

OFFICE OF THE COUNCIL AUDITOR

FY 2016/2017 PROPOSED BUDGET

FINANCE COMMITTEE MEMBERS

Anna Lopez Brosche – Chair
Matt Schellenberg – Vice Chair
Greg Anderson
Aaron L. Bowman
Katrina Brown
Bill Gulliford
Samuel Newby



Meeting #5
August 24, 2016

**COUNCIL AUDITOR'S OFFICE
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**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2016/17 BUDGET
 CAPITAL IMPROVEMENT PLAN**

1. Some projects in the CIP are funded from transfers from current projects. The table below identifies projects in the CIP and the project from which funds are being transferred.

General Capital Projects

Project Name in CIP	Transfer "from" Project	Amount of Transfer
Public Buildings - Roofing	De-appropriated Projects	\$244,223
Traffic Signalization – Enhancements	De-appropriated Projects	\$21,282
Big Fishweir Creek	Ecosystem Dredging	\$966,375
Nungezer Road	Countywide Accessway	\$2,600,000
Traffic Signalization – Gate Pkwy at Blue Fin Drive	Sector 3-1 Reserves	\$400,000
Traffic Signalization – Baymeadows / Sweetwater	Sector 3-1 Reserves	\$400,000
Countywide Parks & Recreation Projects	De-appropriated Projects	\$450,015
Countywide Parks & Recreation Projects	Parks Contingency	\$527,034

Stormwater Capital Projects

Project Name in CIP	Transfer "from" Project	Amount of Transfer
Stormwater Pump Stations – Pump Replacements	Countywide Dredging	\$61,125
Red Bay Branch Sediment Dredging	Countywide Dredging	\$550,000
Lower Eastside Drainage	Septic Tank Phase Out	\$2,724,876
LaSalle Street Outfall	Special Council Reserve	\$294,365

2. Some projects in the CIP are funded from various trust funds. The table below identifies projects in the CIP and the trust fund from which they are being funded.

General Capital Projects

Project Name in CIP	Trust Fund	Amount of Funding
Sidewalk Construction – New	Not in Budget (see Recommendation #2)	\$0
Roadway Resurfacing	Not in Budget (see Recommendation #2)	\$0
ADA Compliance – Curb Ramps and Sidewalks	Not in Budget (see Recommendation #2)	\$0
Countywide Parks and Recreation Projects	Jax Recreation & Environmental Land Acquisition Fund	\$780,609
Sandalwood Jr. / Sr. High School Pool	Neighborhood Enhancement Trust Fund (pari-mutuel trust fund)	\$139,000
Terry Parker Pool and Park	Neighborhood Enhancement Trust Fund (pari-mutuel trust fund)	\$139,000
Windy Hills Elementary Baseball Field	Neighborhood Enhancement Trust Fund (pari-mutuel trust fund)	\$247,000

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3. Some projects in the CIP are funded from grants. The table below identifies projects in the CIP and the grantor from which they are being funded. See Recommendation #9 below.

General Capital Projects

Project Name in CIP	Grants	Amount of Funding
Moncrief/Dinsmore Road Bridge	State Appropriations bill	\$500,000

Stormwater Capital Projects

Project Name in CIP	Grants	Amount of Funding
Julington / Cormorant (Loretto Road Conveyance & Pond)	State Appropriations bill	\$202,450
Trout/Moncrief Pond	St. Johns River Water Management District	\$1,186,350

4. Some projects in the CIP are funded from interest earnings appropriations. The table below identifies projects in the CIP and the program/fund from which they are being funded.

Project Name in CIP	Interest Earnings	Amount of Funding
Railroad Crossings	5-year Road Program	\$204,131
Facilities Capital Maintenance – Gov't	Multiple Capital Project funds	\$636,932

5. There is one appropriation within the capital subfunds that does not appear in the CIP. It is described below; however, it is appropriated to a contingency line and will require future Council approval before it can be expended.

