

# **OFFICE OF THE COUNCIL AUDITOR**

## **FY 2016/2017 PROPOSED BUDGET**

### **FINANCE COMMITTEE MEMBERS**

**Anna Lopez Brosche – Chair**  
**Matt Schellenberg – Vice Chair**  
**Greg Anderson**  
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**Katrina Brown**  
**Bill Gulliford**  
**Samuel Newby**



**Meeting #4**  
**August 19, 2016**

**COUNCIL AUDITOR'S OFFICE  
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**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2016/17 BUDGET  
PUBLIC WORKS  
LOCAL OPTION ½ CENT TRANSPORTATION (S/F 142)**

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**PROPOSED BUDGET BOOK – Page # 343-344**

**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:**

Taxes

- The budgeted amount represents the revenues estimated to be generated from the local option half-cent sales tax. The revenue is budgeted to increase 2.1% for FY 2016/17.

**EXPENDITURES:**

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  
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PUBLIC WORKS  
LOCAL OPTION GAS TAX (S/F 143)**

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**PROPOSED BUDGET BOOK – Page # 35 - 36**

**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:**

Taxes

- The budgeted amount represents the revenues estimated to be generated from the local option gas tax. (See Recommendation) The revenue is expected to increase by 3% for FY 2016/17.

**EXPENDITURES:**

Capital Outlay

- The funding of \$4,884,469 for Capital Outlay represents the one cent of Local Option Gas Tax retained for City use per the Interlocal Agreement as revised by Ordinance 2013-820-E between the City and JTA. (See Recommendation) The \$4,884,469 will be used to fund the following City projects:

<b>SF</b>	<b>Dept.</b>	<b>Project Name</b>	<b>Expenditures</b>
143	PW	Sidewalk/Curb Construction and Repair	\$ 231,290.00
143	PW	Countywide Intersection Improvements and Bridge Rehabilitation - Bridges	545,869.00
143	PW	Old Kings Road Bridge Replacement	1,605,000.00
143	PW	Countywide Intersection Improvements and Bridge Rehabilitation - Intersections	501,706.00
143	PW	Roadway Safety Project - Pedestrian Crossings	245,604.00
143	PW	Flasher Clocks for School Zones	500,000.00
143	PW	Traffic Street Lights	75,000.00
143	PW	Roadway Sign Stripe and Signal	1,180,000.00

**Total** \$4,884,469.00

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PUBLIC WORKS  
LOCAL OPTION GAS TAX (S/F 143)**

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**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. The decrease of (\$3,749,317) in “Grants, Aids & Contributions” is due to a full year of JTA receiving five of every six cents collected of the Local Option Gas Tax. (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 increasing the Local Option Gas Tax revenues by \$1,149,853 from \$29,306,814 to \$30,456,667, in order to correct a formula error in the Budget's Office spreadsheet projection. We also recommend increasing the amount to be transferred to JTA by \$958,211 from \$24,422,345 to \$25,380,556 to account for JTA's five of every six cents of the Local Option Gas Tax. In addition, we recommend increasing “Other Construction Costs” by \$191,642 from \$4,884,469 to \$5,076,111 within Subfund 143 to account for the City's one cent of every six cent of the Local Option Gas Tax. We recommend that the Finance Committee evaluate these additional dollars during the CIP review to determine which projects the additional funds of \$191,642 should be applied to.

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

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**PROPOSED BUDGET BOOK – Page #125 - 126**

**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.

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 \$111,840 is primarily due to proposed salary adjustments in full-time salaries and the addition of two funded positions, one in Legislative Services and one in Value Adjustment Board, all totaling \$119,891, and an increase in leave rollback/sellback of \$5,515. This is offset by a decrease in part-time salaries of \$9,776 and special pay – pensionable of \$3,790. City Council Members are budgeted to have the same base salary as those Council Members in FY 2010-11. 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. Pension Costs

- The net increase of \$95,571 in pension costs is due to the increase in the salary line item noted above and the increase in the percentage contributions based on the actuarial study. General Employee pension contribution rates are increasing from 33.50% to 37.09% in fiscal year 2016/17. The FRS Elected Officials' pension contribution rates are increasing slightly from 42.27% to 42.47% in fiscal year 2016/17.

3. Employer Provided Benefits

- The net increase of \$23,802 is due primarily to an increase of \$26,059 in Group Hospitalization due to the addition of two new funded positions and changes in the type of health care coverage selected by employees.

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**PROPOSED BUDGET BOOK – Page #125 - 126**

**4. Internal Service Charges**

- The net increase of \$190,696 is mainly being driven by an increase in OGC legal charges (\$114,926) based on current year actuals, and an increase in computer system maintenance/security (\$66,420) due to a change in ITD's billing methodology and planned projects regarding the Value Adjustment Board's database. This is partially offset by decreases of \$23,313 for the St. James building allocation as a result of lower allocable costs. In addition, there are new internal service charges for Council Members to print mail-outs to send to their constituents totaling \$42,500. Each District Council Member is allocated \$2,500 and each At-Large Council Member is allocated \$1,500.

**5. Insurance Costs and Premiums**

- The increase of \$5,542 is due to an overall increase in the cost of general liability insurance based on the actuarial study.

**6. Professional and Contractual Services**

- The increase of \$6,000 is due to the "Cloud" storage usage being higher than anticipated for video and audio archives.

**7. Other Operating Expenses**

- The net increase of \$14,236 is primarily due to an increase in communication allowance of \$10,620 for reimbursement of cellphone expenses due to additional Council Members requesting reimbursement and travel expense of \$6,259 for training needs for the Council Auditor's Office. These increases are partially offset by a decrease in postage of \$1,999 which will now be billed through the mailroom as an internal service charge, and printing and binding commercial of \$2,500.

**FOOD AND BEVERAGE 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	CCSS011AD	\$ 2,500	Agenda, Committee and Council meetings	Open to public

**SERVICE LEVEL CHANGES:**

None

**CAPITAL OUTLAY CARRYFORWARD:**

Per Schedule AF, City Council is requesting a capital carryforward of \$9,968 for Professional Services.

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**EMPLOYEE CAP CHANGES:**

There are 3 new positions proposed to be added to the overall employee cap, two of which are Legislative Assistants (one for Legislative Services and one for the Value Adjustment Board). The third proposed new position, a Research Assistant, is unfunded.

**DIVISIONAL HIGHLIGHTS:**

<b>CITY COUNCIL SERVICE EXPENSES</b>	<b>2015/16 Adopted</b>	<b>2016/17 Proposed</b>	<b>\$ CHANGE from FY 16</b>	<b>% Change from FY 16</b>	
Council Auditor	\$ 2,256,713	\$ 2,395,967	\$ 139,254	6.17%	<b>A</b>
Council President Expense Account	\$ 10,000	\$ 10,000	\$ -	0.00%	
Council Staff Services	\$ 4,944,012	\$ 5,081,382	\$ 137,370	2.78%	<b>B</b>
Direct Expenditures	\$ 1,427,787	\$ 1,470,027	\$ 42,240	2.96%	<b>C</b>
Value Adjustment Board	\$ 643,033	\$ 771,856	\$ 128,823	20.03%	<b>D</b>
Departmental Total	\$ 9,281,545	\$ 9,729,232	\$ 447,687	4.82%	

- A** The increase of \$139,254 in the Council Auditor's Office is primarily due to a net increase of \$38,842 in salaries, \$91,227 in pension costs, and \$13,816 in employer benefits.
- B** The increase of \$137,370 in Council Staff Services is primarily due to a net increase of \$38,438 in salaries, \$111,789 in internal service charges, and \$11,619 in employer benefits, which are offset by a net decrease of \$29,829 in pension costs.
- C** The increase of \$42,240 in Council Direct Expenditures is primarily due to a net increase of \$17,796 in pension costs and \$22,732 in internal service charges.
- D** The increase of \$128,823 in the Value Adjustment Board is primarily due to an increase of \$34,560 in salaries, a net increase of \$16,377 in pension costs, and a net increase of \$70,178 for internal service charges related to computer system maintenance/security allocation.

