical malpractice premium (\$350,000) due to the City determining it was more cost feasible to utilize sovereign immunity for this type of exposure, and a reduction in the workers compensation excess policy (\$100,000) based on current actuals.

5. Supervision Allocation:

- This line represents the cost of the administrative staff housed in Insured Programs (S/F 581) that is allocated to the Self Insurance subfund (SF 561). The decrease of \$83,520 is

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RISK MANAGEMENT DIVISION
INSURED PROGRAMS (S/F 581)**

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caused by a change in the allocation methodology which resulted in more costs allocated to Self-Insurance (S/F 561).

6. Indirect Cost:

- This is an allocation calculated by the City's independent consulting firm as part of the full cost allocation plan study.

Non-Departmental / Fund Level Activities

7. Salary & Benefits Lapse:

- This reflects an estimated salary and benefit lapse based on the average turnover ratio and estimated number of vacancies in FY 2015/16.

SERVICE LEVEL CHANGES:

None.

EMPLOYEE CAP CHANGES:

1,824 Part-time hours have been added to this fund during the budget process, 720 of which came from the Self Insurance fund (SF 561).

CAPITAL OUTLAY CARRYFORWARD:

None.

RECOMMENDATION:

None.

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COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
FINANCE
ART IN PUBLIC PLACES TRUST FUND (S/F 64N)**

**PROPOSED BUDGET BOOK – Page 208-209
ON SCREEN – Page 214-215**

BACKGROUND:

This subfund was established by Ordinance Code Sec. 111.160 and is used to house all revenues, donations or gifts which are received by the Art in Public Places Commission or the City on behalf of the Commission. This is an all-years subfund.

REVENUE:

1. Transfers from Other Funds:

- The \$11,500 budgeted in this line is a transfer from 1986 Parking ETR bond fund (S/F 414) as detailed below.

EXPENDITURES:

1. Other Operating Expenses:

- The \$11,500 in this line represents the remaining balance in an art in public places project (PA0001-01) within a closed bond fund (S/F 414). The funding is being transferred into the Art in Public Places Trust Fund for future use. These funds are not being taken out of the project, rather they are being shifted to the Art in Public Places Trust Fund (S/F 64N).

EMPLOYEE CAP CHANGES:

There are no positions in this subfund.

SERVICE LEVEL CHANGES:

None.

CULTURAL COUNCIL REQUEST:

The Cultural Council has requested to move the \$11,500 from miscellaneous services and charges to professional services to pay for the appraisal of City-owned artworks and memorials. This request has no impact on Special Council Contingency.

RECOMMENDATIONS:

None.

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EMPLOYEE SERVICES DEPARTMENT
GROUP HEALTH (S/F 571)**

**PROPOSED BUDGET BOOK – Page 224-226
ON SCREEN – Page 230-232**

BACKGROUND

This Internal Service Fund provides for the costs of group health, life insurance and other types of employee insurances. On January 1, 2015, the City moved to being partially self-insured for group health pursuant to Ordinance 2014-546-E. The City has specific stop loss coverage of \$500,000 per claim. The City remains fully insured for the other insurances

Group health is being projected flat while vision (10%) and dental (5.5%) are expected to increase as of January 1, 2016.

REVENUE:

1. Charges for Services:

- The charges for services are based on the expenses less non-billing revenue (e.g. interest earnings). In the case of employee-paid costs, these are withheld from the employee's pay. The employer paid portion is billed to departments via the bi-weekly payroll interfaces. Administrative costs are paid by the participants and the City on a percentage mark-up basis of their share of the applicable premium. We have a recommendation below to reallocate these revenue line items to more properly reflect the projected charges.

2. Miscellaneous Revenue:

- The increase of \$38,710 is attributable to an increase in projected investment earnings.

3. Transfer from Fund Balance:

- There is no transfer from fund balance proposed for FY 2015/16. The previous transfers from fund balance were associated with proceeds from a stock sale which reduced the amount billed for the three calendar years.

EXPENDITURES:

1. Salaries:

- The increase of \$26,912 is mainly attributable to the increase in permanent and probationary salaries (\$26,659) as a result of filling a vacant position at a higher rate.

2. Employer Provided Benefits:

- The net increase of \$4,910 is mainly due to increases in group hospitalization insurance (\$15,941) and defined contribution pension (\$8,584). These increases are offset by a decrease in defined benefit pension contribution (\$22,203). For the most part, these changes are due to staff member changes accompanied by changes in plan involvement.

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EMPLOYEE SERVICES DEPARTMENT
GROUP HEALTH (S/F 571)**

**PROPOSED BUDGET BOOK – Page 224-226
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3. Internal Service Charges:

- The net decrease of \$12,133 is attributable to decreases in mailroom charges (\$11,213) and legal charges (\$7,037) based on prior years actual cost. This is somewhat offset by an increase in St. James building costs allocation (\$9,629) due to increased total building cost.

4. Internal Services – IT Operations:

- The increase of \$6,598 is mainly due to an increase in pooled costs.

5. Other Operating Expense:

- The net increase of \$175,365 is primarily attributed to budgeted rate increases in dental costs (\$367,049) and in vision insurance costs (\$54,816). These amounts are partially offset by an overall decrease in group health costs (\$243,641) based the on actuarial report.

See recommendation below to record budgeted group health expenses based on the presentation in the actuarial reports and to correct the increase budgeted for dental to be consistent with the current projection.

6. Indirect Cost:

- This is an allocation calculated by the City's independent consulting firm as part of the full cost allocation plan study.

7. Salary & Benefit Lapse:

- This reflects an estimated salary and benefit lapse based on the average turnover ratio and estimated number of vacancies in FY 2015/16.

8. Cash Carryover:

- This represents the amount that budgeted revenues exceed budgeted expenses. A cash carryover of \$2,465,152 has been proposed for FY 2015/16.

EMPLOYEE CAP CHANGES:

There are no changes to the overall employee cap.

SERVICE LEVEL CHANGES:

None.

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EMPLOYEE SERVICES DEPARTMENT
GROUP HEALTH (S/F 571)**

**PROPOSED BUDGET BOOK – Page 224-226
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RECOMMENDATIONS:

1. We recommend expense premiums paid be adjusted to accurately reflect current monthly costs projected over the next fiscal year consistent with the appropriate rate increases. The cash carryover line item also needs to be increased to match the amount projected by the actuary. Those adjustment need to be accompanied by adjustments to revenue premiums to match the adjusted expenses and applicable administrative costs. These adjustments will result in a net total budget decrease of \$7,215 to this sub-fund. This has no impact on Special Council Contingency.

2. We recommend that Group Health expenses be moved to subobjects that are more consistent with how the costs are actually paid. This has no impact on Special Council Contingency.

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EMPLOYEE SERVICES DEPARTMENT
HEALTH WELLNESS FUND (S/F 1H9)**

**PROPOSED BUDGET BOOK – Page 222-223
ON SCREEN – Page 228-229**

BACKGROUND:

This subfund is to house funds for the City Wellness and Fitness Program. The Department is currently in the RFP process and will be seeking separate legislation once the services to be provided have been identified. At this time there is no authorization for expenditures from this subfund which had a fund balance of \$608,754 as of June 30, 2015.

This is an all years' subfund, so it will automatically carry forward all activity year to year.

REVENUE:

1. Miscellaneous Revenue:

- The \$200,000 is the contribution from Florida Blue for the wellness and fitness program pursuant to the City's health insurance contract.

EXPENDITURES:

1. Cash Carryover:

- The \$200,000 is to fund future wellness and fitness program expenditures.

EMPLOYEE CAP CHANGES:

There are no positions in this subfund.

SERVICE LEVEL CHANGES:

None.

RECOMMENDATION:

None.

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CITY COUNCIL
GENERAL SERVICES DISTRICT/GENERAL FUND – 011**

**PROPOSED BUDGET BOOK – Page #214 - 215
ON SCREEN – Page #220 - 221**

BACKGROUND:

This Department provides for the operation and salary expenditures for the City Council and its staff including the Office of the Council Auditor and the Value Adjustment Board.

REVENUE:

1. Charges for Services

- This amount represents the anticipated Value Adjustment Board protest fee revenue of \$55,000 and \$1 budgeted for fees collected for road and street closures.

2. Miscellaneous Revenue

- This category is mainly made up of a reimbursement from the Duval County School Board for 2/5 of the cost of the Value Adjustment Board as directed by Florida Statute.

EXPENDITURES:

1. Salaries

- The net increase of \$57,487 is due to an increase in full-time salaries (\$48,850), part-time salaries (\$9,202) for administrative assistance in both Legislative Services and Value Adjustment Board, as well as overtime salaries (\$6,000) for anticipated Value Adjustment Board case load. This is partially offset by a decrease in leave sellback/rollback of \$7,715. City Council Members are budgeted to have the same base salary as those Council Members in FY 2011-12. Budget Ordinance Section 9.4 waives Section 129.102 of the Ordinance Code which sets Council Members' salaries to be one-half of the salary allowed for a member of the Board of County Commissioners in a county with the population equal to that of Duval County in accordance with Chapters 145.031(1) and 145.19 Florida Statutes.

2. Employer Provided Benefits

- The net increase of \$74,120 is due primarily to increased pension costs in the General Employee pension (\$51,553), increases in Group Hospitalization (\$7,804) and increases in the workers' compensation insurance allocation (\$20,222), which are offset by decreases of \$6,987 in pension costs in the Florida Retirement System (FRS). General Employee pension contribution rates are increasing from 31.90% to 33.50% in fiscal year 2015/16. The FRS Elected Officials' pension contribution rates are decreasing slightly from 43.24% to 42.27% in fiscal year 2015/16.

3. Internal Service Charges

- The net increase of \$244,682 is mainly being driven by a \$156,080 increase in OGC legal charges based on current year actuals and an increase of \$78,835 for the St. James building allocation.

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 CITY COUNCIL
 GENERAL SERVICES DISTRICT/GENERAL FUND – 011**

**PROPOSED BUDGET BOOK – Page #214 - 215
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4. Internal Services – IT Operations

- The \$36,938 increase is being driven by computer system maintenance/security allocation based on current years' actual allocation expenses.

5. Other Operating Expenses

- The net decrease of \$8,425 is primarily due to reductions in General Liability Insurance (\$17,554) and Equipment Rentals (\$5,399), partially offset by an increase in Professional Services (\$10,000) for maintenance of equipment in Council Chambers and in the Lynwood Roberts room.

EMPLOYEE CAP CHANGES:

There are no changes to the overall employee cap.

SERVICE LEVEL CHANGES:

None.

DIVISIONAL HIGHLIGHTS:

CITY COUNCIL SERVICE EXPENSES	2014/15	2015/16	\$ CHANGE	% Change	
	Adopted	Proposed	from FY 15	from FY 15	
Council Auditor	\$ 2,168,666	\$ 2,312,030	\$ 143,364	6.61%	A
Council President Expense Account	\$ 10,000	\$ 10,000	\$ -	0.00%	
Council Staff Services	\$ 4,611,474	\$ 4,827,749	\$ 216,275	4.69%	B
Direct Expenditures	\$ 1,437,126	\$ 1,445,588	\$ 8,462	0.59%	C
Value Adjustment Board	\$ 614,196	\$ 650,896	\$ 36,700	5.98%	D
Departmental Total	\$ 8,841,462	\$ 9,246,263	\$ 404,801	4.58%	

A The increase of \$143,364 in the Council Auditor's Office is primarily due to a net increase of \$67,604 in salaries, \$22,639 increase in employer benefits and an erroneous allocation of \$49,483. (See Recommendation #4)

B The increase of \$216,275 in Council Staff Services is primarily due to an increase of \$218,546 for internal service charges (specifically OGC and building cost allocations).

C The increase of \$8,462 in Council Direct Expenditures is primarily due to an increase of \$8,743 in Internal Services – IT Operations.