Project	Funding Source	Amount of Funding
Southside Parking Project	Southside TID Capital Projects – transferred from Southside TID	\$550,000

RECOMMENDATIONS:

- Adjust Project Names, Numbers and Prior Years Funding Amounts for schedule presentation purposes as necessary for continuity.
- Remove the following project amounts from the CIP schedule as they are not included in the budget and were recently funded via the CDBG legislation 2016-458-E. Roadway Resurfacing and ADA Compliance – Curbs Ramps and Sidewalks were funded at the amount below in 2016-458-E.

Project Name in CIP	Funding Amount	Funding Column
Sidewalk Construction – New	\$278,179	Trust Fund
Roadway Resurfacing	\$1,312,016	Trust Fund
ADA Compliance – Curb Ramps and Sidewalks	\$549,863	Trust Fund

Sidewalk Construction – New was funded at an amount \$167,381 less than indicated above due to unavailable funding within the CDBG legislation. This was offset with a \$191,642 increase in the Sidewalk Construction – New project based on actions taken by Finance Committee at Meeting #4.

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3. Due to this being an all years fund, remove the transfer from fund balance in from the Cecil Gymnasium Trust Fund (subfund 1DC). Appropriate \$350,000 from available entrance fees and investment pool earnings within the Cecil Gymnasium Trust to transfer to the Cecil Aquatics project. Due to a lack of available funds, reduce the Transfer Out to the Equestrian Center – Practice Ring Cover project by \$1,300,000 within the Cecil Gymnasium Trust Fund. Instead, appropriate \$1,300,000 from available funds from the Gain on Sale of Real Estate within the Cecil Commerce Center Trust Fund to transfer to the Equestrian Center – Practice Ring project.
4. Reduce the appropriation of Gain/Loss on Sale of Real Estate within subfund 324 for the Countywide Parks & Recreation Projects project and offset with increases in investment pool earnings (\$14,626), rental of city facilities (\$14,622) and transfer from fund balance (\$91,330). This has no effect on Special Council Contingency.
5. Correct the subobject to account for Library Fines that will fund the Collaborative Spaces project at the Main Library.
6. Amend the CRA Exhibit to correct the FY 2016/17 appropriation amount to \$233,824 for the Riverplace Blvd. Improvements.
7. Remove the \$4,396 borrowing for the Roadway Safety Project – Pedestrian Crossings and replace with \$4,396 of residual funding within the 5-year Road Program. This will reduce Debt Management Fund Loans by the same amount. This has no effect on Special Council Contingency.
8. We recommend removing the grant funded portion of projects (Moncrief/Dinsmore Road Bridge - \$500,000, Julington/Cormorant Pond - \$202,450, and Trout/Moncrief Pond - \$1,186,350) from the CIP. The grants have not yet been received. The Administration will bring legislation to appropriate the grants once they have been received.
9. Reduce the “Transfer” amount on CIP schedule for Countywide Parks & Recreation Projects by \$1 to match appropriation amount.
10. Reduce the “Paygo” amount for Stormwater Pump Stations – Pump Replacements by \$1 to match appropriation amount.
11. Approve the budget appropriations of the various 20+ subfunds that make up the funding for CIP projects
12. Allow the Budget Office and Council Auditor’s Office to adjust CIP schedules as necessary to reflect Council’s actions.
13. Revise JAA’s Capital Schedule to reflect the City portion for the Fire Station #56 – Relocation project at \$2,500,000.
14. Debt service has been over-budgeted in Stormwater Services (subfund 461) by \$150,000. We recommend reducing the debt service within subfund 461 by \$150,000.

The Administration has requested that this additional \$150,000 be put into the Drainage System Rehabilitation – Capital Maintenance project. The other available options are listed below:

- Increase the budget of an existing capital project within the Stormwater Capital Fund (subfund 462).
- Allocate the funds to a new capital project within the Stormwater Capital Fund.
- Increase the operational expenditures with Stormwater Services (subfund 461).