**DEPARTMENT REQUESTS:**

The Council Secretary has requested the following be added to the City Council budget for FY 2016/17:

- The Council Secretary is requesting the proposed salary for the vacant Executive Council Assistant position be increased by \$20,528, from \$34,472 to the maximum amount of \$55,000. The effect of the Departmental request including benefits is a total negative impact of \$28,512 to the Special Council Contingency.

**RECOMMENDATION:**

- We recommend removing and replacing Budget Ordinance 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 2016-17 reports should be available by September 2016 and Attachment B can be updated at that time.



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2. We recommend removing \$9,968 from Schedule AF given that the intent of this schedule is to carryforward capital items which would otherwise lapse, not recurring operational expenses. This has no effect on Special Council Contingency.

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TOURIST DEVELOPMENT COUNCIL (S/F 132)**

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**PROPOSED BUDGET BOOK - Page # 127-128**

**BACKGROUND:**

The Duval County Tourist Development Council (TDC) is the governing body that oversees the collection and distribution of the local-option tourist development tax authorized to counties by Florida Statutes.

This fund accounts for the first two-cent tax levy on lodging within Duval County. The Tax Collector collects the Tourist Development Tax and remits it to the City for administration by the TDC.

**REVENUE:**

1. Taxes
  - This represents the anticipated two-cent tax levy on lodging for FY 2016/17. The projected increase appears to be achievable if the current growth rate continues.
2. Investment Pool / Interest Earnings
  - This is the anticipated interest earnings for FY 2016/17.
3. Transfers from Fund Balance
  - A transfer from fund balance is not needed in the proposed budget.

**EXPENDITURES:**

1. Pension Costs
  - Pension costs are increasing by \$2,202 as a result of the increase in the pension contribution percentage.
2. Internal Service Charges
  - The net increase of \$4,269 is primarily due to an increase in the General Counsel – Legal costs of \$3,922 based on prior year actuals.
3. Other Operating Expenses
  - This represents the funding that the TDC will have available for grants (\$2,279,257), the Visit Jacksonville contract (\$4,820,743 based on 70% of the bed tax collections from the prior May – April time period), and the operating expenses to administer the TDC (\$27,096).
4. Cash Carryover
  - The FY 2016/17 estimated revenues over expenses is being placed in a cash carryover.

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TOURIST DEVELOPMENT COUNCIL (S/F 132)**

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**PROPOSED BUDGET BOOK - Page # 127-128**

**SERVICE LEVEL CHANGES:**

With increased revenues, increased funding will be provided to Visit Jacksonville for the marketing of Jacksonville and increased funding is available to the TDC for grants.

**CAPITAL OUTLAY CARRYFORWARD:**

There are no items being carried forward.

**EMPLOYEE CAP CHANGES:**

There are no changes to the overall employee cap.

**RECOMMENDATIONS:**

None.

**NOTE:**

Recognizing that the percentage breakdowns on how the TDC expends its available resources is in conflict with Municipal Code Section 666.108 (Tourist Development Plan), the TDC requested a waiver be included in the 2016/17 budget ordinance to allow them to continue to operate in the manner in which they have operated for over a decade. The TDC is working towards rewriting the Tourist Development Plan which governs how TDC tax dollars are to be spent.

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DOWNTOWN INVESTMENT AUTHORITY  
GENERAL FUND/GENERAL SERVICES DISTRICT (S/F 011)**

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**PROPOSED BUDGET BOOK - Page # 129-130**

**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 development of 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 totaling \$39,820 includes revenue for the rental of City facilities for the River City Brewing Company lease payment and fees for applications that are submitted to the Downtown Development Review Board.

**EXPENDITURES**

1. Pension Costs

- The increase of \$4,059 is consistent with the scheduled increase for the City's contribution rate.

2. Internal Service Charges

- The net increase of \$51,984 is mainly attributable to increases of \$40,854 in legal fees to align with actual past usage and \$12,598 in computer system maintenance/security allocations for additional application support.

3. Professional and Contractual Services

- The increase of \$25,000 is to fund anticipated property disposition costs such as appraisals and environment surveys.

4. Other Operating Expenses

- The net decrease of \$27,426 is mainly due to a reduction of \$25,000 in event contributions to provide additional funding for the professional and contractual services noted above and an additional decrease of \$2,726 in miscellaneous services and charges that is based on actual usage.

5. Supervision Allocation

- The total of \$38,372 represents the administrative cost for one manager and one analyst to supervise Public Parking Fund (S/F 412) activities in accordance with a reorganization prescribed by Ordinance 2016-140-E. This cost has been allocated to S/F 412.

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DOWNTOWN INVESTMENT AUTHORITY  
GENERAL FUND/GENERAL SERVICES DISTRICT (S/F 011)**

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**PROPOSED BUDGET BOOK - Page # 129-130**

**CAPITAL OUTLAY CARRYFORWARD:**

There is a capital outlay carryforward of \$314,563 associated with proposals for professional services that the department is currently evaluating, in addition to real estate services for properties that the department is in the process of disposing of.

**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.

**EMPLOYEE CAP CHANGES:**

None.

**SERVICE LEVEL CHANGES:**

None.

**RECOMMENDATION:**

None.

**COUNCIL AUDITOR'S OFFICE  
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DOWNTOWN INVESTMENT AUTHORITY  
PUBLIC PARKING (S/F 412)**

**PROPOSED BUDGET BOOK – Page #131-133**

**BACKGROUND:**

Ordinance 2016-140-E reorganized the On Street and Off Street Parking from being held within the Office of Economic Development to residing within the Downtown Investment Authority. As part of the FY 2016/17 budget, the On-Street Parking fund (S/F 411) and Off-Street Parking fund (S/F 412) have been combined into S/F 412, which was renamed Public Parking. Public Parking manages both parking lots (Bay Street, Courthouse/Liberty Street, Forsythe Street, and JEA) and parking garages (City Hall Annex, Ed Ball, Main Library, St. James Building, Water Street and Yates Building). Revenues are generated through daily and monthly parking fees, as well as other fines and forfeitures.

	FY 2015/16 Adopted	FY 2016/17 Proposed	Change from FY 2015/16	
			PERCENT	DOLLAR
<b>REVENUE</b>				
Licenses and Permits	-	14,863	100%	14,863
Charges for Services	3,253,802	3,507,102	7.8%	253,300
Fines and Forfeits	580,000	526,199	(9.3%)	(53,801)
Investment Pool / Interest Earnings	5,793	16,029	176.7	10,236
Miscellaneous Revenue	25,815	34,286	32.8%	8,471
Transfers From Other Funds	1,350,435	-	(100%)	(1,350,435)
<b>TOTAL REVENUE</b>	<b>5,215,845</b>	<b>4,098,479</b>	<b>(21.4%)</b>	<b>(1,117,366)</b>
<b>EXPENDITURES</b>				
Salaries	1,314,309	1,281,432	(2.5%)	(32,877)
Salary & Benefit Lapse	(46,117)	(52,023)	12.8%	(5,906)
Pension Costs	319,758	346,068	8.2%	26,310
Employer Provided Benefits	342,374	336,115	(1.8%)	(6,259)
Internal Service Charges	562,144	731,544	30.1%	169,400
Insurance Costs and Premiums	95,728	107,153	11.9%	11,425
Professional and Contractual Services	100,001	1	(100%)	(100,000)
Other Operating Expenses	1,115,113	960,540	(13.9%)	(154,573)
Capital Outlay	514,413	2	(100%)	(514,411)
Supervision Allocation	-	38,372	100%	38,372
Indirect Cost	171,314	171,314	0.0%	-
Transfers to Other Funds	390,351	-	(100%)	(390,351)
Cash Carryover	336,457	177,961	(47.1%)	(158,496)
<b>TOTAL EXPENDITURES</b>	<b>5,215,845</b>	<b>4,098,479</b>	<b>(21.4%)</b>	<b>(1,117,366)</b>
<b>AUTHORIZED POSITION CAP</b>				
	FY 2015/16 Adopted	FY 2016/17 Proposed	CHANGE	
	36	36	0	
	4,780	4,780	0	

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DOWNTOWN INVESTMENT AUTHORITY  
PUBLIC PARKING (S/F 412)**

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**PROPOSED BUDGET BOOK – Page #131-133**

**REVENUE:**

1. Licenses and Permits

- The increase of \$14,863 represents:
  - citation dismissal fees of \$7,863. This was budgeted in error. See recommendation below.
  - Section 804.1202 Wrecker and Towing Firm Fees of \$7,000. Ordinance 2015-451-E, authorized the towing of unattended vehicles after 24 hours and allowed Public Parking to use the rotating wrecker call list established by the Sheriff. Public Parking receives \$15 for each vehicle towed.