D The increase of \$36,700 in the Value Adjustment Board is primarily due to an increase of \$11,273 in part-time and overtime salaries, an increase of \$13,491 for internal service charges related to the building cost allocation and the mailroom and an increase of \$10,815 for Internal Services – IT Operations.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
CITY COUNCIL
GENERAL SERVICES DISTRICT/GENERAL FUND – 011**

**PROPOSED BUDGET BOOK – Page #214 - 215
ON SCREEN – Page #220 - 221**

DEPARTMENT REQUESTS:

The Council Secretary has requested the following be added to the City Council budget for FY 2015/16:

1. The Council Secretary is requesting a 5% salary increase pool, including the impact to benefits, for Council Staff Services and Value Adjustment Board (VAB) staff. This does not include Executive Council Assistants. This would have a negative effect of \$79,149 on Special Council Contingency and would be slightly offset by a positive effect of \$1,868 on Special Council Contingency based on the increase of \$4,669 in VAB salary costs. The effect of the Departmental request is a total negative impact of \$77,281 to the Special Council Contingency.
2. The Council Secretary is requesting an additional \$14,000 in professional services for IT Cloud Storage.
3. The Council Secretary is requesting a carry forward of a not to exceed amount of \$6,968 to be used for professional services in FY 2015/16.

RECOMMENDATIONS:

1. We recommend reducing indexcode CCDE011AD (City Councilmembers Direct Expenditures), subobject 04028 (Parking and Tolls) by \$6,677, from \$7,191 to \$514 to properly account for the use of the parking allowance for the fiscal year. This has a \$6,677 positive effect on Special Council Contingency.
2. We recommend increasing indexcode CCSS011AD (Council Staff Services) subobject 04959 (Communication Allowance) by \$2,560, from \$440 to \$3,000. We also recommend decreasing indexcode CCDE011AD (City Councilmembers Direct Expenditures) subobject 04959 (Communication Allowance) by \$11,124, from \$17,460 to \$6,336. This will properly account for the use of the communication allowance for the fiscal year. This will have a net positive effect of \$8,564 on Special Council Contingency.
3. We recommend removing and replacing Attachment B (Chart of Council Member Salaries Being Waived) once the State publishes the salary information of Elected Officials. Per the State of Florida website, the FY 2015-16 reports should be available by September 2015 and Attachment B can be updated at that time.
4. We recommend reducing indexcode CCA011AD (Council Auditor), subobject 04223 (Computer Sys Maint/Security – IS Alloc) by \$49,483, from \$75,700 to \$26,217. We also recommend increasing indexcode CCSS011AD (Council Staff Services), subobject 04223 (Computer Sys Maint/Security – IS Alloc) by \$49,483, from \$58,433 to \$107,916. IT incorrectly charged the allocation to the Council Auditor's Office when it should have been charged to City Council Staff Services. This has no effect on Special Council Contingency.

Tourist Development Council Budget Handout Place Holder

The TDC meets Wednesday, August 19 to approve its budget for submittal to City Council. The Meeting #4 handout will be updated to reflect the recommendations of the TDC based on their actions at the August 19 meeting.

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**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
DOWNTOWN INVESTMENT AUTHORITY
GENERAL FUND/GENERAL SERVICES DISTRICT (S/F 011)**

**PROPOSED BUDGET BOOK – Page #218-219
ON SCREEN – Page #224-225**

BACKGROUND:

The Downtown Investment Authority (DIA) was created by Ordinance 2012-364-E to revitalize Jacksonville's urban core by utilizing community redevelopment area (CRA) resources to spur economic development. The agency has oversight for the development for the existing Downtown Northbank CRA and the Southside CRA. This portion of the department's budget only includes the General Fund – GSD (SF 011) activities.

REVENUE:

1. Miscellaneous Revenue

- This amount includes revenue for the rental of city facilities for the River City Brewing Company lease payment, Downtown Development Review Board application fees and miscellaneous sales and charges related to public record requests.

EXPENDITURES:

1. Salaries

- The increase of \$20,598 is due to salary increases for the Real Estate Analyst and the Redevelopment Manager that became effective in FY 2014/15.

2. Employer Provided Benefits

- The net increase of \$3,381 is mostly due to increases of \$12,410 in group hospitalization insurance (primarily because two employees selected more costly plans) and \$2,345 in workers compensation insurance charges (due to a change in the allocation method). The increases were partially offset by a decrease in pension costs of \$11,612 due to one employee who elected to change from the defined benefit to the defined contribution pension plan.

3. Internal Service Charges

- The net increase of \$39,496 is mostly due to an increase of \$39,022 in legal fees to better align with actual costs.

4. Internal Services – IT Operations

- The increase of \$3,382 is due to increasing computer system maintenance and security allocations resulting from an increased usage of desktop support and an increased share of the pooled costs.

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2015/16 BUDGET
 DOWNTOWN INVESTMENT AUTHORITY
 GENERAL FUND/GENERAL SERVICES DISTRICT (S/F 011)**

**PROPOSED BUDGET BOOK – Page #218-219
 ON SCREEN – Page #224-225**

5. Other Operating Expenses

- The net decrease of \$7,496 is mostly due to a decrease of \$5,531 for miscellaneous insurance costs that are now absorbed into the internal service charges for building maintenance and security. In addition, a decrease of \$1,556 is due to a lower portion of the shared cost for the general liability insurance policy that resulted from a change in the allocation method.

6. Capital Outlay

- This amount represents funding for office equipment and improvements.

EMPLOYEE CAP CHANGES:

None.

SERVICE LEVEL CHANGES:

None.

FOOD AND BEVERAGE EXPENDITURES:

SF	Indexcode	Amount	Description of each Service/Event that requires the purchase of food/beverage	Explanation that the Service/Event serves a public purpose
011	DIAD011DIA	\$600	Various public meetings (e.g., Board, project status, property disposition)	Funds will provide water, coffee, and tea associated with holding public meetings.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF ECONOMIC DEVELOPMENT
GENERAL FUND / GENERAL SERVICES DISTRICT (S/F 011)**

**PROPOSED BUDGET BOOK – Page #292-293
ON SCREEN – Page #298-299**

BACKGROUND

The Office of Economic Development (OED) serves as the economic development agency for the City of Jacksonville, implementing policies that result in sustainable job growth, raising personal incomes and creating broader tax base for the community. The office also oversees the administration of local and state incentives and the redevelopment of Cecil Commerce Center. Ordinance 2013-209-E removed the Jacksonville Small and Emerging Business Program into the Intra-Governmental Services Department. Ordinance 2014-289 removed the Office of Sports and Entertainment and the Office of Special Events and placed them in a new department. It also created the new Office of International Trade within OED.

EXPENDITURES

1. Salaries

- The decrease of \$39,441 is mainly due to a decrease of \$39,277 in salaries due to two positions being vacant currently and budgeted at the lower cost.

2. Employer Provided Benefits

- The increase of \$39,702 is primarily due to a net increase of \$27,787 in pension costs and \$11,067 in group health insurance costs due to election changes in coverage by employees.

3. Internal Service Charges

- The decrease of \$26,737 is mainly driven by a decrease of \$47,495 in legal charges allocation based on actual usage which is somewhat offset by an increase of \$27,485 in St. James building cost allocation due to an increase in the occupied area.

4. Internal Services – IT Operations

- The decrease of \$9,171 is due to a reduction in computer system maintenance/security allocation caused by lower unit counts amongst various services.

5. Other Operating Expenses

- The decrease of \$5,156 is mainly due to a reduction of \$5,069 in general liability insurance due to a change in the allocation methodology.

6. Grants, Aids and Contributions

- This funding is a grant for the UNF Small Business Development Center.

7. Extraordinary Lapse

- This represents the removal of the extraordinary lapse placed in the FY 2014/15 budget.

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2015/16 BUDGET
 OFFICE OF ECONOMIC DEVELOPMENT
 GENERAL FUND / GENERAL SERVICES DISTRICT (S/F 011)**

**PROPOSED BUDGET BOOK – Page #292-293
 ON SCREEN – Page #298-299**

SERVICE LEVEL CHANGES:

There are no significant service level changes.

FOOD AND BEVERAGES EXPENDITURES (subobject 05206):

SF	Indexcode	Amount	Description of each Service/Event that requires the purchase of food/beverage	Explanation that the Service/Event serves a public purpose
011	JEJE011	\$400	To further the economic development efforts in Jacksonville to promote job creation and private capital investment	To further the economic development efforts in Jacksonville to promote job creation and private capital investment

AUTHORIZED POSITION CAP

There are no changes to the overall employee cap.

RECOMMENDATION:

None

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF ECONOMIC DEVELOPMENT
ON-STREET PARKING (S/F 411)**

**PROPOSED BUDGET BOOK – Page 296-298
ON SCREEN – Page 302-304**

BACKGROUND:

The Public Parking Division manages On-Street parking (parking meter). Revenues are generated through daily parking fees, other fines and forfeitures, and late payment charges.

REVENUE:

1. Transfers From Other Funds:

- This amount represents a \$514,409 transfer from 1986 Parking and ETR Bond Construction Fund (Subfund 414) to upgrade parking meters and a \$390,351 transfer from Off Street Parking (Subfund 412) to help increase cash. As of June 30, 2015, this subfund had a negative cash balance of \$660,417, a portion of which is being addressed by this transfer.

2. Charges for Services:

- The increase of \$83,850 is mainly due to a reduction of \$73,500 in the fees proposed to be owed to the outside vendor, which allows the Parking Division to retain more revenue. Additionally, there are increases of \$33,000 in parking meter rental – out of service due to an increased amount of construction activity in the downtown area, \$25,000 in parking late fees and \$13,000 in daily parking fees based on current activity levels. These increases are partially offset by a decrease of \$60,000 in the 90-day late fees based on current years actuals.

3. Fines and Forfeits:

- The decrease of \$80,000 is due to decreases of \$179,000 in disabled trust fund contribution – contra and \$42,571 in police and fire pension and contribution contra – revenue (these represent trust fund distributions based on a percentage of fines collected). These contra revenue decreases are directly related to the offsetting \$108,571 increase in parking fines due, in part, to contracting a new collections company. Furthermore, these changes are partially offset by an increase of \$33,000 in vehicle immobilization due to the implementation of new license plate recognition software.

EXPENDITURES:

1. Salary and Benefit Lapse:

- This reflects an estimated salary and benefit lapse based on the average turnover ratio and estimated number of vacancies in FY 2015/16.

2. Cash Carryover:

- The \$298,134 budgeted in this line item is the budgeted excess revenue (including transfers in) over expenditures for this sub-fund.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF ECONOMIC DEVELOPMENT
ON-STREET PARKING (S/F 411)**

**PROPOSED BUDGET BOOK – Page 296-298
ON SCREEN – Page 302-304**

3. Salaries:

- The increase of \$36,647 is primarily due to increases of \$22,619 in permanent and probationary salaries due to FY 2014/15 mid-year pay increases for some staff, \$7,000 in salaries overtime due to staffing issues in the Administrative Division and \$6,081 in leave rollback/sellback.

4. Employer Provided Benefits:

- The increase of \$46,308 is primarily due to the increases of \$38,694 in workers' compensation insurance based on a new allocation distribution and \$10,177 in general employees' pension contribution. These increases are somewhat offset by a decrease of \$4,040 in group hospitalization insurance.

5. Internal Services – IT Operations:

- The decrease of \$16,749 is due to a decrease in computer system maintenance and security allocation due to a reduction in actual application support needed from IT by Public Parking.

6. Capital Outlay:

- The \$514,411 budgeted in this line is to purchase upgraded parking meters that accept credits cards and small change.

7. Supervision Allocation:

- The -\$283,000 in supervision allocation is to transfer out supervisory expenses associated with garages and parking lots to Off-Street Parking (S/F 412).

8. Indirect Costs:

- This is an allocation calculated by the City's independent consulting firm as part of the full cost allocation plan study.

EMPLOYEE CAP CHANGES:

There are no changes in the cap.

SERVICE LEVEL CHANGES:

None.

RECOMMENDATIONS:

1. We recommend that the Police and Fire Pension Fund contribution (contra revenue) be changed by \$10,000 from negative (\$400,000) to negative (\$390,000) to accurately reflect a 30% distribution of budgeted parking fines as is required by Sec. 121.113(c). We

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF ECONOMIC DEVELOPMENT
ON-STREET PARKING (S/F 411)**

**PROPOSED BUDGET BOOK – Page 296-298
ON SCREEN – Page 302-304**

recommend that this increase in revenue be offset by an increase in cash carryover. This recommendation has no effect on Special Council Contingency.