(See Notes on next page)

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2016/17 BUDGET
 CAPITAL IMPROVEMENT PLAN**

NOTES:

1. Ordinance 2015-428-E established recurring capital maintenance suggested minimums and targets. See page 5 for Recurring Capital Maintenance Needs. The following projects did not meet the minimum amounts.

Project Name in CIP	Suggested Minimum	Target	Amount Funded
Roadway Resurfacing (a)	\$12,000,000	\$18,000,000	\$10,687,984
Facilities Capital Maintenance (b)	\$1,500,000	\$3,500,000	\$1,100,000
Bulkhead repair/replace (c)	\$1,500,000	\$2,500,000	\$1,000,000
Countywide Parks & Recreation Projects (d)	\$2,000,000	\$3,000,000	\$1,999,999

- a) With the CDBG appropriation in Ordinance 2016-458-E, the Roadway Resurfacing suggested minimum is met.
 - b) While Facilities Capital Maintenance as a single project does not meet the suggested minimum, the combination with the Public Buildings – Roofing project meets the minimum.
 - c) The same is true for the Bulkhead Repair/Replace project. When combined with the Liberty Street / Coastline Dr. / Parking Decks project, the suggested minimum is met.
 - d) Countywide Parks & Recreation Projects does not meet the minimum by \$1 with the adoption of Recommendation #9 above.
2. Municipal Code Section 754.112 states that of the revenues received from stormwater service charges and the user fee reduction subsidies, “the greater of \$4 million or 15% of the total revenue received whichever is higher shall be appropriated for stormwater capital projects, and no less than \$6 million shall be designated Drainage System Rehabilitation.”

The Administration considered the use of the reimbursement received from JEA for the BMAP credits (\$2,086,767) to contribute to meeting this Municipal Code requirement. With this approach, the requirement is met. However, we do not agree with this approach.

We believe the following options are available:

- a. Waive the requirement within Section 754.112
 - b. Increase the transfer into Subfund 462 for the difference of \$1,499,074
3. The Neighborhood Enhancement Trust Fund (revenues received from the pari-mutuel wagering facility) is appropriating \$525,000 for the Terry Parker Pool, Sandalwood High Pool, and Windy Hills Baseball projects.
 4. Department Request – Fair Share appropriation

2015-428
FIN

Recurring Capital Maintenance Needs

Capital Maintenance Area	Suggested Minimum	Target
Roadway Resurfacing	12,000,000	18,000,000
Sidewalk Repair	2,000,000	3,000,000
Sidewalk "New"	250,000	500,000
Drainage System Rehab (DSR)	6,000,000	6,000,000
Facilities Capital Maintenance	1,500,000	3,500,000
Intersection Improvements	1,000,000	1,500,000
Periodic Maintenance (Bridge Repair/Replacement)	3,000,000	4,000,000
Pavement Markings (previously combined with Signal Repair/Upgrade)	350,000	750,000
Roadway Signal Repair/Upgrade (previously combined with Pavement Markings)	2,000,000	2,500,000
Traffic Calming	150,000	150,000
Roadway Safety Program (Pedestrian Crossings - midblock & other)	250,000	500,000
Traffic Street Lights	75,000	150,000
Railroad Crossings	50,000	50,000
Bulkhead repair/replace	1,500,000	2,500,000
Park Capital Maintenance	2,000,000	3,000,000

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
DEBT MANAGEMENT FUND (S/F 592)**

PROPOSED BUDGET BOOK – Page #117-118

BACKGROUND

Ordinance 2015-483-E amended section 110 Part 5 of the Municipal Code and established this fund as simply a funding mechanism where various forms of debt could be utilized to finance authorized City projects.

REVENUE:

1. Charges for Services
 - This revenue item represents the repayment of debt from user departments into the fund.
2. Other Sources
 - This amount represents the FY 2016/17 proposed new borrowing as detailed in the B4 schedule.