2. Charges for Services

- The increase of \$253,300 is mainly due a \$409,794 increase in projected revenues for parking fees – monthly. The increase is offset by projected decreases of \$72,616 in parking fees – daily, \$53,091 in parking late fees, and \$24,570 in parking meter rental – out of service.

3. Fines and Forfeits

- The decrease of \$53,801 is mainly due to a projected \$48,426 decrease in net parking fines due to reduced collections in FY 2015/16.

4. Investment Pool / Interest Earnings

- This amount represents anticipated interest earnings for FY 2016/17.

5. Miscellaneous Revenue

- This amount represents tenant revenue of \$28,990 and miscellaneous sales and charges of \$5,296.

**EXPENDITURES:**

1. Salaries

- The decrease of \$32,877 is mainly due to a \$44,294 decrease in permanent and probationary salaries due to employee turnover and filling position at lower salary. This is offset within increases to overtime based on FY2015/16 actuals.

2. 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 2016/17.

3. Pension Costs

- The increase of \$26,310 is mainly due to increase in the defined benefit contribution rate.

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DOWNTOWN INVESTMENT AUTHORITY  
PUBLIC PARKING (S/F 412)**

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**PROPOSED BUDGET BOOK – Page #131-133**

4. Employer Provided Benefits
  - The decrease of \$6,259 is mainly due to a \$4,667 decrease in workers' compensation insurance and changes in employee health plan selection by employees.
5. Internal Service Charges
  - The increase of \$169,400 is mainly due a \$233,107 increase in utilities allocation. This is partially offset by a \$80,055 decrease in computer sys maintenance/security allocation due to a change in ITD's billing methodology that will result in the elimination of pooled overhead costs. These costs are now being directly billed to the applicable customers.
6. Insurance Costs and Premiums
  - The increase of \$11,425 is mainly attributable to an overall increase in general and auto liability based on the actuarial study.
7. Professional Contractual Services
  - There is no professional or contractual service in the proposed budget. The prior year amount is for a parking study and is on the capital outlay carryforward schedule.
8. Other Operating Expenses
  - The decrease of \$154,573 is mainly due to decreases of:
    - \$275,000 in lease payments due to the closing of the manufacturer of the parking control equipment that was going to be leased. A provider has not yet been contracted. The prior year amount is on the capital outlay carryforward schedule.
    - \$10,000 for in house engineering services for assessment of the courthouse parking lot due to the closing of the lot after it collapsed.The decrease is partially offset by increases of:
    - \$92,179 in repairs and maintenance due to garage door maintenance and control contracts and general maintenance and repair.
    - \$33,940 in repairs to buildings and equipment for CCTV equipment.
    - \$5,000 in other operating supplies.
9. Capital Outlay
  - There is no capital outlay in the proposed budget. The prior year amount is for replacement parking meters and is on the capital outlay carryforward schedule.
10. Supervision Allocation
  - This amount represents the share of the departmental administration costs from the Downtown Investment Authority (General Fund – GSD), which are allocated to this fund.



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DOWNTOWN INVESTMENT AUTHORITY  
PUBLIC PARKING (S/F 412)**

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**PROPOSED BUDGET BOOK – Page #131-133**

**11. Cash Carryover**

- This amount represents estimated revenues over expenses. It is being placed in a cash carryover for future appropriation and to cover any residual cash deficits that may remain from the movement of the on-street parking fund (S/F 411) into this fund.

**CAPITAL OUTLAY CARRYFORWARD:**

<b>Other Operating Expenses</b>	<b>Public Parking</b>	<b>Amount</b>
Specialized Equipment – Parking Meters	411 – DIPP411ON – 06429	\$512,037
Contractual Services – Parking Study	412 – DIPP412FAC - 03410	\$100,000
Lease – Federal APD equipment	412 – DIPP412FAC – 04408	\$275,000

**EMPLOYEE CAP CHANGES:**

None

**SERVICE LEVEL CHANGES:**

None

**RECOMMENDATIONS:**

1. We recommend removing the citation dismissal fees of \$7,863 from this subfund and moving it into the Handicap Parking Fines (S/F 1H8). This was inaccurately included in this budget. This will be offset with a decrease in cash carryover with this subfund (S/F 412) and an increase in cash carryover for Handicap Parking Fines (S/F 1H8). This has no impact on Special Council Contingency.
2. We recommend reducing the utilities allocation by \$282,668 and increasing the cash carryover by the corresponding amount. This was due to an error within the allocation model. Additionally, Public Buildings (S/F 5A1), needs electricity reduced by \$282,668 and a decrease to the interfund billing revenue line item. This has no impact on Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2016/17 BUDGET  
DOWNTOWN ECONOMIC DEVELOPMENT FUND (S/F 75B)**

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**PROPOSED BUDGET BOOK - Page # 135-136**

**BACKGROUND:**

This trust fund was created by Ordinance 2000-1079-E and is utilized for redevelopment projects in the City's Downtown Community Redevelopment Areas. This is an "all years" subfund.

**REVENUE:**

1. Miscellaneous Revenue
  - This \$1,900,000 represents an appropriation of existing revenue from the Vestcor company loan repayments related to a prior economic development deals.
2. Transfers From Other Funds
  - This \$250,000 represents a transfer from the Southside Tax Increment District (S/F 182) for the Southbank Retail Enhancement Program.

**EXPENDITURES:**

1. Capital Outlay
  - This \$100,000 represents the estimated funding that will be necessary for capital improvements to real estate parcels that are owned by the City in order to prepare the parcels for disposal (e.g., fee simple transfer, lease, license).
2. Grants, Aids and Contributions
  - This \$850,000 represents future economic agreements to provide forgivable loans as determined necessary by the DIA in order to provide support for cultural, artistic, educational, civic, and park and open spaces programming projects that promote and draw attention and people to the downtown area.
3. Payment to Fiscal Agents
  - This \$1,200,000 represents future economic agreements to provide interest bearing loans as determined necessary by the DIA in order to simultaneously leverage additional funding and support projects that have the potential to spur economic development downtown (e.g., multi-family housing, office/retail development, and other commercial projects).

**EMPLOYEE CAP CHANGES:**

There are no authorized positions in this subfund.

**SERVICE LEVEL CHANGES:**

None.

**CONCERN:**

There is a lack of specific detail for the \$2,150,000 of expenditures in this subfund. Should Council desire to obtain additional details before the funds are appropriated, all or part of the balance may be placed in a designated contingency.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2016/17 BUDGET  
DOWNTOWN ECONOMIC DEVELOPMENT FUND (S/F 75B)**

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**PROPOSED BUDGET BOOK - Page # 135-136**

**RECOMMENDATION:**

The proposed budget appropriates \$1,900,000 of the miscellaneous revenue. However, the available balance is only \$1,785,250. Therefore, we recommend reducing miscellaneous revenue and forgivable loans (part of payment to fiscal agent) by \$114,750 to align with the available balance. This will have no impact on the Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2016/17 BUDGET  
OFFICE OF ECONOMIC DEVELOPMENT  
GENERAL FUND / GENERAL SERVICES DISTRICT (S/F 011)**

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**PROPOSED BUDGET BOOK - Page # 253-254**

**BACKGROUND**

The Office of Economic Development 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.