2. Although Public Parking did adjust the proposed amount to be distributed to the collection company, we believe it is still overstated. We recommend that collection fees (contra revenue) be changed by \$22,500 from negative (\$76,500) to negative (\$51,000) to accurately reflect a 17% distribution of collections as defined by the contractual agreement between the City and the collection company. We recommend that this increase in revenue be offset by an increase in cash carryover. This recommendation has no effect on Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF ECONOMIC DEVELOPMENT
OFF-STREET PARKING (S/F 412)**

**PROPOSED BUDGET BOOK – Page 300-302
ON SCREEN – Page 306-308**

BACKGROUND:

The Public Parking Division manages garages and parking lots. It manages the Ed Ball, St. James Building, Yates, City Hall Annex, Library, and Water Street garages and the Bay Street, Courthouse, Forsyth, and JEA parking lots. Revenues are generated through daily, monthly, and special event parking fees.

REVENUE:

Non-Departmental / Fund Level Activities:

1. Miscellaneous Revenue:
 - The \$5,793 is due to anticipated investment pool earnings for FY 2015/16.
2. Transfers From Other Funds:
 - This amount represents a \$445,675 transfer from the 1986 Parking and ETR Bond Construction Fund (Subfund 414). These funds are proposed to be spent on repairs for the Water Street garage (\$345,675) and updates to the Parking Strategic Plan (\$100,000).

Office of Economic Development:

1. Charges for Services:
 - The decrease of \$111,521 is due to a decrease of \$67,136 in parking fees – monthly, \$24,138 in parking fees – daily and \$20,247 in parking fees – special events. These decreases are primarily due to the Courthouse West Lot (Coastline Lot) being unusable for an undetermined period of time (see Service Level Changes). Additionally, the decreased parking rates for City employees has contributed to the decrease in parking fees - monthly but has been partially offset by an overall increase in parking spaces purchased.

EXPENDITURES:

Non-Departmental / Fund Level Activities:

1. Salary and Benefit Lapse:
 - This reflects an estimated salary and benefit lapse based on the average turnover ratio and estimated number of vacancies in FY 2015/16.
2. Transfers To Other Funds:
 - The budgeted \$390,351 in this line represents a transfer to on-street parking (Subfund 411) to help address their current negative cash position.
3. Cash Carryover:
 - There is no cash carryover budgeted for FY 2015/16 because all excess funds are proposed to be transferred to on street parking (Subfund 411).

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF ECONOMIC DEVELOPMENT
OFF-STREET PARKING (S/F 412)**

**PROPOSED BUDGET BOOK – Page 300-302
ON SCREEN – Page 306-308**

Office of Economic Development:

1. Salaries:

- The increase of \$26,256 is primarily due to an increase of \$28,597 in permanent and probationary salaries due to one vacant position being re-classified at a higher rate.

2. Employer Provided Benefits:

- The decrease of \$8,851 is primarily due to the decrease of \$14,280 in group hospitalization insurance due to having less staff members participating in the insurance plan and a net decrease of \$9,291 in general employees' pension plans due to staff members switching from defined benefit to defined contribution. These decreases are somewhat offset by an increase of \$13,646 in workers' compensation insurance based on a new allocation distribution.

3. Internal Services – IT Operations:

- The increase of \$3,486 is in computer system maintenance/security allocation due to an increase in desktop support coupled with an increase in unallocated pooled cost.

4. Other Operating Expenses:

- The increase of \$678,166 is primarily due to the addition of \$345,675 in funding for repairs of the Water Street garage, \$275,000 to replace gate entry equipment due to a vendor change and \$100,000 in contractual services to update the Parking Strategic Plan. These increases were slightly offset by a decrease of \$34,922 in miscellaneous insurance as a resulting from a decrease in property insurance policy costs.

5. Supervision Allocation:

- The \$283,000 budgeted in this line represents the portion of on-street parking's (Subfund 411) budget that is being allocated to this subfund.

6. Indirect Cost:

- This is an allocation calculated by the City's independent consulting firm as part of the full cost allocation plan study.

EMPLOYEE CAP CHANGES:

There are no changes in the cap.

SERVICE LEVEL CHANGES:

Currently, the Courthouse West Lot is unusable due to the damaged infrastructure on Liberty Street. Of a \$65,000,000 total project cost, \$5,000,000 has been proposed in the FY 2015/16 to address this issue.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2015/16 BUDGET
 OFFICE OF ECONOMIC DEVELOPMENT
 MOTOR VEHICLE INSPECTION (S/F 431)**

**PROPOSED BUDGET BOOK – Page 304-306
 ON SCREEN – Page 310-312**

BACKGROUND

The Public Parking Division manages the inspection stations for school buses, city vehicles and vehicles for hire.

REVENUE:

1. Miscellaneous Revenue:

- The increase of \$1,094 is due to a higher projection in investment pool earnings.

2. Charges for Services:

- The decrease of \$54,510 is primarily due to decreases in projected revenue for vehicles for hire (\$41,170) and inspection station index (\$12,706) based on historical data and fee changes as shown below.

FEE CHANGES:

The following fee changes were made in FY 2014/15:

Subobject	Description	Current Fee	New Fee	Additional (Decrease) Expected Revenue Due to Fee Change
342509	Auto - POV or City	\$5.00	\$7.73	\$2,282.28
342509	Vehicle for Hire (Taxi Annual Road Test)	\$32.00	\$28.56	(\$1,730.32)
342509	Standard Bus	\$15.00	\$16.37	\$102.75
342509	School Bus	\$48.00	\$45.52	(\$17,826.24)
34152C	Wrecker (Standard)	\$25.00	\$18.21	(\$991.34)
34152C	Wrecker (JSO Qualified)	\$31.00	\$27.31	(\$346.86)
342509	Re-Inspection	\$8.00	\$10.80	\$467.60
				(\$18,042.13)

EXPENDITURES:

1. Salary and Benefits Lapse:

- This reflects an estimated salary and benefit lapse based on the average turnover ratio and estimated number of vacancies in FY 2015/16.

2. Cash Carryover:

- The \$21,262 budgeted in this line item is the budgeted excess revenue over expenditures for this sub-fund.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF ECONOMIC DEVELOPMENT
MOTOR VEHICLE INSPECTION (S/F 431)**

**PROPOSED BUDGET BOOK – Page 304-306
ON SCREEN – Page 310-312**

3. Salaries:
 - The decrease of \$2,491 is primarily due to a recently vacant position being budgeted at a lower salary.
4. Employer Provided Benefits:
 - The increase of \$10,378 is primarily due to the increase of \$7,806 in workers' compensation insurance based on a new allocation distribution and \$1,994 in general employees' pension contribution.
5. Internal Service Charges:
 - The increase of \$11,077 is primarily due to the increase of \$8,955 in building maintenance – citywide based on actual costs and an increase of \$2,090 in Fleet Vehicle Rental for the purchase of a new vehicle.
6. Internal Services – IT Operations:
 - The increase of \$1,185 is due to an increase in computer system maintenance/security allocation due to an increase in infrastructure services coupled with an increase in unallocated pooled costs.
7. Other Operating Expenses:
 - The increase of \$9,393 is primarily due to the increase of \$12,816 in hardware/software maintenance and licenses for new inspection software. This is somewhat offset by a decrease of \$2,100 in clothing, clean, shoe/transfer allowance due to an unrequested budgetary reduction.
8. Indirect Cost:
 - This is an allocation calculated by the City's independent consulting firm as part of the full cost allocation plan study.

EMPLOYEE CAP CHANGES:

None.

SERVICE LEVEL CHANGES:

None.

RECOMMENDATION:

We recommend that \$2,100 in clothing, clean, shoe/transfer allowance be added back in to the budget to account for expenses contractually required by union agreements. We recommend this increase be offset by a decrease in cash carryover. This recommendation has no effect on Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
CECIL FIELD TRUST FUND (S/F 1DE)**

**PROPOSED BUDGET BOOK – Page #294-295
ON SCREEN – Page #300-301**

BACKGROUND

Established per Ordinance 98-1052-E, all revenues received or earned by the City from the development and operation of the Cecil Commerce Center (excluding revenues related to an interlocal agreement with the Jacksonville Aviation Authority) are deposited into this trust fund. This fund is an all years subfund.

REVENUE

Non-Departmental / Fund Level Activities

1. Miscellaneous Revenue

- The decrease of \$61,505 is due to lower anticipated investment pool earnings.

Office of Economic Development

2. Miscellaneous Revenue

- The increase of \$564,820 is mostly due to an increase of \$557,630 in the appropriation of gain on sale of real property.

EXPENDITURES

Non-Departmental / Fund Level Activities

1. Transfers to Other Funds

- \$500,000 is being transferred to the FY 2015/16 capital project fund (S/F 32E) to fund the Cecil Field Road & Drainage - Site Development/Roadway project.

Office of Economic Development

2. Other Operating Expenses

- The decrease of \$45,999 is mainly due to a decrease of \$43,709 to miscellaneous insurance due to a decrease in policy cost.

3. Indirect Costs

- This is an allocation calculated by the City's independent consulting firm as part of the full cost allocation plan study.

Park, Recreation and Community Services

4. Other Operating Expenses

- The increase of \$13,843 is strictly attributed to an increase in professional services performed by the State of Florida Forest Service.

SERVICE LEVEL CHANGES:

There are no significant service level changes.

AUTHORIZED POSITION CAP:

There are no changes to the overall employee cap.

RECOMMENDATION:

None

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF SPORTS AND ENTERTAINMENT
GENERAL FUND / GENERAL SERVICES DISTRICT (S/F 011)**

**PROPOSED BUDGET BOOK – Page #320-321
ON SCREEN – Page #326-327**

BACKGROUND:

The Office of Sports and Entertainment enhances the region's economy by attracting special events and sports organizations to the City of Jacksonville. The department was created by Ordinance 2014-289-E and includes the Office of Film and Television and the Office of Special Events. This portion of the department's budget only includes the General Fund/General Services District (S/F 011) activities.

EXPENDITURES:

1. Salaries:

- The increase of \$75,019 is due to the Director of Sports & Entertainment position being filled at \$34,389 higher than what was budgeted for FY 2014/15. The increase is also due to the funding of an Operations Coordinator position for \$40,000 which was unfunded in FY 2014/15.

2. Employer Provided Benefits:

- The net decrease of \$8,086 is mainly due to a decrease of \$21,775 in pension contribution cost that resulted from a new employee selecting a pension plan different to what was budgeted for the prior year. This is somewhat offset by an increase of \$13,979 in group hospitalization insurance due to changes made in election coverage by two employees.

3. Internal Service Charges:

- The decrease of \$4,499 is mainly due to a decrease in the cost of legal services provided by the Office of General Counsel.

4. Other Operating Expenses:

- The increase of \$14,744 is mainly due to increases of \$9,200 in advertising and promotion, \$3,316 in event contribution, and \$1,636 in dues, subscriptions & memberships.

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2015/16 BUDGET
 OFFICE OF SPORTS AND ENTERTAINMENT
 GENERAL FUND / GENERAL SERVICES DISTRICT (S/F 011)**

**PROPOSED BUDGET BOOK – Page #320-321
 ON SCREEN – Page #326-327**

Event Contributions	FY 2014-15 Approved	FY 2015-16 Requested by Department
Florida Country Superfest	-	100,000
Florida-Georgia	-	100,000
The Players Championship	40,000	75,000
Florida/Florida State Baseball	50,000	55,000
Florida-Georgia Hall of Fame	-	35,000
NBA JAX	15,000	30,000
Rugby World Cup Qualifier	-	30,000
USA Curling Championships	-	30,000
NCAA Track and Field	25,000	25,000
P1 Powerboat	-	25,000
SEC Women's Basketball	-	25,000
SEC/ACC Baseball Triple-header	-	15,000
AJGA	-	10,000
Major League Soccer	15,000	10,000
Annual Film Industry Reception	4,000	-
City Suite at College Games	3,000	-
Familiarization Trip for Industry Executives	5,000	-
Jacksonville Film Festival	5,500	-
Jacksonville Sports Council Membership	2,000	-
JU Lacrosse Event (Moe's)	15,000	-
NCAA Basketball Tournament	25,000	-

Total	\$ 204,500	\$ 565,000
FY 2015/16 Proposed Budget *		\$ 207,816
Total Department Request Not Budgeted		\$ 357,184

*Please note that since the budgeted amount is lower than what it was requested by the department, the department has yet to determine which events the funds will be used for.

SERVICE LEVEL CHANGES:

There are no significant service level changes.

EMPLOYEE CAP CHANGES:

There are no changes to the overall employee cap.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
SPECIAL EVENTS (S/F 01A)**

**PROPOSED BUDGET BOOK – Page # 322-324
ON SCREEN – Page # 328-330**

BACKGROUND:

Special Events is an activity under the Office of Sports and Entertainment. It has its own subfund (S/F 01A) that is project driven to provide transparency and better track revenues and costs for individual events.