EXPENDITURES:

1. Other Operating Expenses
 - This amount represents the cost of administering the fund for FY 2016/17.
2. Debt Service
 - This amount represents the payment to various financial institutions for the cost of commercial paper loans as well as principal, interest, and fiscal agent fees for bonds. The increase of \$6,299,270 is mainly due to a \$4,523,958 increase related to proposed new debt service and \$1,774,012 in scheduled increases for principal and interest payments on existing debt.
3. Payment to Fiscal Agents
 - This is the amount that will be loaned to City agencies from the Debt Management Fund during FY 2016/17.

DEBT MANAGEMENT FUND DETAIL:

The table on the next page contains a detailed listing of the new items to be financed through the Debt Management Fund.

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 MAYOR'S PROPOSED FY 2016/17 BUDGET
 DEBT MANAGEMENT FUND (S/F 592)**

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Area	Project Name	Debt Proceeds
General Fund / GSD (S/F 011)	STATION #56 RELOCATION	2,500,000
General Fund / GSD (S/F 011)	FIRE STATION #1 AIR QUALITY IMPROVEMENTS	235,476
General Fund / GSD (S/F 011)	POLLUTION REMEDIATION ACCRUAL-4 SITES	3,000,000
General Fund / GSD (S/F 011)	HUGUENOT PARK- AIR QUALITY IMPROV	115,650
General Fund / GSD (S/F 011)	ROADWAY SAFETY PROGRAM-PED X-ING	4,396
General Fund / GSD (S/F 011)	PUBLIC BUILDINGS - ROOFING	128,405
General Fund / GSD (S/F 011)	ROADWAY SIGN STIPE & SIGNAL	820,000
General Fund / GSD (S/F 011)	ROADWAY WIDENING & RESURFACING	10,659,394
General Fund / GSD (S/F 011)	SIGNALIZATION/ITS ENHANCEMENTS	53,718
General Fund / GSD (S/F 011)	TRAFFIC SIGNAL RETIMING	350,000
General Fund / GSD (S/F 011)	SIDEWALK AND CURB	1,768,710
General Fund / GSD (S/F 011)	BRIDGES	2,444,131
General Fund / GSD (S/F 011)	INTERSECTIONS	498,294
General Fund / GSD (S/F 011)	BULKHEADS & RIVERWALK REPAIR	1,000,000
General Fund / GSD (S/F 011)	PRETRIAL DET FAC-CELL DOOR SYSTEM	500,000
General Fund / GSD (S/F 011)	FACILITIES CAPITAL MAINT - GOVERNMENTAL	463,068
General Fund / GSD (S/F 011)	ADA COMPLIANCE - PUBLIC BUILDINGS	1,000,000
General Fund / GSD (S/F 011)	ADA COMPLIANCE - CURB RAMPS SIDEWALKS	4,950,137
General Fund / GSD (S/F 011)	LIBERTY ST/COASTLINE DR/PARKING DECK	6,000,000
General Fund / GSD (S/F 011)	SIDEWALK CONTRUCTION - NEW	102,564
General Fund / GSD (S/F 011)	PAVEMENT MARKINGS	350,000
General Fund / GSD (S/F 011)	FLETCHER HIGH SCHOOL POOL	168,000
General Fund / GSD (S/F 011)	BLUE CYPRESS - POOL DEMO & REPLACEMENT	200,000
General Fund / GSD (S/F 011)	ANDREW JACKSON POOL	140,000
General Fund / GSD (S/F 011)	EUGENE BUTLER POOL	140,000
General Fund / GSD (S/F 011)	FRIENDSHIP FOUNTAIN REPAIRS	150,000
General Fund / GSD (S/F 011)	COUNTYWIDE PARKS-UPGRADES/MAINT REPAIRS	242,341
Solid Waste (S/F 441)	TRAIL RIDGE LANDFILL EXPANSION	11,500,000
Fleet (S/F 512)	FLEET REPLACEMENT	10,952,810
ITD (S/F 536)	CAD - 911 CALL SYSTEM REPLACEMENT	2,751,627

63,188,721

EMPLOYEE CAP CHANGES:

There are no positions in this subfund.