**EXPENDITURES**

1. Salaries

- The net increase of \$23,024 is primarily due to an increase of \$33,000 in part-time salaries to align with actual expenditures for a former employee who was hired part-time as a project manager. This was partially offset by a decrease of \$11,656 in salaries due to various changes in personnel.

2. Pension Costs

- The increase of \$66,896 is due to the defined benefit plan costs increasing by \$80,199 and the defined contribution plan costs decreasing by \$13,273 which is due to new personnel's elections.

3. Internal Service Charges

- The net decrease of \$172,125 is driven by a decrease of \$143,583 in the legal services allocation based on the actual usage and \$22,657 in the computer system maintenance/security allocation due to a change in ITD's billing methodology that will result in the elimination of pooled overhead costs. These costs are now being directly billed to the applicable customers.

4. Insurance Costs and Premiums

- The increase of \$4,592 is due to an increase in the general liability insurance allocation caused by an overall increase in the cost of the general liability insurance for the city based on the actuarial projections.

5. Grants, Aids and Contributions

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

**EMPLOYEE CAP CHANGES:**

None.

**RECOMMENDATION:**

None.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2016/17 BUDGET  
CECIL FIELD TRUST FUND (S/F 1DE)**

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**PROPOSED BUDGET BOOK - Page # 255-257**

**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 increase of \$69,370 is due to higher anticipated investment pool earnings.

*Office of Economic Development*

2. Miscellaneous Revenue

- The decrease of \$896,606 is mostly due to:
  - a decrease of \$597,334 in the appropriation of gain on sale of real property, due to overall lower costs for FY 2016/17. This account is typically used in this subfund to cover the difference between all revenues and expenditures.
  - a decrease of \$299,271 in rental of city facilities due to a loss of two tenants.

*Parks, Recreation and Community Services*

3. Miscellaneous Revenue

- The increase of \$30,800 is due to an increase in anticipated timber sales.

**EXPENDITURES**

*Office of Economic Development*

1. Professional and Contractual Services

- The increase \$1,310,529 is mostly due to:
  - moving the Cecil Field property maintenance and landscaping contract of \$1,600,000 into this category from the Other Operating Expenses category and reducing it to \$1,500,000.
  - reducing funding for the other services by \$200,000 based on the actual usage.

2. Other Operating Expenses

- This decrease of \$1,606,007 is mainly due to moving the contract as described above.

*Park, Recreation and Community Services*

3. Professional and Contractual Services

- The increase of \$15,854 is mainly due to an increase in professional services performed by the Florida Forest Service.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2016/17 BUDGET  
CECIL FIELD TRUST FUND (S/F 1DE)**

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**PROPOSED BUDGET BOOK - Page # 255-257**

**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 2016/17 BUDGET  
OFFICE OF SPORTS AND ENTERTAINMENT  
GENERAL FUND / GENERAL SERVICES DISTRICT (S/F 011)**

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**PROPOSED BUDGET BOOK – Page #269-270**

**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 Service District (S/F 011) activities.

**EXPENDITURES:**

1. Salaries:

- The net decrease of \$12,507 is mainly due to a decrease of \$53,999 in salary part-time which was offset by an increase of \$42,000 in permanent and probationary salaries attributable to a transfer of a business development coordinator position from the Mayor's Office during FY 2015-16. There are 1,300 part-time hours still available in the proposed budget for the part-time salaries which have been unfunded.

2. Pension Costs:

- The net increase of \$5,786 is mostly due to an overall increase in pension costs of \$2,425 in the defined benefit plan and an increase of \$3,234 in defined contribution benefit plan due to the new employee electing this benefit plan.

3. Employer Provided Benefits:

- The increase of \$9,050 is primarily due to an increase of \$8,207 in group hospitalization insurance attributable to the added position.

4. Internal Service Charges:

The increase of \$119,004 is due to an increase of \$71,812 in legal cost allocation based on prior years actual utilization of legal services. The increase is also due to an allocation of \$36,610 in computer system maintenance and an allocation of \$10,707 in building maintenance costs; both are being assigned to the department for the first time.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2016/17 BUDGET  
OFFICE OF SPORTS AND ENTERTAINMENT  
GENERAL FUND / GENERAL SERVICES DISTRICT (S/F 011)**

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**PROPOSED BUDGET BOOK – Page #269-270**

<b>Event Contributions</b>	<b>FY 2015-16 Approved</b>	<b>FY 2016-17 Proposed</b>
The Players Championship	75,000	75,000
Florida vs Florida State Baseball	60,000	60,000
Florida Basketball Doubleheader		15,000
Navy vs. Notre Dame Football Game		15,000
P1 Powerboat Races	2,500	15,000
Florida-Georgia Hall of Fame		12,500
SEC Gymnastic		10,000
Annual Film & Television Award Industry Reception		7,500
NCAA Track and Field	25,000	
TaxSlayer Bowl	10,000	
Other Events	35,316	
<b>Total</b>	<b>\$ 207,816</b>	<b>\$ 210,000</b>

**SERVICE LEVEL CHANGES:**

There are no significant service level changes.

**EMPLOYEE CAP CHANGES:**

One position was transferred in from the Mayor's Office during FY 2015/16.

**RECOMMENDATION:**

None.



**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2016/17 BUDGET  
SPECIAL EVENTS (S/F 01A)**

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**PROPOSED BUDGET BOOK – Page # 271-272**

**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:**

1. Charges for Services:
  - This amount represents the anticipated revenue from the sale of 1,000 tickets for the Florida/Georgia game that the City is contractually obligated to purchase.
2. Transfer From Other Funds:
  - There is a \$6,234,161 transfer from the General Fund / General Service District (S/F 011) to support operations within the Office of Special Events.

**EXPENDITURES:**

1. Salaries:
  - The net increase of \$105,069 is due to an increase of \$125,000 in overtime salaries mainly for police officers and firefighters working during City events to align with actual expenditures. This is somewhat offset by a decrease of \$18,510 in permanent and probationary salaries due to vacant positions being filled at a lower salary rate.
2. Internal Service Charges:
  - The net increase of \$ 37,748 is mainly due to an increase of \$47,715 in computer system maintenance attributable to an increase in application support charges. This is somewhat offset by a decrease of \$10,840 in copy center charges based on prior year actual usage.
3. Other Operating Expenses:
  - The increase of \$679,624 is mainly due to an increase of \$328,527 in equipment rental for temporary seats at EverBank Field and an increase of \$313,500 in event contribution expenses for tickets purchase and payments to teams. Both increases are related to the Florida/Georgia game. The increase is also attributable to an increase of \$37,900 in miscellaneous services and charges mainly associated with the Memorial Wall/Sea & Sky event.
4. Capital Outlay:
  - This represents funding to purchase seats at EverBank Field for various events.
5. Grants, Aids & Contributions:
  - This amount includes a contribution of \$557,000 to other governments for travel related expenses and other contractual obligations for the Florida/Georgia game and a contribution of \$84,875 to the Bob Hayes Track event.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2016/17 BUDGET  
SPECIAL EVENTS (S/F 01A)**

**PROPOSED BUDGET BOOK – Page # 271-272**

Events Proposed FY 2015/16	Equipment Rentals	Advertising	Event Contribution	Misc. Services & Charges	Specialized Equipment	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 *	1,999,261	-	350,000	175,000	400,000	557,000	-	3,481,261
JAX BEACH FIREWORKS SUBSIDY	-	-	-	25,000	-	-	-	25,000
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	-	-	165,200	-	-	-	200,000
MLK JR BREAKFAST/ACTIVITIES	5,000	5,000	-	46,711	-	-	-	56,711
MUSIC FESTIVALS	2,500	3,000	-	20,000	-	-	-	25,500
VETERANS DAY PARADE	3,000	2,000	-	15,000	-	-	-	20,000
WORLD OF NATIONS	15,000	5,000	-	85,000	-	-	-	105,000
	\$ 2,097,061	\$ 31,500	\$ 350,000	\$ 911,185	\$ 400,000	\$ 557,000	\$ 84,875	\$ 4,431,621

\*Notes on Florida/Georgia game:

- 1) \$1,999,261 in equipment rental expense is mostly to install additional temporary seating for the game.
- 2) \$350,000 in event contributions are contractual obligations. Per the contract, the City must provide a guarantee payment of \$125,000 per team and purchase 1,000 tickets estimated at \$100,000.
- 3) \$400,000 in specialized equipment is to purchase folding chairs for the event.
- 4) \$557,000 in subsidies & contributions to other governments includes \$350,000 in air travel expenses for the University of Georgia and a \$191,192 payment to the Jaguars for lost revenue. For the remaining \$15,808, see recommendation below.