REVENUE:

Non-Departmental/Fund Level Activities

1. Transfer From Other Funds:

- There is a \$4,841,049 transfer from the General Fund to support operations within the Office of Special Events.

EXPENDITURES:

Non-Departmental/Fund Level Activities

1. Salary & Benefit Lapse:

- This reflects an estimated salary and benefit lapse based on the average turnover ratio and estimated number of vacancies in FY 2015/16.

2. Other Operating Expenses:

- This amount represents equipment rentals for the Florida/Georgia Game.

3. Grants, Aids & Contributions:

- This represents travel related expenses for the Florida/Georgia game pursuant to contractual requirements with both teams.

Office of Sports and Entertainment

4. Employer Provided Benefits:

- The increase of \$23,216 is mainly due to an increase of \$16,939 in workers' compensation insurance that resulted from an update to how interest and administrative expenses associated with workers' compensation are allocated and due to an increase of \$7,281 in group hospitalization insurance.

5. Internal Service Charges:

- The increase of \$67,056 is attributable to a new allocation of \$46,810 in maintenance expenses for the Ed Ball building that was not being charged to this subfund in prior years. The increase is also attributable to an overall increase of \$13,483 in maintenance cost for the St. James building and an increase of \$10,376 in copy center charges based on actual usage.

6. Internal Services – IT Operations:

- The decrease of \$29,060 is due to a decrease in computer system maintenance and security allocation that resulted from a reduction in shared IT services cost.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
SPECIAL EVENTS (S/F 01A)**

**PROPOSED BUDGET BOOK – Page # 322-324
ON SCREEN – Page # 328-330**

7. Other Operating Expenses:

- The net increase of \$62,498 is mainly due to increases of \$45,675 in miscellaneous services and charges mostly for the Mayor's initiatives and \$39,450 in equipment rentals mostly for the Memorial Wall / Sea & Sky event. This is somewhat offset by a decrease of \$19,344 in miscellaneous insurance that resulted from lower cost of the special event policy which is a direct bill to Special Events.

8. Grants, Aids & Contributions:

- This represents a contribution for the Bob Hayes Track event.

Events Proposed FY 2015/16	Equipment Rentals	Advertising	Event Contribution	Misc. Services & Charges	Subsidies & Contributions To Other Gov	Subsidies & Contributions To Private Org	Total
4TH OF JULY/NYE CELEBRATION	12,500	-	-	48,600	-	-	61,100
BLESSING OF THE FLEET	-	-	-	500	-	-	500
BOB HAYES TRACK	-	-	-	-	-	84,875	84,875
FLORIDA / GEORGIA GAME *	1,670,734	1	36,500	175,000	300,000	-	2,182,235
JAX HAPPENINGS	2,000	4,000	-	8,000	-	-	14,000
JAZZ FESTIVAL	15,000	4,500	-	277,174	-	-	296,674
MAYOR'S INITIATIVES	8,000	8,000	-	45,000	-	-	61,000
MEMORIAL WALL/SEA & SKY	34,800	-	-	114,000	-	-	148,800
MLK JR BREAKFAST/ACTIVITIES	5,000	5,000	-	46,711	-	-	56,711
MUSIC FESTIVALS	2,500	3,000	-	30,000	-	-	35,500
VETERANS DAY PARADE	3,000	2,000	-	15,000	-	-	20,000
WORLD OF NATIONS	15,000	5,000	-	85,000	-	-	105,000
Grand Total	\$1,768,534	\$ 31,501	\$ 36,500	\$ 844,985	\$ 300,000	\$ 84,875	\$3,066,395

*Notes on FL/GA game:

- \$300,000 in subsidies & contributions to other governments is the contractual travel reimbursement for the teams for FL/GA game.
- \$1,670,734 in equipment rental expense is mostly to install additional temporary seating for the FL/GA game.

FOOD AND BEVERAGE EXPENDITURES:

SF	Indexcode	Amount	Description of each Service/Event that requires the purchase of food/beverage	Explanation that the Service/Event serves a public purpose
01A	SPET01ASE	\$ 2,700	World of Nations	Promote cultural diversity/volunteers
01A	SPET01ASE	\$ 7,672	Mayor's Initiatives	Promote Downtown Jax
01A	SPET01ASE	\$ 5,400	Sea and Sky	Supports volunteer food and hospitality
01A	SPET01ASE	\$ 6,650	FL/GA Game	Promote the annual rivalry/volunteers
01A	SPET01ASE	\$ 12,000	Jazz Festival	Promote Downtown Jax

\$ 34,422

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
SPECIAL EVENTS (S/F 01A)**

**PROPOSED BUDGET BOOK – Page # 322-324
ON SCREEN – Page # 328-330**

SERVICE LEVEL CHANGES:

There are no significant service level changes.

EMPLOYEE CAP CHANGES:

There are no changes to the authorized position cap.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
SMG FACILITIES**

GENERAL FUND/GENERAL SERVICE DISTRICT (S/F011) CONTRIBUTION

General Fund/General Service District Contributions (S/F 011)				
Facility	2014/2015 Council Approved	2015/2016 Mayor's Proposed	Increase or (Decrease)	Footnote
Everbank Field (4A1)	\$ 6,415,741	\$ 4,747,654	\$(1,668,087)	A
Memorial Arena (4B1)	\$ -	\$ 337,410	\$ 337,410	B
Baseball Stadium (4C1)	\$ 751,080	\$ 1,331,269	\$ 580,189	C
Times Union Performing Arts Center (4D1)	\$ 772,627	\$ 757,108	\$ (15,519)	D
Prime Osborn Convention Center (4E1)	\$ 1,095,241	\$ 1,152,238	\$ 56,997	E
Ritz Theatre (4H1)	\$ 875,796	\$ 939,432	\$ 63,636	F
Total	\$ 9,910,485	\$ 9,265,111	\$ (645,374)	

- A.** The decrease in the General Fund/General Service District (S/F 011) contribution for Everbank Field is primarily due to the following:
- A projected increase in the 2 Cent Tourist Development Tax revenue of \$650,000.
 - An increase of \$808,637 for the Jaguar rental payment pursuant to the payment schedule approved by Amendment 8 of the Jaguar Lease.
 - A decrease in Electricity due to overestimating the impact of the new stadium improvements for this current year.
 - As well as a decrease in Miscellaneous Insurance allocation due to a reduction in premium costs.
- B.** There is a budgeted General Fund/General Service District (S/F 011) contribution to Memorial Arena – City (4B1) for fiscal year 2015/2016. This is needed since the Memorial Arena will not be hosting the NCAA basketball tournament next fiscal year which has reduced the budgeted revenues, and as a result, the operations of Memorial Arena – SMG (4B2) cannot fully subsidize Memorial Arena – City (4B1).
- C.** The increase in the General Fund/General Service District (S/F 011) for the Baseball Stadium is primarily due to the Armada soccer games held at this venue.
- D.** The slight decrease of the contribution for the Times Union Performing Arts Center is primarily due to an anticipated stronger Broadway season and the 50th anniversary of the FSCJ artist series.
- E.** The increase in the contribution to the Prime Osborne Convention Center is primarily due to increased costs based on the types of events held at the venue.
- F.** The increase in the contribution to the Ritz Theatre is primarily due to increases on the SMG operations side (S/F 4H2). SMG anticipates booking higher caliber events at the venue and having a stronger advertising campaign for fiscal year 2015/2016.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF SPORTS AND ENTERTAINMENT
EVERBANK FIELD – CITY (4A1)**

**PROPOSED BUDGET BOOK – Page #326-328
ON SCREEN – Page #332-334**

BACKGROUND:

SMG has been retained by the City to manage six public facilities which include Everbank Field, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for the Performing Arts, Prime Osborn Convention Center, and the Ritz Theatre and Museum. The term of the current contract between SMG and City is January 1, 2013 through February 29, 2016. In accordance with Ordinance 2014-289-E the contract is administered by the Office of Sports and Entertainment.

REVENUES:

Non-Departmental/Fund Level Activities:

1. Taxes:

- The taxes include the 2 Cent Tourist Development Tax budgeted at \$6,300,000 and the State Sales Tax Rebate budgeted at \$2,000,004. The increase of \$650,000 is due to a projected increase in the 2 Cent Tourist Development Tax collections.

2. Miscellaneous Revenue:

- This includes the revenue for Investment Pool Earnings budgeted at \$105,325 which is in line with current year collections.

3. Transfers from Other Funds:

- The transfer of \$4,747,654 is from the General Fund/General Service District (S/F 011), which is a decrease of \$1,776,880.

Office of Sports and Entertainment:

4. Miscellaneous Revenue:

- The Jacksonville Jaguar supplemental rental payment per Amendment 8 of the Lease for fiscal year 2015/2016 is \$4,768,677, which is an increase of \$808,637.

EXPENDITURES:

Non-Departmental/Fund Level Activities:

5. Debt Service:

- This is a transfer to the Debt Service sub-fund (4A6) for Everbank Field.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF SPORTS AND ENTERTAINMENT
EVERBANK FIELD – CITY (4A1)**

**PROPOSED BUDGET BOOK – Page #326-328
ON SCREEN – Page #332-334**

6. Transfers to Other Funds:

- The transfer of \$5,931,927 consists of:
 - \$880,000 for a payback of a \$5,000,000 loan from sub-fund 322 approved by Ordinance 2004-338-E which was Amendment #7 to the Jaguar Lease for improvements to the stadium.
 - \$100,000 for a payback of a \$2,115,000 loan from sub-fund 322 approved by the fiscal year 2003/2004 Budget Ordinance 2003-876-E.
 - \$4,951,927 transfer to Everbank Field – SMG (4A2).

Office of Sports and Entertainment:

7. Internal Service Charges:

- The decrease of \$79,896 is primarily due to a decrease in Fleet Vehicle Rental and not having a utilities allocation since this venue is directly billed for water and electricity.

8. Other Operating Expenses:

- The decrease of \$567,180 is primarily due to:
 - A decrease of \$383,400 in Electricity which is in line with current year expenditures.
 - A decrease of \$261,795 in the Miscellaneous Insurance allocation due a decrease in the policy cost for the City.

9. Capital Outlay:

- The \$70,000 includes:
 - Housekeeping Equipment \$20,000
 - Landscape and Turf Equipment \$5,000
 - Operations Equipment \$20,000
 - Parking Equipment \$5,000
 - Technical Equipment \$20,000

EMPLOYEE CAP CHANGES:

There are no City employees associated with this sub-fund.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF SPORTS AND ENTERTAINMENT
EVERBANK FIELD – SMG (4A2)**

**PROPOSED BUDGET BOOK – Page #330-331
ON SCREEN – Page #336-337**

BACKGROUND:

SMG has been retained by the City to manage six public facilities which include Everbank Field, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for the Performing Arts, Prime Osborn Convention Center, and the Ritz Theatre and Museum. The term of the current contract between SMG and City is January 1, 2013 through February 29, 2016. In accordance with Ordinance 2014-289-E the contract is administered by the Office of Sports and Entertainment.

REVENUE:

Non-Departmental/Fund Level Activities:

Transfers from Other Funds:

1. The transfer of \$4,951,927 is from Everbank Field – City (4A1).

Office of Sports and Entertainment:

2. Charges for Services:

- The decrease of \$454,339 is primarily due to a decrease of \$217,711 in Parking Fees and a decrease of \$270,000 in Incentive Fees which is all attributable to not budgeting for the Country Music Fest.

3. Miscellaneous Revenue:

- The decrease of \$353,117 is primarily due to a decrease of \$211,295 in Rental of City Facilities and a decrease of \$137,482 in Concession Sales, which is related to not budgeting for the Country Music Fest.

EXPENDITURES:

Office of Sports and Entertainment:

4. Salaries:

- The increase of \$10,969 in Salaries is due to the reinstatement of annual merit increases.

5. Other Operating Expenses:

- The decrease of \$1,079,594 is primarily due to:
 - A decrease of \$860,814 in Contractual Services Expense due to not budgeting for the Country Music Fest.
 - A decrease of \$68,000 for Telephone and Data Lines to bring the expense in line with current year actuals.
 - A decrease of \$146,800 in Repairs and Maintenance.