SERVICE LEVEL CHANGES:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
DEBT MANAGEMENT FUND (S/F 592)**

PROPOSED BUDGET BOOK – Page #117-118

RECOMMENDATIONS:

1. Revise the following:
 - Schedule B4 to reduce the FY 2016/17 Payment for Stormwater Projects by \$150,000 as previously discussed in the CIP Handout. This will result in a reduction to both Charges for Services and Debt Service within the Debt Management Fund.
 - Schedule B4 to decrease the FY 2016/17 payment for the Ed Ball Building by \$101,439 and increase the FY 2016/17 payment for Capital Improvement Projects by the same amount.
 - Schedule B4c to change the description “Short Term Commercial Paper” to “Short Term Debt”.
2. Allow the Council Auditor’s Office and the Office of General Counsel in coordination with the Budget Office to make any necessary changes to Schedule B4, B4a, B4b, and B4c to reflect the actions of the Finance Committee.

These recommendations have no impact to Special Council Contingency.

FY 17 Debt Management Fund Detail
By Project / Activity

		498,412,555	0	63,188,721	561,601,276	46,747,357	2,028,951	559,572,325
Indexcode	Project Name	Prior All Years Budget	Transfers / Adjustments	FY 17 New Borrowing	All Years Budget	FY 17 Payment	Removal of Excess Capacity	Amended All Years Budget
AFIT536	Sch B4a - Technology Replacement	14,343,952		2,751,627	17,095,579	254,762	87,918	17,007,661
CIP - JXMS011BALL	Sch B4b - Ed Ball Building	12,651,827			12,651,827	1,193,287	0	12,651,827
CIP - JXMS011BKFND	Sch B4b - Capital Impr Projects	323,919,663		37,984,284	361,903,947	24,297,795	0	361,903,947
CIP - JXMS441BKFND	Sch B4b - Solid Waste Projects	17,873,145		11,500,000	29,373,145	744,145	0	29,373,145
CIP - JXMS461BKFND	Sch B4b - Stormwater Projects	20,743,940			20,743,940	2,369,313	0	20,743,940
CIP - JXMS4K1BKFND	Sch B4b - Stadium WiFi (2014-455-E)	1,250,000			1,250,000	260,625	3,187	1,246,813
CIP - JXMS534BKFND	Sch B4b - Radio System	21,000,000			21,000,000	4,644,099	72,019	20,927,981
CIP - PWCP452FERR	Sch B4b - Slip Walls	1,500,000			1,500,000	0	875,000	625,000
CIP - SERE011	Sch B4b - EVIDS Equipment Purchase	1,598,560			1,598,560	250,723	0	1,598,560
AFFM512	Sch B4c - Fleet Replacement	22,989,171		10,952,810	33,941,981	5,358,947	709,139	33,232,842
AFIT534	P25 Radio - Fire Station Paging	3,000,000			3,000,000	0	0	3,000,000
AFIT534JEA	First Coast Radio Buyout (2011-756-E)	8,547,456			8,547,456	1,063,437	0	8,547,456
FRFO011FO	Mobile Data Terminal (MDT) Refresh FY16	470,000			470,000	97,546	0	470,000
FRFO011FO	Self Contained Breathing Apparatus	5,271,900			5,271,900	569,828	135,999	5,135,901
FROD011	CAD replacement (ord 2009-54-E)	1,556,321			1,556,321	171,965	0	1,556,321
JXMS011HB	Haverty Building (ord 2013-187-E)	14,311,480			14,311,480	1,473,069	0	14,311,480
JXSF011POL	Ash Settlement Payment	23,380,000			23,380,000	2,640,398	0	23,380,000
PWSW441COAD	Solid Waste Recycling Carts	3,800,000			3,800,000	1,316,000	145,689	3,654,311
SHAD011	CAD replacement (ord 2009-54-E)	205,140			205,140	41,418	0	205,140