**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	\$ 15,000	Jazz Festival	Promote Downtown Jax
01A	SPET01ASE	\$ 6,650	FL/GA Game	Promote the annual rivalry/volunteers
01A	SPET01ASE	\$ 6,000	Sea and Sky	Supports volunteer food and hospitality
01A	SPET01ASE	\$ 4,072	Environmental Awards	Supports volunteer food and hospitality
01A	SPET01ASE	\$ 2,700	World of Nations	Promote cultural diversity/volunteers
		<b>\$ 34,422</b>		

**SERVICE LEVEL CHANGES:**

There are no significant service level changes.

**EMPLOYEE CAP CHANGES:**

There are no changes to the authorized position cap.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2016/17 BUDGET  
SPECIAL EVENTS (S/F 01A)**

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**PROPOSED BUDGET BOOK – Page # 271-272**

**CONCERN:**

There is an increase of \$1.3 million in expenses for the Florida/Georgia game mostly due to an increase of \$481,788 in installation cost of temporary seats, an increase of \$400,000 in equipment for the purchase of folding seats, and a guarantee payment of \$125,000 per team. Additionally there is a \$191,192 payment to the Jaguars for lost revenue which the City is not contractually obligated to pay.

<b>Florida/Georgia Game Expenses for FY 2016/17</b>	<b>City Cost</b>	<b>Jaguars Cost</b>	<b>Total</b>
Temporary Seats - Club Riser Cost	279,340	279,340	558,679
Temporary Seats - Build Cost	1,436,642	-	1,436,642
Temporary Seats - Expedited Cost	258,280	-	258,280
Other equipment rentals	25,000	-	25,000
Purchase of folding chairs	400,000	400,000	800,000
Total guarantee payment to teams (\$125,000 per team)	250,000	-	250,000
Purchase of 1,000 tickets	100,000	-	100,000
Miscellaneous Services & Charges	175,000	-	175,000
Air Travel to be provided to the University of Georgia	350,000	-	350,000
Compensation to the Jaguars for the lost revenue*	207,000	-	207,000
	<b>\$ 3,481,261</b>	<b>\$ 679,340</b>	<b>\$ 4,160,601</b>

\*Per the support provided, the Jaguars lost revenue is estimated at \$191,192.

**DEPARTMENT REQUEST:**

The Department requests that specialized equipment for the Florida/Georgia Game be increased by \$400,000 to reflect the total cost to be paid for the purchase of folding chairs. This will be offset by an increase of \$400,000 in contributions from private sources to be received from the Jaguars. This will have no impact on Special Council Contingency.

**RECOMMENDATION:**

We recommend that \$191,192 in subsidies and contributions to other governments be moved to subsidies and contributions to private organization since this is a payment to the Jaguars for the lost revenue attributable to the Florida/Georgia Game. We also recommend that subsidies and contributions to other governments be reduced by \$15,808 to reflect the actual expenditure needs for the Florida/Georgia game. This will have a positive impact to Special Council Contingency of \$15,808.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2016/17 BUDGET  
OFFICE OF SPORTS AND ENTERTAINMENT  
CITY VENUES – CITY (4K1)**

**PROPOSED BUDGET BOOK – Page #273-274**

**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 initial term of the current contract between SMG and City was January 1, 2013 through February 29, 2016. The first renewal option was exercised to extend the contract for one year to February 28, 2017, with one renewal option remaining. This sub-fund contains the City's costs related to the venues.

Previously, each venue had a separate sub-fund for City costs, SMG costs and debt service for a total of sixteen different subfunds. As part of the fiscal year 2016/2017 proposed budget all City costs, SMG costs and debt service for each venue are combined in three separate subfunds. The City Venues – City and City Venues - SMG subfunds contain a separate activity for each venue so that performance can be tracked.

Below is a table comparing the fiscal year 2015/2016 approved budget to the fiscal year 2016/2017 proposed budget.

		<b>FY 2015/2016 Approved Budget</b>	<b>FY 2016/2017 Proposed Budget</b>	<b>Increase or (decrease)</b>	<b>% Change</b>
<b>Revenue</b>					
	Taxes	\$ 8,300,004	\$ 9,342,311	\$ 1,042,307	12.56%
	Charges for Services	\$ 2,730,000	\$ 2,604,894	\$ (125,106)	-4.58%
	Investment Pool/Interest Earnings	\$ 144,224	\$ 148,269	\$ 4,045	2.80%
	Miscellaneous Revenue	\$ 5,017,818	\$ 4,952,882	\$ (64,936)	-1.29%
	Transfer from General Fund/GSD	\$ 9,046,871	\$ 11,608,653	\$ 2,561,782	28.32%
	Transfers from Other Funds	\$ 1,191,561	\$ -	\$ (1,191,561)	-100.00%
	<b>Total Revenue</b>	<b>\$ 26,430,478</b>	<b>\$ 28,657,009</b>	<b>\$ 2,226,531</b>	<b>8.42%</b>
<b>Expenditures</b>					
	Internal Service Charges	\$ 367,622	\$ 267,844	\$ (99,778)	-27.14%
	Insurance Costs and Premiums	\$ 1,271,302	\$ 1,255,426	\$ (15,876)	-1.25%
	Professional and Contractual Services	\$ 700,000	\$ 700,000	\$ -	0.00%
	Other Operating Expenses	\$ 5,527,766	\$ 5,657,400	\$ 129,634	2.35%
	Capital Outlay	\$ 265,003	\$ 265,006	\$ 3	0.00%
	Debt Service	\$ 10,490,946	\$ 10,526,964	\$ 36,018	0.34%
	Transfers to Other Funds	\$ 7,792,041	\$ 9,723,744	\$ 1,931,703	24.79%
	Debt Management Fund Repayments	\$ -	\$ 260,625	\$ 260,625	-
	Cash Carryover	\$ 15,798	\$ -	\$ (15,798)	-100.00%
	<b>Total Expenditures</b>	<b>\$ 26,430,478</b>	<b>\$ 28,657,009</b>	<b>\$ 2,226,531</b>	<b>8.42%</b>

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2016/17 BUDGET  
OFFICE OF SPORTS AND ENTERTAINMENT  
CITY VENUES – CITY (4K1)**

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**PROPOSED BUDGET BOOK – Page #273-274**

**REVENUE:**

1. Taxes:

- The taxes include the 2 Cent Tourist Development Tax budgeted at \$7,342,307 and the State Sales Tax Rebate budgeted at \$2,000,004. The increase of \$1,042,307 is due to a projected increase in the 2 Cent Tourist Development Tax collections based on prior years' growth rates.

2. Charges for Services:

- The decrease of \$125,106 in Charges for Services is primarily due to a decrease of \$175,000 in facility fees at Everbank Field, which is based on current year collections. There is an offsetting increase of \$60,000 in Facility Fees at the Baseball Stadium due to this revenue being under budgeted in fiscal year 2016/2017.
- Charges for Services also includes the NFL Ticket surcharge budgeted at \$1,569,314 and Parking Fees of \$185,580 which have been adjusted by CPI pursuant to the Jaguar Lease.