**COUNCIL AUDITOR’S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR’S PROPOSED FY 2015/16 BUDGET
 OFFICE OF SPORTS AND ENTERTAINMENT
 EVERBANK FIELD – SMG (4A2)**

**PROPOSED BUDGET BOOK – Page #330-331
 ON SCREEN – Page #336-337**

- Game Day Expenses are included within the Contractual Services Expense of \$4,521,116. For fiscal year 2015/2016 the October 25th “home” game will be played in London. Below is a summary of Game Day Expenses:

	2014/2015 Approved	2015/2016 Proposed	Dollar Change	Percent Change
Game Day Budget per Game	\$ 246,896	\$ 251,490	\$ 4,594	2%
# of games budgeted	9	9	\$ -	0%
	<u>\$ 2,222,068</u>	<u>\$ 2,263,410</u>	<u>\$ 41,342</u>	<u>2%</u>
24 hour turnaround	-	-	\$ -	N/A
Holiday Game Cost	-	-	\$ -	N/A
Total Game Day Expenses	<u>\$ 2,222,068</u>	<u>\$ 2,263,410</u>	<u>\$ 41,342</u>	<u>2%</u>

- The increase in the Game Day Expense is due to additional NFL security mandates for the 2015 season.

EMPLOYEE CAP CHANGES:

There are no City employees associated with this sub-fund.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR’S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR’S PROPOSED FY 2015/16 BUDGET
 OFFICE OF SPORTS AND ENTERTAINMENT
 EVERBANK FIELD – DEBT SERVICE (S/F 4A6)**

**PROPOSED BUDGET BOOK – Page #156-157
 ON SCREEN – Page #162-163**

BACKGROUND:

SMG has been retained by the City to manage six public facilities which include Everbank Field, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for the Performing Arts, Prime Osborn Convention Center, and the Ritz Theatre. The Office of Sports and Entertainment created by Ordinance 2014-289-E, is the contract manager of the SMG contract. The term of the current contract between SMG and the City is January 1, 2013 through February 29, 2016. This sub-fund is for debt service specifically pertaining to Everbank Field.

REVENUE:

Non-Departmental/Fund Level Activities:

1. Miscellaneous Revenue:
 - The budgeted amount of \$119,352 is the projected Investment Pool Earnings for fiscal year 2015/2016.

2. Transfer In to Pay Debt Service:
 - The transfer of \$13,606,734 includes:
 - \$10,192,933 from the Everbank Field – City sub-fund (4A1)
 - \$3,413,801 from Sports Complex Capital Maintenance sub-fund (4G1)

EXPENDITURES:

Non-Departmental/Fund Level Activities:

1. Fiscal and Other Debt Fees:
 - The debt service payments include both principal and interest costs, which are based on a repayment schedule that was established at the time the bonds were issued. Below are the payments for fiscal year 2015/2016.

Account Title	Principal	Interest	Total
2012 Capital Improvement Revenue Refunding Bonds	\$5,240,000	\$5,041,850	\$10,281,850
Proposed Capital Improvement Bonds (North End Zone, Scoreboards and Wi-Fi)	\$1,750,000	\$1,693,336	\$ 3,443,336
Total	\$6,990,000	\$6,735,186	\$13,725,186

- Fiscal agent fees are budgeted at \$900.

EMPLOYEE CAP CHANGES:

There are no City positions associated with this sub-fund.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF SPORTS AND ENTERTAINMENT
MEMORIAL ARENA – CITY (4B1)**

**PROPOSED BUDGET BOOK – Page #332-333
ON SCREEN – Page #338-339**

BACKGROUND:

SMG has been retained by the City to manage six public facilities which include Everbank Field, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for the Performing Arts, Prime Osborn Convention Center, and the Ritz Theatre and Museum. The term of the current contract between SMG and City is January 1, 2013 through February 29, 2016. In accordance with Ordinance 2014-289-E the contract is administered by the Office of Sports and Entertainment.

REVENUE:

Non-Departmental/Fund Level Activities:

1. Miscellaneous Revenue:
 - The decrease of \$17,397 is due to a projected decrease in Investment Pool Earnings.

2. Transfers from Other Funds:
 - The transfer of \$1,507,323 is from the following:
 - \$337,410 from the General Fund/General Service District (S/F 011)
 - \$1,169,913 from Memorial Arena – SMG (4B2)

Office of Sports and Entertainment:

3. Charges for Services:
 - This includes the Facility fee and the decrease of \$25,000 is based on not hosting the NCAA tournament next fiscal year.

EXPENDITURES:

Office of Sports and Entertainment:

4. Internal Service Charges:
 - The decrease of \$23,168 is primarily due to decreases of \$19,183 in the Utilities Allocation. This allocation is only for the parking lot restroom building.

5. Other Operating Expenses:
 - The decrease of \$102,946 is primarily due to a decrease of \$125,291 for Miscellaneous Insurance due to a reduced cost for the policy to City.

6. Capital Outlay:
 - The \$50,000 consists of:
 - House Keeping Equipment \$15,000
 - Operations Equipment \$30,000
 - Technical Equipment \$5,000

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF SPORTS AND ENTERTAINMENT
MEMORIAL ARENA – CITY (4B1)**

**PROPOSED BUDGET BOOK – Page #332-333
ON SCREEN – Page #338-339**

EMPLOYEE CAP CHANGES:

There are no City employees associated with this sub-fund.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF SPORTS AND ENTERTAINMENT
MEMORIAL ARENA – SMG (4B2)**

**PROPOSED BUDGET BOOK – Page #334-335
ON SCREEN – Page #340-341**

BACKGROUND:

SMG has been retained by the City to manage six public facilities which include Everbank Field, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for the Performing Arts, Prime Osborn Convention Center, and the Ritz Theatre and Museum. The term of the current contract between SMG and City is January 1, 2013 through February 29, 2016. In accordance with Ordinance 2014-289-E the contract administrator is the Office of Sports and Entertainment.

REVENUES:

Office of Sports and Entertainment:

1. Charges for Services:

- The decrease of \$358,503 is due to primarily due to a decrease of \$334,616 in Contractual Services Revenue as a result of not hosting the NCAA basketball tournament next fiscal year.

2. Miscellaneous Revenue:

- The decrease of \$243,114 is primarily due to:
 - A decrease of \$252,906 in Rental of City Facilities attributable to not hosting the NCAA basketball tournament next fiscal year.
 - There is also a decrease in Concession Sales in the amount of \$74,848 which is offset by an increase in Advertising Fee of \$75,000. The Advertising Fee revenue is related to trade signage contracts.

EXPENDITURES:

Non-Departmental/Fund Level Activities:

3. Transfers to Other Funds:

- This is a transfer to Memorial Arena - City (4B1).

Office of Sports and Entertainment:

4. Salaries:

- The increase of \$62,599 is due to the reinstatement of annual merit increases.

5. Employer Provided Benefits:

- The increase of \$56,505 is primarily due to premium increases and changes in health elections.

6. Other Operating Expenses:

- The decrease of \$183,973 is primarily due to:
 - A decrease of \$266,820 in Contractual Services Expense due to not hosting the NCAA basketball tournament.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF SPORTS AND ENTERTAINMENT
MEMORIAL ARENA – SMG (4B2)**

**PROPOSED BUDGET BOOK – Page #334-335
ON SCREEN – Page #340-341**

- An increase of \$113,195 in Event Contribution. This expense is the amounts rebated to promoters for suite usage and trade signage contracts.

EMPLOYEE CAP CHANGES:

There are no City employees associated with this sub-fund

RECOMMENDATIONS:

1. SMG has requested that Advertising Fee revenue be increased by \$125,000 and increase the Event Contribution expense by \$125,000. This will more accurately reflect current year projections even though these two line items net out. This will have no impact to Special Council Contingency.

**COUNCIL AUDITOR’S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR’S PROPOSED FY 2015/16 BUDGET
 OFFICE OF SPORTS AND ENTERTAINMENT
 MEMORIAL ARENA – DEBT SERVICE (S/F 4B6)**

**PROPOSED BUDGET BOOK – Page #158-159
 ON SCREEN – Page #164-165**

BACKGROUND:

SMG has been retained by the City to manage six public facilities which include Everbank Field, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for the Performing Arts, Prime Osborn Convention Center, and the Ritz Theatre. The Office of Sports and Entertainment created by Ordinance 2014-289-E, is the contract manager of the SMG contract. The term of the current contract between SMG and the City is January 1, 2013 through February 29, 2016. This sub-fund is for debt service specifically pertaining to the Memorial Arena.

REVENUE:

Non-Departmental/Fund Level Activities:

1. Miscellaneous Revenue:
 - The budgeted amount of \$40,424 is the projected Investment Pool Earning for fiscal year 2015/2016.

2. Transfer In to Pay Debt Service:
 - The transfer of \$4,489,411 is from the Better Jacksonville Trust Fund (1I1) to pay Debt Service.

EXPENDITURES:

Non-Departmental/Fund Level Activities:

1. Fiscal and Other Debt Fees:
 - The debt service payment only includes interest. Below are the payments for fiscal year 2015/2016. Principal payments will begin in fiscal year 2023/2024.

Account Title	Principal	Interest
2012 Better Jacksonville Sales Tax Revenue Refunding Bonds	\$ -	\$ 1,611,335
2012A Better Jacksonville Sales Tax Revenue Refunding Bonds	\$ -	\$ 2,918,500
Total	\$ -	\$ 4,529,835

EMPLOYEE CAP CHANGES:

There are no City positions associated with this sub-fund.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF SPORTS AND ENTERTAINMENT
BASEBALL STADIUM – CITY (4C1)**

**PROPOSED BUDGET BOOK – Page #336-337
ON SCREEN – Page #342-343**

BACKGROUND:

SMG has been retained by the City to manage six public facilities which include Everbank Field, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for the Performing Arts, Prime Osborn Convention Center, and the Ritz Theatre and Museum. The term of the current contract between SMG and City is January 1, 2013 through February 29, 2016. In accordance with Ordinance 2014-289-E the contract administrator is the Office of Sports and Entertainment.

REVENUES:

Non-Departmental/Fund Level Activities:

1. Miscellaneous Revenue:

- This includes the revenue for Investment Pool Earnings with a proposed budget amount of \$16,461, with an increase of \$11,781 which is in line with current year collections.

2. Transfers from Other Funds:

- The transfer of \$1,331,269 is from the General Fund/General Service District (S/F 011).

Office of Sports and Entertainment:

3. Miscellaneous Revenue:

- The Jacksonville Baseball, LLC. rental payment budgeted for fiscal year 2015/2016 is \$109,141.

EXPENDITURES:

Non-Departmental/Fund Level Activities:

4. Transfers to Other Funds:

- The transfer of \$311,366 is to the Baseball Stadium – SMG (4C2).

Office of Sports and Entertainment:

5. Other Operating Expenses:

- The increase of \$716,608 is primarily due to:
 - \$700,000 budgeted for soccer operations. Pursuant to the contract between the City and Sunshine Soccer Group, LLC the City is responsible for the field conversions.
 - Increases of \$24,981 in Electricity, \$3,000 for Water and \$3,213 for Chilled Water due to the Armada games at the baseball stadium.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF SPORTS AND ENTERTAINMENT
BASEBALL STADIUM – CITY (4C1)**

**PROPOSED BUDGET BOOK – Page #336-337
ON SCREEN – Page #342-343**

6. Capital Outlay:

- The \$40,000 consists of:
 - Audio/Visual Equipment \$5,000
 - Housekeeping Equipment \$20,000
 - Operations Equipment \$10,000
 - Technical Equipment \$5,000

EMPLOYEE CAP CHANGES:

There are no City employees associated with this sub-fund.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF SPORTS AND ENTERTAINMENT
BASEBALL STADIUM – SMG (4C2)**

**PROPOSED BUDGET BOOK – Page #338-339
ON SCREEN – Page #344-345**

BACKGROUND:

SMG has been retained by the City to manage six public facilities which include Everbank Field, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for the Performing Arts, Prime Osborn Convention Center, and the Ritz Theatre and Museum. The term of the current contract between SMG and City is January 1, 2013 through February 29, 2016. In accordance with Ordinance 2014-289-E the contract administrator is the Office of Sports and Entertainment.