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
BETTER JACKSONVILLE PLAN (S/F 1I1)**

PROPOSED BUDGET BOOK – Page #113-114

BACKGROUND

This subfund was established to house the financial details related to the Better Jacksonville Plan (BJP). The Better Jacksonville Plan was approved by voters in 2001 and is a \$2.25 billion comprehensive growth management program that provides road and infrastructure improvements, environmental preservation, targeted economic development and new and improved public facilities funded by a half-cent sales tax. The various projects and programs funded by The Better Jacksonville Plan are administered by the City of Jacksonville, the JEA, and the Jacksonville Transportation Authority in cooperation with the Florida Department of Transportation. This is an all years subfund and as such prior year budgetary adjustments are part of the new-year proposal.

REVENUE

1. Taxes
 - This represents the portion of the FY 2016/17 anticipated revenue from the Local Option Sales Tax necessary to cover the debt service below.
2. Intergovernmental Revenue
 - This represents the IRS Build America Bonds (BABs), subsidy.
3. Investment Pool / Interest Earnings
 - The decrease of \$86,295 is due to a decrease in anticipated earnings on pooled cash.
4. Transfers from Component Units
 - This represents the City's portion of the Constitutional Gas Tax that is used to help fund debt service payments.

EXPENDITURES

1. Debt Service
 - The net principal payment of \$34,705,884 is based on a FY 2016/17, principal payment of \$35,705,884, which is reduced by \$1,000,000 due to an all years adjustment. The net interest payment of \$35,630,393 is based on a FY 2016/17 interest payment of \$38,516,353, which is reduced by a net of \$2,885,960 due to an all years adjustment. Also, there is \$5,350 for fiscal agent charges. The FY 2016/17 proposed amounts on the following table reflect the total principal and interest debt service payments by issue with the total reduced by the all years adjustment.

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 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2016/17 BUDGET
 BETTER JACKSONVILLE PLAN (S/F 1I1)**

PROPOSED BUDGET BOOK – Page #113-114

Account Title	Principal	Interest	Fiscal Agent Fees	Total
2008 Better Jax	4,040,000	393,014	450	4,433,464
2009B-1 Spec Rev	2,240,000	5,463,643	900	7,704,543
2010B Spec Rev (w \$90m Courthouse)	-	3,844,864	450	3,845,314
2011 B Spec Rev (w \$14m Courthouse)	4,500,000	3,629,597	450	8,130,047
2011 Better Jax	6,315,000	2,511,302	450	8,826,752
2012 Better Jax	12,850,000	9,711,843	450	22,562,293
2012A Better Jax	-	2,049,613	450	2,050,063
2013C Spec Rev (ref'10B 1'11B MTNs)	-	1,653,020	750	1,653,770
2016 Better Jax (partial ref 08)	-	2,890,206	1,000	2,891,206
SIB Loan #1	2,143,542	293,378	-	2,436,920
SIB Loan #2	3,617,342	363,614	-	3,980,956
2012 Better Jax	-	1,607,307	-	1,607,307
2012A Better Jax	-	2,911,204	-	2,911,204
2012 Better Jax	-	424,426	-	424,426
2012A Better Jax	-	769,322	-	769,322
FY 2016/17 Debt Service	35,705,884	38,516,353	5,350	74,227,587
AI Years Adjustments	(1,000,000)	(2,885,960)	-	(3,885,960)
FY 2016/17 Proposed	34,705,884	35,630,393	5,350	70,341,627

EMPLOYEE CAP CHANGES:

There are no positions in this subfund.

SERVICE LEVEL CHANGES:

None

RECOMMENDATION:

None