3. Investment Pool/Interest Earnings:

- The budgeted amount of \$148,269 is the projected Investment Pool Earnings for fiscal year 2016/2017.

4. Miscellaneous Revenue:

- The Jaguar supplemental rent payment per Amendment 8 of the Lease for fiscal year 2016/2017 is \$4,749,626, which is a decrease of \$19,051.
- There is a decrease of \$45,885 in Rental of City Facilities for the Baseball Stadium due to a decrease in rent concerning the Armada contract.

5. Transfers from Other Funds:

- The transfer of \$11,608,653 is from the General Fund/General Service District (S/F 011), which represents an increase of \$2,561,782 from fiscal year 2015/2016. The increase is primarily due to moving the Ticket Surcharge Revenue in the amount of \$2,419,314 to 4K3 Capital Projects – City Venues Surcharge to be used in accordance with the Municipal Code.

**EXPENDITURES:**

1. Internal Service Charges:

- The decrease of \$99,778 is primarily due to the following:
  - A decrease of \$15,011 for Fleet Vehicle Rental for Everbank Field due to paying off vehicles that were replaced in prior years.
  - An overall decrease \$45,300 in Computer System Maintenance/Security due to a change in billing methodology.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2016/17 BUDGET  
OFFICE OF SPORTS AND ENTERTAINMENT  
CITY VENUES – CITY (4K1)**

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**PROPOSED BUDGET BOOK – Page #273-274**

- A decrease of \$33,573 in Building Maintenance – City Wide.

2. Insurance Costs and Premiums:

- There is a small decrease of \$15,876 in the Miscellaneous Insurance allocation.

3. Professional and Contractual Services:

- The \$700,000 is the City's obligation under the Sunshine Soccer Group, LLC for the field conversions.

4. Other Operating Expenses:

- The increase of \$129,634 is primarily due to:
  - An increase of \$24,333 for Electricity
  - An increase of \$56,668 for Water
  - An increase of \$48,633 for Chilled Water at the Arena and Baseball Stadium.

5. Capital Outlay:

- Capital Outlay for Other Heavy Equipment includes the following:

	<b>Everbank Field</b>	<b>Memorial Arena</b>	<b>Baseball Stadium</b>	<b>Performing Arts Center</b>	<b>Convention Center</b>	<b>Ritz Theatre</b>	<b>Total</b>
Audio/Visual Equipment	\$ 5,000	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ -	\$ 15,000
Event Equipment	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 20,000
Housekeeping Equipment	\$ 40,000	\$ 25,000	\$ 5,000	\$ 5,000	\$ 10,000	\$ -	\$ 85,000
Landscape and Turf Equipment	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Operations Equipment	\$ 10,000	\$ 10,000	\$ 5,000	\$ 5,000	\$ 75,000	\$ 5,000	\$ 110,000
Parking Equipment	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Technical Equipment	\$ 5,000	\$ -	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ 15,000
<b>Total</b>	<b>\$ 90,000</b>	<b>\$ 50,000</b>	<b>\$ 20,000</b>	<b>\$ 15,000</b>	<b>\$ 85,000</b>	<b>\$ 5,000</b>	<b>\$ 265,000</b>

6. Debt Service:

- This is a transfer to subfund 4K6 City Venues – Debt for Everbank Field and Performing Arts bond payments:
  - \$450 for Fiscal Agent Fees
  - \$5,707,000 in Principal payments
  - \$4,819,514 in Interest payments

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2016/17 BUDGET  
OFFICE OF SPORTS AND ENTERTAINMENT  
CITY VENUES – CITY (4K1)**

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**PROPOSED BUDGET BOOK – Page #273-274**

7. Transfers to Other Funds:

- The transfer of \$9,723,744 includes the following:
  - \$864,000 for a payback of a \$5,000,000 loan from subfund 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 subfund 322 approved by the fiscal year 2003/2004 Budget Ordinance 2003-876-E
  - \$6,340,430 transfer to City Venues – SMG (4K2)
  - \$2,419,314 transfer to Capital Projects – City Venues Surcharge (4K3).  
This is the total of the budgeted NFL Ticket Surcharge and Facility Fees.

8. Debt Management Fund Repayments:

- This is a payment for the Stadium Wi-Fi approved by Ordinance 2014-455-E, which is the Amended and Restated Amendment #12 to the Jaguar Lease.

9. Cash Carryover:

- There is not a budgeted Cash Carryover for fiscal year 2016/2017.

**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 2016/17 BUDGET  
OFFICE OF SPORTS AND ENTERTAINMENT  
CITY VENUES – SMG (4K2)**

**PROPOSED BUDGET BOOK – Page #275-276**

**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 initial term of the current contract between SMG and City was January 1, 2013 through February 29, 2016. The first renewal option was exercised to extend the contract for one year to February 28, 2017, with one renewal option remaining. This sub-fund contains the City's costs related to the venues.

Previously, each venue had a separate sub-fund for City costs, SMG costs and debt service for a total of sixteen different subfunds. As part of the fiscal year 2016/2017 proposed budget all City costs, SMG costs and debt service for each venue are combined in three separate subfunds. The City Venues – City and City Venues - SMG subfunds contain a separate activity for each venue so that performance can be tracked.

Below is a table comparing the fiscal year 2015/2016 approved budget to the fiscal year 2016/2017 proposed budget.

		<b>FY 2015/2016 Approved Budget</b>	<b>FY 2016/2017 Proposed Budget</b>	<b>Increase or (decrease)</b>	<b>% Change</b>
<b>Revenue</b>					
	Charges for Services	\$ 11,642,145	\$ 11,823,298	\$ 181,153	1.56%
	Investment Pool/Interest Earnings	\$ 20,425	\$ 21,725	\$ 1,300	6.36%
	Miscellaneous Revenue	\$ 6,548,177	\$ 7,227,023	\$ 678,846	10.37%
	Transfers from Other Funds	\$ 6,812,041	\$ 6,340,430	\$ (471,611)	-6.92%
	<b>Total Revenue</b>	<b>\$ 25,022,788</b>	<b>\$ 25,412,476</b>	<b>\$ 389,688</b>	<b>1.56%</b>
<b>Expenditures</b>					
	Salaries	\$ 4,986,079	\$ 5,044,806	\$ 58,727	1.18%
	Pension Costs	\$ 6	\$ 6	\$ -	0.00%
	Employer Provided Benefits	\$ 1,729,453	\$ 1,748,262	\$ 18,809	1.09%
	Insurance Costs and Premiums	\$ 560,800	\$ 567,105	\$ 6,305	1.12%
	Professional and Contractual Services	\$ 12,411,124	\$ 13,284,797	\$ 873,673	7.04%
	Other Operating Expenses	\$ 4,143,765	\$ 4,767,500	\$ 623,735	15.05%
	Transfers to Other Funds	\$ 1,191,561	\$ -	\$ (1,191,561)	-100.00%
	<b>Total Expenditures</b>	<b>\$ 25,022,788</b>	<b>\$ 25,412,476</b>	<b>\$ 389,688</b>	<b>1.56%</b>



**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2016/17 BUDGET  
OFFICE OF SPORTS AND ENTERTAINMENT  
CITY VENUES – SMG (4K2)**

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**PROPOSED BUDGET BOOK – Page #275-276**

**REVENUE:**

1. Charges for Services:

- The increase of \$181,153 is primarily due to:
  - An increase of \$75,544 in Parking Fees at Everbank Field, which is in line with current year collections.
  - An increase of \$50,625 in Other Ticket Surcharge-Club/Suites primarily at the Arena based on current year collections.
  - Charges for Services also includes Contractual Services Revenue that has an increase of \$56,011. Below are the increases/decreases for each venue.
    - Everbank Field has an increase of \$138,564 due to the TaxSlayer Bowl game.
    - An increase of \$411,870 at the Arena due to more concerts, Cirque de Soleil and the Ultimate Fighting Championship budgeted in fiscal year 2016/2017.
    - A decrease of \$318,291 at the Baseball Stadium which reflects the Armada games actual costs.
    - The Performing Arts Center has a decrease of \$133,806 which is more in line with fiscal year 2014/2015.
    - A decrease of \$52,100 at the Convention Center due to the mix of events that are budgeted.
    - Ritz Theatre has a small increase of \$9,774.