REVENUES:

Non-Departmental/Fund Level Activities:

1. Transfers from Other Funds:
 - The transfer of \$311,366 is from Baseball Stadium – City (4C1).

Office of Sports and Entertainment:

2. Charges for Services:
 - The increase of \$819,495 is due to:
 - An increase of \$82,150 in Parking Fees due to the Armada games. Any revenue collected in relation to parking for the soccer games are then remitted to Sunshine Soccer Group, LLC, which is shown in the increase of Contractual Services Expense.
 - An increase of \$725,195 in Contractual Services Revenue for the Armada games held at the ballpark.
3. Miscellaneous Revenue:
 - The increase of \$150,862 is primarily due to an increase in Rental of City Facilities due to the Armada Soccer games. Per the contract, Sunshine Soccer Group pays the City a ticket fee of \$1.00 to \$2.00 based on the attendance. In no event shall the ticket fee be less than \$4,000 or exceed \$10,000 per soccer game.

EXPENDITURES:

Office of Sports and Entertainment:

4. Salaries:
 - The increase of \$25,049 is due to the reinstatement of annual merit increases.
5. Other Operating Expenses:
 - The increase of \$803,589 is primarily due to an increase in Contractual Services Expense in relation to the Armada games held at the ball park.

EMPLOYEE CAP CHANGES:

There are no City employees associated with this sub-fund

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF SPORTS AND ENTERTAINMENT
BASEBALL STADIUM – SMG (4C2)**

**PROPOSED BUDGET BOOK – Page #338-339
ON SCREEN – Page #344-345**

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR’S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR’S PROPOSED FY 2015/16 BUDGET
 OFFICE OF SPORTS AND ENTERTAINMENT
 BASEBALL STADIUM – DEBT (4C6)**

**PROPOSED BUDGET BOOK – Page #160-161
 ON SCREEN – Page #166-167**

BACKGROUND:

SMG has been retained by the City to manage six public facilities which include Everbank Field, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for the Performing Arts, Prime Osborn Convention Center, and the Ritz Theatre. The Office of Sports and Entertainment created by Ordinance 2014-289-E, is the contract manager of the SMG contract. The term of the current contract between SMG and the City is January 1, 2013 through February 29, 2016. This sub-fund is for debt service specifically pertaining to the Baseball Stadium.

REVENUE:

Non-Departmental/Fund Level Activities:

1. Miscellaneous Revenue:
 - The budgeted amount of \$10,680 is the project Investment Pool Earnings for fiscal year 2015/2016.

2. Transfer In to Pay Debt Service:
 - The transfer of \$1,186,059 is from the Better Jacksonville Trust Fund (1I1) to pay Debt Service.

EXPENDITURES:

Non-Departmental/Fund Level Activities:

1. Fiscal and Other Debt Fees:
 - The debt service payment only includes interest. Below are the payments for fiscal year 2015/2016. There is a small \$10,000 principal payment in fiscal year 2022/2023 and then the rest of the principal payments will begin in fiscal year 2024/2025.

Account Title	Principal	Interest
2012 Better Jacksonville Sales Tax Revenue Refunding Bonds	\$ -	\$ 425,489
2012A Better Jacksonville Sales Tax Revenue Refunding Bonds	\$ -	\$ 771,250
Total	\$ -	\$ 1,196,739

EMPLOYEE CAP CHANGES:

There are no City positions associated with this sub-fund.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF SPORTS AND ENTERTAINMENT
TIMES UNION PERFORMING ARTS CENTER – CITY (4D1)**

**PROPOSED BUDGET BOOK – Page #340-342
ON SCREEN – Page #346-348**

BACKGROUND:

SMG has been retained by the City to manage six public facilities which include Everbank Field, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for the Performing Arts, Prime Osborn Convention Center, and the Ritz Theatre and Museum. The term of the current contract between SMG and City is January 1, 2013 through February 29, 2016. In accordance with Ordinance 2014-289-E the contract administrator is the Office of Sports and Entertainment.

REVENUES:

Non-Departmental/Fund Level Activities:

1. Transfers from Other Funds:

- The transfer of \$757,108 is from the General Fund/General Service District (S/F 011).

Office of Sports and Entertainment:

2. Charges for Services:

- The increase of \$50,000 is due to an increase in Facility Fees which is due to more events and higher attendance for an anticipated stronger Broadway season and the 50th anniversary of the FSCJ artist series.

EXPENDITURES:

Non-Departmental/Fund Level Activities:

3. Debt Service:

- The \$298,013 reflects this venue's debt expense that will be transferred to Performing Arts Center - Debt Service sub-fund (4D6).

4. Transfers to Other Funds:

- The transfer of \$122,090 is to Performing Arts Center – SMG (4D2).

Office of Sports and Entertainment:

5. Other Operating Expenses:

- The decrease of \$59,917 is primarily due to a decrease of \$72,447 in Miscellaneous Insurance expense due to a reduced policy cost to the City.

6. Capital Outlay:

- The \$20,000 includes:
 - Housekeeping Equipment \$5,000
 - Operations Equipment \$10,000
 - Technical Equipment \$5,000

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF SPORTS AND ENTERTAINMENT
TIMES UNION PERFORMING ARTS CENTER – CITY (4D1)**

**PROPOSED BUDGET BOOK – Page #340-342
ON SCREEN – Page #346-348**

EMPLOYEE CAP CHANGES:

There are no City employees associated with this sub-fund.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF SPORTS AND ENTERTAINMENT
TIMES UNION PERFORMING ARTS CENTER – SMG (4D2)**

**PROPOSED BUDGET BOOK – Page #344-345
ON SCREEN – Page #350-351**

BACKGROUND:

SMG has been retained by the City to manage six public facilities which include Everbank Field, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for the Performing Arts, Prime Osborn Convention Center, and the Ritz Theatre and Museum. The term of the current contract between SMG and City is January 1, 2013 through February 29, 2016. In accordance with Ordinance 2014-289-E the contract administrator is the Office of Sports and Entertainment.

REVENUES:

Non-Departmental/Fund Level Activities:

1. Transfers from Other Funds:
 - The transfer of \$122,090 is from Performing Arts Center – City (4D1).

Office of Sports and Entertainment:

2. Charges for Services:
 - The increase of \$249,662 is due to increases in Contractual Services Revenue of \$199,662 and Ticket Incentive Fee of \$50,000 which is due to an anticipated stronger Broadway season and the 50th anniversary of the FSCJ artist series.
3. Miscellaneous Revenue:
 - The increase of \$61,862 is primarily due to increases of \$19,193 in Rental of City Facilities and \$45,093 in Concession sales due to an anticipated stronger Broadway season and the 50th anniversary of the FSCJ artist series.

EXPENDITURES:

Office of Sports and Entertainment:

4. Salaries:
 - The increase of \$45,969 is due to the reinstatement of annual merit increases
5. Employer Provided Benefits:
 - The increase of \$20,995 is due to premium increases and changes in health elections.
6. Other Operating Expenses:
 - The increase of \$210,191 is primarily due to an increase of \$215,285 for Contractual Services expense due to an anticipated stronger Broadway season and the 50th anniversary of the FSCJ artist series.

EMPLOYEE CAP CHANGES:

There are no City employees associated with this sub-fund

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF SPORTS AND ENTERTAINMENT
TIMES UNION PERFORMING ARTS CENTER – SMG (4D2)**

**PROPOSED BUDGET BOOK – Page #344-345
ON SCREEN – Page #350-351**

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2015/16 BUDGET
 OFFICE OF SPORTS AND ENTERTAINMENT
 TIMES UNION PERFORMING ARTS CENTER – DEBT (4D6)**

**PROPOSED BUDGET BOOK – Page #162-163
 ON SCREEN – Page #168-169**

BACKGROUND:

SMG has been retained by the City to manage six public facilities which include Everbank Field, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for the Performing Arts, Prime Osborn Convention Center, and the Ritz Theatre. The Office of Sports and Entertainment created by Ordinance 2014-289-E, is the contract manager of the SMG contract. The term of the current contract between SMG and the City is January 1, 2013 through February 29, 2016. This sub-fund is for debt service specifically pertaining to the Times Union Performing Arts Center.

REVENUE:

Non-Departmental/Fund Level Activities:

1. Miscellaneous Revenue:
 - The budgeted amount of \$1,887 is the projected Investment Pool Earnings for fiscal year 2015/2016.

2. Transfer In to Pay Debt Service:
 - The transfer of \$298,013 is from Performing Arts Center – City (4D1).

EXPENDITURES:

Non-Departmental/Fund Level Activities:

1. Fiscal and Other Debt Fees:
 - The debt service payments include both principal and interest costs, below are the payments for fiscal year 2015/2016.

Account Title	Principal	Interest	Total
2012C Special Revenue Refunding Bonds	\$259,000	\$ 40,900	\$ 299,900

EMPLOYEE CAP CHANGES:

There are no City positions associated with this sub-fund.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF SPORTS AND ENTERTAINMENT
PRIME OSBORN CONVENTION CENTER – CITY (4E1)**

**PROPOSED BUDGET BOOK – Page #346-347
ON SCREEN – Page #352-353**

BACKGROUND:

SMG has been retained by the City to manage six public facilities which include Everbank Field, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for the Performing Arts, Prime Osborn Convention Center, and the Ritz Theatre and Museum. The term of the current contract between SMG and City is January 1, 2013 through February 29, 2016. In accordance with Ordinance 2014-289-E the contract administrator is the Office of Sports and Entertainment.

REVENUE:

Non-Departmental/Fund Level Activities:

1. Transfers from Other Funds:
 - The transfer of \$1,152,238 is from the General Fund/General Service District (S/F 011).

EXPENDITURES:

Non-Departmental/Fund Level Activities:

2. Transfers to Other Funds:
 - The transfer of \$584,117 is going to Convention Center – SMG (4E2).

Office of Sports and Entertainment:

3. Internal Service Charges:
 - The increase of \$36,630 is primarily due to an allocation of Building Maintenance – Citywide, which was not budgeted in fiscal year 2014/2015.
4. Other Operation Expenses:
 - The decrease of \$44,943 is primarily due to a decrease of \$49,753 for Miscellaneous Insurance based on a reduced policy cost for the City.
5. Capital Outlay:
 - The \$50,000 includes:
 - Audio/Visual Equipment \$5,000
 - Housekeeping Equipment \$20,000
 - Operations Equipment \$30,000
 - Technical Equipment \$5,000

EMPLOYEE CAP CHANGES:

There are no City employees associated with this sub-fund.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF SPORTS AND ENTERTAINMENT
PRIME OSBORN CONVENTION CENTER – SMG (4E2)**

**PROPOSED BUDGET BOOK – Page #348-349
ON SCREEN – Page #354-355**

BACKGROUND:

SMG has been retained by the City to manage six public facilities which include Everbank Field, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for the Performing Arts, Prime Osborn Convention Center, and the Ritz Theatre and Museum.. The term of the current contract between SMG and City is January 1, 2013 through February 29, 2016. In accordance with Ordinance 2014-289-E the contract administrator is the Office of Sports and Entertainment.

REVENUES:

Non-Departmental/Fund Level Activities:

1. Transfers from Other Funds:
 - The transfer of \$584,117 is from Convention Center – City (4E1)

Office of Sports and Entertainment:

2. Charges for Services:
 - The increase of \$28,905 is due to an increase of \$36,566 in Contractual Service revenue based on current year projections.
3. Miscellaneous Revenue:
 - The increase of \$65,365 due to the following:
 - There is an increase of \$26,287 in Rental of City Facilities due to current year projections.
 - There is an increase of \$39,978 in Concession Sales due to current year projections.

EXPENDITURES:

Office of Sports and Entertainment:

4. Salaries:
 - The increase of \$22,679 is due to the reinstatement of annual merit increases.
5. Employer Provided Benefits
 - The increase of \$20,220 is primarily due to an increase of \$16,590 for health insurance as a result of premium increases and changes in health elections.
6. Other Operating Expenses:
 - The increase of \$115,045 is primarily due to an increase of \$131,731 in Contractual Services expense due to the types of events held at the venue.

EMPLOYEE CAP CHANGES:

There are no City employees associated with this sub-fund.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF SPORTS AND ENTERTAINMENT
PRIME OSBORN CONVENTION CENTER – SMG (4E2)**

**PROPOSED BUDGET BOOK – Page #348-349
ON SCREEN – Page #354-355**

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF SPORTS AND ENTERTAINMENT
SPORTS COMPLEX CAPITAL MAINTENANCE (4G1)**

**PROPOSED BUDGET BOOK – Page #112-113
ON SCREEN – Page #118-120**

BACKGROUND:

Ordinance 2009-817-E mandates that the Convention Development Tax collected pursuant to Municipal Code Chapter 764, be allocated to the Sports Complex Capital Maintenance Enterprise Fund. The 4G1 sub-fund was established for this purpose. These funds are to be used exclusively to construct, extend, enlarge, remodel, repair, improve or maintain the Sports Complex which includes Everbank Field, Memorial Arena and the Jacksonville Baseball Stadium. Pursuant to Section 7(d) of Amendment #12 to the Jaguar Lease, the City will use part of the Convention Development Tax revenues to make the principal and interest payments on the \$43,109,000 City share of the new stadium improvements. This is an all years fund.

REVENUES:

Non-Departmental/Fund Level Activities:

1. Taxes:

- In fiscal year 2014/2015, excess revenue totaling \$1,161,026 that had accumulated in the fund was appropriated along with the current year's anticipated revenues of \$5,200,778. In the proposed fiscal year 2015/2016, only the anticipated revenue of \$5,835,201 is being budgeted. Although the proposed budget book reflects a decrease of \$526,603, the Convention Development Tax is actually expected to increase \$634,423, from \$5,200,778 to \$5,835,201.

2. Miscellaneous Revenue:

- The decrease of \$33,439 is due to a projected decrease for Investment Pool Earnings for fiscal year 2015/2016.

3. Other Sources:

- This is excess revenue within Long Term Debt Issued that is being appropriated to cover the Administrative Support Costs for a debt issuance.

EXPENDITURES:

Non-Departmental/Fund Level Activities:

4. Debt Service:

- The decrease of \$3,271,723 is due to excess capacity for the transfer to Everbank Field – Debt (4A6) for the new stadium improvements since bonds were not issued in the current fiscal year. These funds were appropriated in fiscal year 2014/2015 and will remain available to transfer to Everbank Field – Debt (4A6) in fiscal year 2015/2016 since this fund is an all years fund.

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2015/16 BUDGET
 OFFICE OF SPORTS AND ENTERTAINMENT
 SPORTS COMPLEX CAPITAL MAINTENANCE (4G1)**

**PROPOSED BUDGET BOOK – Page #112-113
 ON SCREEN – Page #118-120**

Office of Economic Development:

5. Capital Outlay:

- As mentioned above the appropriation of \$301,000 is for Administrative Support Costs which are charges related to a debt issuance.

Office of Sports and Entertainment:

6. Capital Outlay:

- The increase of \$2,673,165 in capital outlay is due to having additional capacity for projects since bonds were not issued in the current fiscal year.
- The Capital Funding for each of the venues is listed in detail on the following page.

	Description	Amount
<u>Everbank Field</u>		
Audio/Visual/Scoreboard/Broadcast	Concourse Speakers, Control Room Equipment, TVs	\$ 155,000
Building Systems	Fire Alarm Panel, Hot Water Heaters, HVAC Equipment	\$ 1,952,500
Exterior Finishes	SEZ Metal Infill Seating Supports, NEZ Wind Deterrent	\$ 299,703
Furniture, Fixtures and Equipment	Terrace Suite Furniture, Cabana Furniture, Utility Carts	\$ 105,000
Interior Finishes	Suite Renovations, Suite/Club Finishes, Officials LR	\$ 778,500
Network and Computer Systems	Network Devices	\$ 50,000
Security and Access Control	Walk-thru Mags, Cameras	\$ 600,000
Waterproofing	Continued Work	\$ 150,000
	Total	\$ 4,090,703
<u>Baseball Stadium</u>		
Building Systems	HVAC, Electrical, Plumbing	\$ 47,000
Exterior Finishes	Right Field Concourse Pavilion	\$ 250,000
Network and Computer Systems	Network and Computer Systems	\$ 20,000
Waterproofing	Continued Work	\$ 25,000
	Total	\$ 342,000
<u>Memorial Arena</u>		
Audio/Visual/Scoreboard/Broadcast	Electronic Signage, Control Room	\$ 750,000
Building Systems	HVAC, Electrical, Lighting	\$ 40,000
Furniture, Fixtures and Equipment	Arena Football Field	\$ 85,000
Interior Finishes	St. Johns Suite, Office Locker Room Finishes	\$ 107,158
Network and Computer Systems	Wi-Fi	\$ 300,000
	Total	\$ 1,282,158
	Total Requested Projects	\$ 5,714,861

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF SPORTS AND ENTERTAINMENT
SPORTS COMPLEX CAPITAL MAINTENANCE (4G1)**

**PROPOSED BUDGET BOOK – Page #112-113
ON SCREEN – Page #118-120**

EMPLOYEE CAP CHANGES:

There are no City employees associated with this sub-fund.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF SPORTS AND ENTERTAINMENT
RITZ THEATRE – CITY (4H1)**

**PROPOSED BUDGET BOOK – Page #350-351
ON SCREEN – Page #356-357**

BACKGROUND:

SMG has been retained by the City to manage six public facilities which include Everbank Field, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for the Performing Arts, Prime Osborn Convention Center, and the Ritz Theatre and Museum. The term of the current contract between SMG and City is January 1, 2013 through February 29, 2016. In accordance with Ordinance 2014-289-E the contract administrator is the Office of Sports and Entertainment.

REVENUE:

Non-Departmental/Fund Level Activities:

1. Transfers from Other Funds:
 - The transfer of \$939,432 is from the General Fund/General Service District (S/F 011).

EXPENDITURES:

Non-Departmental/Fund Level Activities:

2. Transfers to Other Funds:
 - The transfer of \$787,445 is a transfer to Ritz Theatre – SMG (4H2).

Office of Sports and Entertainment:

3. Internal Service Charges:
 - The increase of \$27,845 is primarily due to a budgeted Building Maintenance – Citywide allocation in the amount of \$29,039.
4. Capital Outlay:
 - The \$25,000 includes:
 - Audio/Visual Equipment \$5,000
 - Housekeeping Equipment \$10,000
 - Operations Equipment \$5,000
 - Technical Equipment \$5,000

EMPLOYEE CAP CHANGES:

There are no City employees associated with this sub-fund.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF SPORTS AND ENTERTAINMENT
RITZ THEATRE – SMG (4H2)**

**PROPOSED BUDGET BOOK – Page #352-354
ON SCREEN – Page #358-360**

BACKGROUND:

SMG has been retained by the City to manage six public facilities which include Everbank Field, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for the Performing Arts, Prime Osborn Convention Center, and the Ritz Theatre and Museum. The term of the current contract between SMG and City is January 1, 2013 through February 29, 2016. In accordance with Ordinance 2014-289-E the contract administrator is the Office of Sports and Entertainment.

REVENUE:

Non-Departmental/Fund Level Activities:

1. Transfers from Other Funds:
 - The \$787,445 transfer is from Ritz Theatre – City (4H1).

Office of Sports and Entertainment:

2. Charges for Services:
 - The increase of \$68,000 is primarily due to an increase of \$62,000 in Contractual Services Revenue in anticipation of booking higher caliber events at the venue.
3. Miscellaneous Revenue:
 - The increase of \$114,320 is due to:
 - An increase of \$85,655 for Rental of City Facilities which is based on current year projections.
 - A budgeted amount of \$28,915 for Concession Sales. This was not originally budgeted in fiscal year 2014/2015.

EXPENDITURES:

Office of Sports and Entertainment:

4. Salaries:
 - The increase of \$17,314 is due to the reinstatement of annual merit increases.
5. Other Operating Expenses:
 - The increase of \$160,034 is primarily due to the following:
 - A budgeted amount of \$8,530 for an allocation of the Management Fee.
 - An increase of \$137,185 in Contractual Services expense due to the anticipation of booking higher caliber events at the venue.
 - An increase of \$27,500 in Advertising and Promotion for a stronger advertising campaign in fiscal 2015/2016.

EMPLOYEE CAP CHANGES:

There are no City Employees associated with this sub-fund.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2015/16 BUDGET
OFFICE OF SPORTS AND ENTERTAINMENT
RITZ THEATRE – SMG (4H2)**

**PROPOSED BUDGET BOOK – Page #352-354
ON SCREEN – Page #358-360**

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
DOWNTOWN NORTHBANK EAST TAX INCREMENT DISTRICT USD1C (SUB-FUND 181)
2015/16 MAYOR'S PROPOSED BUDGET**

	2014/15	2015/16	ORIGINAL TO PROPOSED	
	ORIGINAL BUDGET	PROPOSED BUDGET	DOLLAR CHANGE	PERCENT CHANGE
TAXABLE VALUES & RATES				
Base Year	1984	1984		
Preliminary Taxable Values	\$ 330,483,996	\$ 388,926,393	\$ 58,442,397	17.7%
Less Taxable Value in Base Year	201,743,546	201,743,546	-0-	0.0%
Taxable Value Incremental Increases	\$ 128,740,450	\$ 187,182,847	\$ 58,442,397	45.4%
Taxable Value Percentage Changes	63.8%	92.8%		
Operating Millage Rates	11.4419 mills	11.4419 mills		
Collection Rate	95.0%	95.0%		
REVENUES				
Ad Valorem Taxes - General Fund/GSD	\$ 1,399,384	\$ 2,034,641	\$ 635,257	45.4%
Transfer from General Fund/GSD	2,678,334	1,659,266	(1,019,068)	(38.0%)
Transfer from Northside West TID	782,339	1,752,749	970,410	124.0%
Transfer from Fund Balance	577,589	-0-	(577,589)	(100.0%)
Total Revenues	\$ 5,437,646	\$ 5,446,656	\$ 9,010	0.2%
EXPENDITURES				
Other Operating Expenses:				
(A) Vestcor (Lynch Building) - Payback	\$ 1,294,313	\$ 1,294,313	-0-	0.0%
(B) MPS Arena and Sports Complex Garages	1,937,920	1,944,952	7,032	0.4%
Subtotal Other Operating Expenses	3,232,233	\$ 3,239,265	7,032	0.2%
Debt Service:				
2006C ETR, Carling	2,130,413	2,132,391	1,978	0.1%
Transfers to Other Funds:				
(C) Contribution to Community Development (Subfund 1A1)	75,000	75,000	-0-	0.0%
Total Expenditures	\$ 5,437,646	\$ 5,446,656	\$ 9,010	0.2%

FOOTNOTES

- (A) This represents the annual loan repayment to the Self-Insurance fund (Subfund 561) for the Lynch Building/11E redevelopment project. The City borrowed \$17,816,000 from the City's Self-Insurance fund to finance the project. The loan is scheduled to be paid off on 10/1/2021 and a balloon payment of \$8,290,401 will be due at the last payment.
- (B) The City has an agreement with MPS in which the City guarantees a return on MPS's investment in three downtown parking garages. The City makes semi-annual loans to MPS in order to insure cash flows sufficient to cover all operating and ownership expenses, required reserves, a 6.75% return on the \$3 million ownership equity (8.75% if performance goals are met) and a Debt Service Coverage Ratio of 1.0.
- (C) The Contribution to Community Development is the annual payment on the CDBG loan for the Museum of Contemporary Art. This is an interest-free loan of \$1,500,000 to be repaid in twenty annual installments of \$75,000. The FY 2015/16 payment is the 16th installment.