2. Investment Pool/Interest Earnings:

- The amount of \$21,725 is SMG's projected investment earnings for fiscal year 2016/2017.

3. Miscellaneous Revenue:

- The increase of \$678,846 is primarily due to:
  - There is an overall increase in Rental of City Facilities of \$181,147 which is primarily due to budgeting greater attendance at the Memorial Arena.
  - An increase of \$64,318 for Rental of City Facilities – SMG Revenue due to the Navy/Notre Dame game at Everbank Field.
  - Concession Sales has an increase of \$374,046 which is primarily due to the budgeted events at the Memorial Arena.
  - An increase of \$66,250 in Advertising Fee the increase is mostly at the Arena due to increases in sponsorship commitments/partnerships and more bookings.

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**PROPOSED BUDGET BOOK – Page #275-276**

4. Transfers from Other Funds:

- The transfer of \$6,340,430 is from City Venues – City (4K1), which is ultimately from the General Fund/GSD.

**EXPENDITURES:**

1. Salaries:

- The increase of \$58,727 is primarily due to an increase in salaries at Everbank Field attributable to budgeting for all positions. There are increases and decreases at other venues due to reallocation of overhead costs.

2. Professional and Contractual Services:

- There is an increase of \$873,673 which is primarily due to Contractual Services Expense and Contractual Services Expense – JSO/JFRD, as detailed below.
  - There is an increase of \$579,957 in Contractual Services Expense for Everbank Field due to the Tax Slayer Bowl, Navy/Notre Dame game and increased Jaguars game day costs related to security for the NFL games. See table below for Game Day Expenses.

	<b>2015/2016 Approved</b>		<b>2015/2016 Proposed</b>		<b>Dollar Change</b>		<b>Percent Change</b>
Game Day Budget per Game	\$ 251,490		\$ 264,663		\$ 13,173		5%
# of games budgeted	9		9		\$ -		0%
Total Game Day Expenses	\$ 2,263,410		\$ 2,381,967		\$ 118,557		5%

- Memorial Arena has an increase of \$530,103 for Contractual Services Expense due to the increase in the number of concerts budgeted for fiscal year 2016/2017.
- There is a decrease of \$344,557 in Contractual Services Expense at the Baseball Stadium to reflect the Armada games actual costs.
- For fiscal year 2016/2017 the services provided by JFRD and JSO were broken out into a separate line item called Contractual Services – JSO/JFRD that totals \$1,268,326 and is considered revenue within their respective budgets. The total JFRD expense for all of the facilities is \$194,815. The amount of the JSO expense is budgeted at \$1,073,511 and is overstated by \$801,911. The correct amount for JSO should be \$271,601, which are the projected costs for JSO to work during the Jaguar games. A correction was made in the Sheriff's Office budget to address this issue.

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**PROPOSED BUDGET BOOK – Page #275-276**

3. Other Operating Expenses:

- The increase of \$623,735 is primarily due to:
  - An increase of \$450,000 in Repairs and Maintenance at Everbank Field for Videoboard and control room labor and parts and for practice field sod replacement.
  - An increase for Repairs and Maintenance of \$32,000 and \$20,000 at the Baseball Stadium and Convention Center, respectively, for repairs of aging equipment.
  - An increase of \$59,000 at the Memorial Arena for Advertising and Promotion due to increases in sponsorship/partnership commitments.
  - An increase of \$51,805 at the Memorial Arena in Event Contribution due to the types of events at the Arena. This expense is the amount rebated to promoters for suite usage and trade signage contracts.

4. Transfers to Other Funds:

- There is not a budgeted transfer to another fund for fiscal year 2016/2017.

**EMPLOYEE CAP CHANGES:**

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

**RECOMMENDATION:**

We recommend Contractual Services Expense – JSO/JFRD be reduced by \$801,911 and the Contractual Service Expense be increased by \$801,911. This was an error due to the breakout of the JSO expenses for traffic control and security inside the Jaguar games. This will have no impact to Special Council Contingency.

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CAPITAL PROJECTS – CITY VENUES SURCHARGE (S/F 4K3)**

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**PROPOSED BUDGET BOOK – Page #81-82**

**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 initial term of the current contract between SMG and the City was January 1, 2013 through February 29, 2016. The first renewal option was exercised to extend the contract for one year to February 28, 2017, with one renewal option remaining. This newly created sub-fund includes the budgeted ticket surcharges authorized by Ordinance Code Section 123.102(e) which can only be used for capital expenditures.

**REVENUE:**

1. Transfers from Other Funds:
  - The transfer amount of \$2,419,314 includes:
    - The NFL Ticket Surcharge in the amount of \$1,569,314 compared to \$1,550,000 budgeted in fiscal year 2015/2016.
    - The Facility Fees (Ticket User Fees) in the amount of \$850,000 from Everbank Field, Memorial Arena, Baseball Stadium and the Performing Arts Center compared to \$995,000 budgeted in fiscal year 2015/2016.

**EXPENDITURES:**

1. Capital Outlay:
  - The capital funding for each of the venues is listed on the following page.

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CAPITAL PROJECTS – CITY VENUES SURCHARGE (S/F 4K3)**

**PROPOSED BUDGET BOOK – Page #81-82**

	Description	Amount
<b><u>Everbank Field</u></b>		
Audio/Visual/Scoreboard/Broadcast	Infrastructure - A/V Related, Sound System	\$ 400,000
Building Systems	Building Systems Contingency, Safety Systems, Signage	\$ 700,000
Exterior Finishes	Exterior Block/Concrete/Glass	\$ 49,314
Furniture, Fixtures and Equipment	Custom Trash/Recycling Receptacles, Forklifts, Housekeeping Equipment, Landscape and Turf Equipment	\$ 370,000
Food Services	Minor Equipment Replacements	\$ 50,000
Interior Finishes	Other Finishes	\$ 50,000
Network and Computer Systems	Network Equipment	\$ 50,000
Security and Access Control	Access Control System, Security Cameras, Equipment	\$ 125,000
	Total	\$ 1,794,314
<b><u>Baseball Stadium</u></b>		
Exterior Finishes	Concrete, Pavers, Sidewalks, Walls, Exposed Structural Steel	\$ 110,000
Waterproofing	Bowl Waterproofing Repairs	\$ 20,000
	Total	\$ 130,000
<b><u>Memorial Arena</u></b>		
Audio/Visual/Scoreboard/Broadcast	A/V Support System, Control Room Upgrades	\$ 75,000
Building Systems	Building Automation System Upgrades/Replacements	\$ 50,000
Interior Finishes	Club Finishes	\$ 100,000
Network and Computer Systems	Data Infrastructure Upgrades/Replaced	\$ 100,000
	Total	\$ 325,000
<b><u>Performing Arts</u></b>		
Building Systems	Fire Systems, BAS Controls	\$ 50,000
Interior Finishes	Theatre Flooring	\$ 50,000
Furniture, Fixtures and Equipment	Lighting	\$ 70,000
	Total	\$ 170,000
	<b>Total Requested Projects</b>	<b>\$2,419,314</b>

**EMPLOYEE CAP CHANGES:**

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

**RECOMMENDATIONS:**

None

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CITY VENUES – DEBT SERVICE (S/F 4K6)**

**PROPOSED BUDGET BOOK – Page #115-116**

**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 initial term of the current contract between SMG and the City was January 1, 2013 through February 29, 2016. The first renewal option was exercised to extend the contract for one year to February 28, 2017, with one renewal option remaining. This sub-fund replaced all the venue specific debt service funds.