RECOMMENDATION:

- An expenditure of \$14,500 was erroneously left out of the FY 2015/16 proposed budget for the Northside West TID (Subfund 183). This will decrease the funds available to transfer from Subfund 183 to Subfund 181 by \$14,500. We recommend increasing the General Fund transfer in by \$14,500 and decreasing the transfer in from the Northside West TID by the same amount. This will have a negative impact of (\$14,500) on Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
SOUTHBANK TAX INCREMENT DISTRICT USD1 A (SUB-FUND 182)
2015/16 MAYOR'S PROPOSED BUDGET**

	2014/15	2015/16	ORIGINAL TO PROPOSED	
	ORIGINAL BUDGET	PROPOSED BUDGET	DOLLAR CHANGE	PERCENT CHANGE
TAXABLE VALUES & RATES				
Base Year	1980	1980		
Preliminary Taxable Values	\$ 417,433,567	\$ 405,232,848	\$ (12,200,719)	(2.9%)
Less Taxable Value in Base Year	89,127,781	89,127,781	-	
Taxable Value Incremental Increase	\$ 328,305,786	\$ 316,105,067	\$ (12,200,719)	(3.7%)
Taxable Value Percentage Increases	368.4%	354.7%		
Operating Millage Rates	11.4419 mills	11.4419 mills		
Collection Rate	95.0%	95.0%		

REVENUES				
Ad Valorem Taxes - GF / GSD	\$ 3,568,620	\$ 3,436,000	\$ (132,620)	(3.7%)
(A) Debt Repayment Revenue (Hilton)	55,000	55,000	-	0.0%
Total Revenues	\$ 3,623,620	\$ 3,491,000	\$ (132,620)	(3.7%)

EXPENDITURES				
Debt Service:				
(B) HUD Section 108, Hampton Inn	\$ 66,077	-0-	\$ (66,077)	(100.0%)
(B) HUD Section 108, Hilton Hotel	304,972	-0-	(304,972)	(100.0%)
(C) 05A ETR, Strand	189,494	-0-	(189,494)	(100.0%)
(C) 2014 Special Revenue, Strand	-0-	176,858	176,858	N/A
Subtotal Debt Service	560,543	176,858	(383,685)	(68.4%)
(D) Other Operating Expenses	1,292,535	1,030,453	(262,082)	(20.3%)
Transfers to Other Funds:				
(E) Transfer Out to General Fund/GSD	150,000	343,600	193,600	129.1%
(F) Transfer Out to Subfund 32U	1,620,542	1,940,089	319,547	19.7%
Subtotal Transfers Out	1,770,542	2,283,689	513,147	29.0%
Total Expenditures	\$ 3,623,620	\$ 3,491,000	\$ (132,620)	(3.7%)

FOOTNOTES

(A) Hilton is required to repay a portion of the HUD debt, which is first applied to their property taxes. If the taxes are insufficient to cover the obligation, Hilton must make an additional payment to cover the difference. FY 2015/16 will be final year applicable to this provision.

(B) The final debt service payments for these HUD Section 108 loans were budgeted in FY 2014/15.

(C) The 2005A ETR RAMCO debt was refunded in FY 2014/15 by the Special Revenue and Refunding Bonds, Series 2014.

(D) Other Operating Expenses includes the following items:

	2014/15	2015/16		
San Marco Place (REV grant)	280,000	150,000	(130,000)	(46.4%)
Strand/Peninsula (REV grant)	1,012,535	880,453	(132,082)	(13.0%)
Total	\$ 1,292,535	\$ 1,030,453	\$ (262,082)	(20.3%)

(E) This transfer represents funding to the Downtown Investment Authority (DIA) for administrative and overhead costs pursuant to Ord. 2012-364-E.

(F) Ord. 2014-580-E authorized up to 90% of the remaining funds after all obligations have been paid to be allocated to the Riverplace Boulevard Improvement project, capped at \$5.5 million.

RECOMMENDATIONS: None.

**COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
DOWNTOWN NORTHBANK WEST TAX INCREMENT DISTRICT USD1B (SUB-FUND 183)
2015/16 MAYOR'S PROPOSED BUDGET**

	2014/15	2015/16	ORIGINAL TO PROPOSED	
	ORIGINAL BUDGET	PROPOSED BUDGET	DOLLAR CHANGE	PERCENT CHANGE
TAXABLE VALUES & RATES				
Base Year	1981	1981		
Preliminary Taxable Values	\$ 536,185,323	\$ 569,549,700	\$ 33,364,377	6.2%
Less Taxable Value in Base Year	214,636,423	214,636,423	-0-	0.0%
Taxable Value Incremental Increases	\$ 321,548,900	\$ 354,913,277	\$ 33,364,377	10.4%
Taxable Value Percentage Changes	149.8%	165.4%		
Operating Millage Rates	11.4419 mills	11.4419 mills		
Collection Rate	95.0%	95.0%		
REVENUES				
Ad Valorem Taxes - GF / GSD	\$ 3,495,174	\$ 3,857,838	\$ 362,664	10.4%
EXPENDITURES				
Other Operating Expenses:				
(A) MPS Urban Core Garage	\$ 1,752,711	\$ 2,105,089	\$ 352,378	20.1%
JTA/Fidelity Parking Lease	14,500	-0-	(14,500)	(100.0%)
(B) Hallmark REV grant	200,624	-0-	(200,624)	(100.0%)
(B) Pope & Land REV grant	745,000	-0-	(745,000)	(100.0%)
Subtotal Other Operating Expenses	\$ 2,712,835	\$ 2,105,089	\$ (607,746)	(22.4%)
Transfers to Other Funds:				
Transfer to Downtown East TID (SF 181)	782,339	1,752,749	970,410	124.0%
Total Expenditures	\$ 3,495,174	\$ 3,857,838	\$ 362,664	10.4%

FOOTNOTES

(A) The City has an agreement with MPS in which the City guarantees a return on MPS's investment in three downtown parking garages. The City makes semi-annual loans to MPS in order to insure cash flows sufficient to cover all operating and ownership expenses, required reserves, a 6.75% return on the \$3 million ownership equity (8.75% if performance goals are met) and a Debt Service Coverage Ratio of 1.0. The MPS subsidy for the Urban Core (Courthouse) Garage is projected to increase due to a projected decrease in monthly parking lease revenues.

(B) The Hallmark and Pope & Land projects are still under construction and are not yet eligible for REV grant payments.

COMMENT:

- As stated on the Northbank East TID handout, \$14,500 for the JTA/Fidelity parking lease was not included in the Mayor's proposed budget for Subfund 183. This will decrease the Transfer to Downtown East TID by \$14,500 to \$1,738,249.

**COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
JACKSONVILLE BEACH TAX INCREMENT DISTRICTS USD2 A&B (SUB-FUND 184)
2015/16 MAYOR'S PROPOSED BUDGET**

	2014/15	2015/16	ORIGINAL TO PROPOSED	
	ORIGINAL BUDGET	PROPOSED BUDGET	DOLLAR CHANGE	PERCENT CHANGE
TAXABLE VALUES & RATES				
Base Years	1983 & 1986	1983 & 1986		
Preliminary Taxable Values	\$ 774,136,751	\$ 823,983,697	\$ 49,846,946	6.4%
Less Taxable Value in Base Years	48,790,640	48,790,640	-	0.0%
Taxable Value Incremental Increases	\$ 725,346,111	\$ 775,193,057	\$ 49,846,946	6.9%
Taxable Value Percentage Increases	1486.7%	1588.8%		
Operating Millage Rates	8.1512 mills	8.1512 mills		
Collection Rate	95.0%	95.0%		
REVENUES				
Ad Valorem Taxes - GF / GSD	\$ 5,616,819	\$ 6,002,816	\$ 385,997	6.9%
EXPENDITURES				
Contribution to Jacksonville Beach	\$ 5,616,819	\$ 6,002,816	\$ 385,997	6.9%

Percentage of USD2 Taxes Received by City of Jacksonville

	<u>Countywide Levy</u>	<u>USD2 Levy</u>	
2015/16 Beaches Preliminary Taxable Values	\$ 2,898,936,638	\$ 2,898,936,638	
Levy (A)	11.4419 mills	8.1512 mills	
Collection Rate	95.0%	95.0%	
Taxes	\$ 31,510,876	\$ 22,448,322	
Less TIF	-	6,002,816	
Net Revenue to City	\$ 31,510,876	\$ 16,445,506	
	100.00%	52.19%	

- Percentage of countywide levy collected from USD2 after TIF and Interlocal Agreement reductions.

FOOTNOTES

(A) 8.1512 mills is 3.2907 mills less than the General Service District millage. Per the interlocal agreement, Jacksonville Beach's millage rate shall be 3.2907 mills less than the General Service District rate. The USD2 levy is 71.24% of the 11.4419 mill rate levied county-wide.

RECOMMENDATIONS: None.

**COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
JACKSONVILLE INTERNATIONAL AIRPORT AREA REDEVELOPMENT
TAX INCREMENT DISTRICT GSA (SUB-FUND 185)
2015/16 MAYOR'S PROPOSED BUDGET**

	2014/15	2015/16	ORIGINAL TO PROPOSED	
	ORIGINAL BUDGET	PROPOSED BUDGET	DOLLAR CHANGE	PERCENT CHANGE
TAXABLE VALUES & RATES				
Base Year	1990	1990		
Preliminary Taxable Values	\$ 792,029,791	\$ 833,136,921	\$ 41,107,130	5.2%
Less Taxable Value in Base Year	189,200,262	189,200,262	-0-	0.0%
Taxable Value Incremental Increases	<u>\$ 602,829,529</u>	<u>\$ 643,936,659</u>	<u>\$ 41,107,130</u>	<u>6.8%</u>
Taxable Value Percentage Increases	318.6%	340.3%		
Operating Millage Rates	11.4419 mills	11.4419 mills		
Collection Rate	95.0%	95.0%		
REVENUES				
Ad Valorem Taxes - GF / GSD	<u>\$ 6,552,639</u>	<u>\$ 6,999,466</u>	<u>\$ 446,827</u>	<u>6.8%</u>
EXPENDITURES				
Other Operating Expenses:				
RAMCO (REV)	\$ 415,000	\$ 460,158	\$ 45,158	10.9%
Debt Service:				
HUD Section 108, 1997, Body Armor	83,437	81,643	(1,794)	(2.2%)
(A) 05A ETR, RAMCO	1,110,879	-0-	(1,110,879)	(100.0%)
(A) 2014 Special Revenue, RAMCO	-0-	473,734	473,734	N/A
Subtotal Debt Service	<u>1,194,316</u>	<u>\$ 555,377</u>	<u>(638,939)</u>	<u>(53.5%)</u>
Transfers to Other Funds:				
(B) Transfer Out to TID Capital Project Subfund 32T	3,400,000	3,400,000	-0-	0.0%
Cash Carryover	<u>1,543,323</u>	<u>2,583,931</u>	<u>1,040,608</u>	<u>67.4%</u>
Total Expenditures	<u>\$ 6,552,639</u>	<u>\$ 6,999,466</u>	<u>\$ 446,827</u>	<u>6.8%</u>

FOOTNOTES

(A) The 2005A ETR RAMCO debt was refunded in FY 2014/15 by the Special Revenue and Refunding Bonds, Series 2014.

(B) The FY 2015/16 proposed transfer represents funding appropriated by Ord. 2012-492-E for the "North Access" project which includes 1) the construction of a new connecting roadway between SSR 102/Airport Road and Pecan Park Road and 2) the reconstruction of Pecan Park Road to a four-lane, divided, curb and gutter roadway with bike lanes and sidewalks from I-95 to the west of the intersection with the JIA North Access Road and I-95/Pecan Park Road interchange improvements. Ord. 2012-492-E authorized up to \$3.4 million annually in FY 2014/15, FY 2015/16, and FY 2016/17 not to exceed a total of \$10 million (unless no other JIA/CRA planned projects are funded in a given year, in which case more funds could be allocated from the JIA/CRA) to fund the North Access Road project.

RECOMMENDATIONS: None.

**COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
SOUTEL-MONCRIEF TAX INCREMENT DISTRICT GSK (SUB-FUND 186)
2015/16 MAYOR'S PROPOSED BUDGET**

	<u>2014/15 ORIGINAL BUDGET</u>	<u>2015/16 PROPOSED BUDGET</u>	<u>ORIGINAL TO PROPOSED</u>	
			<u>DOLLAR CHANGE</u>	<u>PERCENT CHANGE</u>
TAXABLE VALUES & RATES				
Base Year	<u>2008</u>	<u>2008</u>		
Preliminary Taxable Values	\$ 106,209,055	\$ 117,453,321	\$ 11,244,266	10.6%
Less Taxable Value in Base Year	<u>71,064,917</u>	<u>71,064,917</u>	-	0.0%
Taxable Value Incremental Increases	<u>\$ 35,144,138</u>	<u>\$ 46,388,404</u>	<u>\$ 11,244,266</u>	32.0%
Taxable Value Percentage Increases	49.5%	65.3%		
Operating Millage Rates	11.4419 mills	11.4419 mills		
Collection Rate	95.0%	95.0%		
REVENUES				
Ad Valorem Taxes - GF / GSD	<u>\$ 382,010</u>	<u>\$ 504,233</u>	<u>\$ 122,223</u>	32.0%
EXPENDITURES				
Cash Carryover (A)	<u>\$ 382,010</u>	<u>\$ 504,233</u>	<u>\$ 122,223</u>	32.0%
FOOTNOTES				

(A) Funds placed in cash carryover must be appropriated by the City Council before they can be used.

RECOMMENDATIONS: None.