Below is a table comparing the fiscal year 2015/2016 approved budget to the fiscal year 2016/2017 proposed budget.

		<b>FY 2015/2016 Approved Budget</b>	<b>FY 2016/2017 Proposed Budget</b>	<b>Increase or (decrease)</b>	<b>% Change</b>
<b>Revenue</b>					
	Investment Pool/Interest Earnings	\$ 172,343	\$ 66,028	\$ (106,315)	-61.69%
	Transfer In to Pay Debt	\$ 19,580,217	\$ 19,669,635	\$ 89,418	0.46%
	<b>Total Revenue</b>	<b>\$ 19,752,560</b>	<b>\$ 19,735,663</b>	<b>\$ (16,897)</b>	<b>-0.09%</b>
<b>Expenditures</b>					
	Fiscal and Other Debt Fees	\$ 19,752,560	\$ 19,735,663	\$ (16,897)	-0.09%
	<b>Total Expenditures</b>	<b>\$ 19,752,560</b>	<b>\$ 19,735,663</b>	<b>\$ (16,897)</b>	<b>-0.09%</b>

**REVENUE:**

1. Investment Pool/Interest Earnings:
  - The budgeted amount of \$66,028 is the projected Investment Pool Earnings for fiscal year 2016/2017.
2. Transfer In to Pay Debt Service:
  - The transfer of \$19,669,635 includes:
    - \$5,712,259 from the Better Jacksonville Trust Fund (1I1) for the Memorial Arena and Baseball Stadium debt
    - \$3,430,412 from the Sports Complex Capital Maintenance sub-fund (4G1) for the recent improvements to Everbank Field approved in Amendments #12 and #14 to the Jaguar Lease
    - \$10,526,964 from the City Venues – City (4K1) for Everbank Field and the Performing Arts Center

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CITY VENUES – DEBT SERVICE (S/F 4K6)**

**PROPOSED BUDGET BOOK – Page #115-116**

**EXPENDITURES:**

1. Fiscal and Other Debt Fees:

- The debt service payments include principal and interest costs and fiscal agent fees, which are based on a repayment schedule that was established at the time the bonds were issued. See the table on the following page for fiscal year 2016/2017 payments.

<b>Everbank Field</b>				
<b>Account Title</b>	<b>Principal</b>	<b>Interest</b>	<b>Fiscal Agent Fee</b>	<b>Total</b>
2012 Capital Improvement Revenue Refunding Bonds	\$ 5,435,000	\$ 4,832,250	\$ 450	\$ 10,267,700
2016 Scoreboard Electronics (Amendment #12 to Jaguar Lease)	\$ 800,000	\$ 200,375	\$ 1,000	\$ 1,001,375
2016 Scoreboard Infrastructure (Amendment #12 to Jaguar Lease)	\$ 170,000	\$ 1,337,875		\$ 1,507,875
2017 Stadium Improvements (Amendment #14 to Jaguar Lease)	\$ -	\$ 932,188		\$ 932,188
Total	\$ 6,405,000	\$ 7,302,688	\$ 1,450	\$ 13,709,138
<b>Memorial Arena</b>				
<b>Account Title</b>	<b>Principal</b>	<b>Interest</b>	<b>Fiscal Agent Fee</b>	<b>Total</b>
2012 Better Jacksonville Sales Tax Revenue Refunding Bonds	\$ -	\$ 1,611,335	\$ -	\$ 1,611,335
2012A Better Jacksonville Sales Tax Revenue Refunding Bonds	\$ -	\$ 2,918,500	\$ -	\$ 2,918,500
Total	\$ -	\$ 4,529,835	\$ -	\$ 4,529,835
<b>Baseball Stadium</b>				
<b>Account Title</b>	<b>Principal</b>	<b>Interest</b>	<b>Fiscal Agent Fee</b>	<b>Total</b>
2012 Better Jacksonville Sales Tax Revenue Refunding Bonds	\$ -	\$ 425,490	\$ -	\$ 425,490
2012A Better Jacksonville Sales Tax Revenue Refunding Bonds	\$ -	\$ 771,250	\$ -	\$ 771,250
Total	\$ -	\$ 1,196,740	\$ -	\$ 1,196,740
<b>Performing Arts Center</b>				
<b>Account Title</b>	<b>Principal</b>	<b>Interest</b>	<b>Fiscal Agent Fee</b>	<b>Total</b>
2012C Special Revenue Refunding Bonds	\$ 272,000	\$ 27,950	\$ -	\$ 299,950
<b>Total Debt Payments for City Venues</b>	<b>\$ 6,677,000</b>	<b>\$ 13,057,213</b>	<b>\$ 1,450</b>	<b>\$ 19,735,663</b>

**EMPLOYEE CAP CHANGES:**

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

**RECOMMENDATIONS:**

None

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OFFICE OF SPORTS AND ENTERTAINMENT  
SPORTS COMPLEX CAPITAL MAINTENANCE (4G1)**

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**PROPOSED BUDGET BOOK – Page #79-80**

**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 6(d) of Amendment #12 and Section 9(d) of Amendment #14 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 North End Zone and Video Board Improvements and the \$45,000,000 City share of the 2015 Stadium Improvements, respectively. This is an all years fund.

**REVENUES:**

1. Taxes:
  - The increase of \$1,084,425 is due to a projected increase in the Convention Development Tax collections based on prior years' growth rates.
2. Investment Pool/Interest Earnings:
  - The increase of \$117,249 is due to a projected increase for Investment Pool Earnings for fiscal year 2016/2017.
3. Other Sources:
  - In fiscal year 2015/2016, excess revenue totaling \$301,000 within the Long Term Debt Issued revenue line was appropriated to cover the Administrative Support Costs for a debt issuance. In fiscal year 2016/2017 there is no excess revenue to appropriate.

**EXPENDITURES:**

1. Capital Outlay:
  - The decrease of \$2,390,393 in capital outlay is primarily due to having less capacity for projects attributable to budgeting the full interest and principal payments for the stadium improvements.
  - The Capital Funding for each of the venues is listed in detail on the following page.



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SPORTS COMPLEX CAPITAL MAINTENANCE (4G1)**

**PROPOSED BUDGET BOOK – Page #79-80**

	Description	Amount
<b><u>Everbank Field</u></b>		
Audio/Visual/Scoreboard/Broadcast	A/V Support System - Premium, Control Room Upgrades	\$ 300,000
Building Systems	Electrical Equipment, Plumbing Equipment, Wall Pad Replacement	\$ 200,000
Exterior Finishes	Concrete, Concrete Stain, Practice Field (Surfaces/Structures)	\$ 500,000
Interior Finishes	Press Box/Ops Booth Finishes, Locker Room, Security Office Expansion	\$ 1,287,828
Waterproofing	Continued Work	\$ 250,000
	Total	\$ 2,537,828
<b><u>Baseball Stadium</u></b>		
Building Systems	Building Systems Contingency, Elevator Modernization (2 Units)	\$ 97,640
Exterior Finishes	Repair Wrought Iron Fence	\$ 100,000
	Total	\$ 197,640
<b><u>Memorial Arena</u></b>		
Building Systems	Building Systems Contingency, Sport Light Fixtures	\$ 550,000
Furniture, Fixtures and Equipment	Forklifts, Operations Equipment	\$ 150,000
Interior Finishes	Other Finishes	\$ 150,000
Security and Access Control	Access Control System, Security Cameras, Equipment	\$ 40,000
	Total	\$ 890,000
	<b>Total Requested Projects</b>	<b>\$ 3,625,468</b>

2. Debt Service:

- In fiscal year 2015/2016 there was excess capacity available since bonds were not issued in the prior year and since this is an all years fund, the funds remained available to transfer to pay debt. As a result, the increase of \$3,291,077 is due to budgeting the full anticipated principal and interest payments.

**EMPLOYEE CAP CHANGES:**

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

**RECOMMENDATIONS:**

None