

**OFFICE OF THE CITY COUNCIL**

117 WEST DUVAL STREET, SUITE 425

4TH FLOOR, CITY HALL

JACKSONVILLE, FLORIDA 32202

904-630-1377

**FINANCE COMMITTEE BUDGET HEARING #4 MINUTES**

**August 18, 2017**

**9:00 a.m.**

**Location:** City Council Chamber, City Hall – St. James Building; 117 West Duval Street,

**In attendance:** Council Members Garrett Dennis (Chair), Danny Becton, Lori Boyer, Katrina Brown (dep. 5:27 p.m.), Reggie Brown, Reggie Gaffney (dep. 5:27 p.m.), Matt Schellenberg (dep. 2:45 p.m.)

**Also**: Council Members Tommy Hazouri (dep. 3:20 p.m.), Doyle Carter (arr. 1:47) ; Paige Johnston – Office of General Counsel; Kyle Billy, Brian Parks, Phillip Peterson, Robert Campbell - Council Auditor’s Office; Crystal Shemwell and Katrin McDonald – Legislative Services Division; Sam Mousa, Ali Korman Shelton and Jordan Elsbury – Mayor’s Office; Mike Weinstein and Angela Moyer – Finance and Administration Department; Jeff Clements – Council Research Division

**Meeting Convened**: 9:03 a.m.

Chairman Dennis convened the meeting and the attendees introduced themselves for the record. Council Member Becton reported that the Special Council Contingency fund starts the day at $1,064,966 to the positive.

**Page references from this point refer to Auditor’s IndependentAgencies handout.**

JEA

Phillip Peterson of the Council Auditor’s Office reviewed the JEA’s operating and capital budgets, personnel cap and City contribution calculation and amount. He noted that the JEA’s electric fuel budget is decreasing by $54.6 million. Net income from electric operations is $525.2 million and the electric division contribution to the City is $91.47 million. In response to a question from Council Member Schellenberg, JEA CEO Paul McElroy said that the utility is still committed to participating in a nuclear power plant in Georgia if that plant is constructed. The contribution to the City from the water and sewer operation is $25.148 million. JEA is issuing no new debt for capital projects in the upcoming fiscal year. In response to a question from Council Member Boyer about lessons learned from last year’s Hurricane Matthew, Mr. McElroy reported that the JEA has inspected and evaluated electrical supply to the 1,450 sewer pump stations and has purchased hundreds of portable generators, upgraded permanently installed on-site generators and addressed tree canopy issues as they impact electric supply to pump stations to ensure that power is better maintained to the pump stations to prevent sewage spills. He stated that a detailed report on the state of the JEA’s water and sewer system is due in September, and another study is underway to address water and sewer facility needs in the context of sea level rise and how to make the system more sustainable by elevating facilities in the future.

Council Member Boyer asked for additional information on how the JEA’s capital budget is addressing lift station flooding problems from normal heavy rains. Mr. McElroy said that the long term plan must be to elevate the lift stations, which by the nature of the gravity fed system, must be located at the lowest points and will thereby be naturally at risk of flooding. In response to a question from Council Member R. Brown, Mr. McElroy explained that new lift stations are constructed by private developers in conjunction with new residential and commercial development and are deeded to the JEA. In response to a question from Council Member K. Brown about septic tank phase-outs, Mr. McElroy reported that the JEA had made a one-time $15 million payment in conjunction with the adoption of a revised annual contribution payment that the City will match over the next 5 years. He explained the 5-year capital plan and the annual update process. Mike Ross, General Manager of JEA’s electric operations, reported that the utility is approximately 75% completed with conversion of high wattage lamps to LED, and over 50% completed with conversion of lower wattage lamps. The complete conversion is expected to be complete in 2019, ahead of schedule. Council Member R. Brown said that the state government is matching 50% of the cost of septic tank phase-outs in Indian River County and asked whether Jacksonville is attempting to access similar funding for its phase-out needs. Council Member Boyer said that an amendment to the City Charter would be needed if the City wants the JEA to contribute more by way of its annual contribution to that process above and beyond the $15 million it has already provided. Council Member R. Brown is concerned about how to expand the septic tank phase-out list to include neighborhoods beyond those already identified as priorities because of their proximity to water bodies.

In response to a question from Council Member Gaffney about planning for replacement of old pipes, Mr. McElroy said that JEA has done a thorough study on their inventory of large diameter pipes (first 10 miles of water transmission lines out of water plants and last 10 miles of sewer collection mains leading into sewage treatment plants) and has begun to prioritize repair and replacement needs. In response to a question from Ms. Boyer, Mr. McElroy stated that generally speaking, 10-15% of the capital budget is for projects in St. Johns County and 5-7% for projects in Nassau County, which generally reflects the percentage of the system located in those counties.

In response to a question from Chairman Dennis about JEA’s plans for future growth, Mr. McElroy said that the fundamental principle is to always have sufficient capacity available to serve development needs when and where they occur. On the water side, the future of water availability in the Floridan Aquifer is an issue in the 5-10 year future horizon. Alternative water sources will need to be explored and conservation will need to be emphasized. On the electric side, increasing energy efficiency in homes, businesses and appliances means that electric sales will continue to decline over time. The JEA has programs to try to expand use of electricity in the logistics industry (i.e. replacing propane with electric forklifts in warehouses) and to encourage use of electric vehicles in general. In response to a question about the JEA’s balance between serving new development versus providing better services to older neighborhoods where public services are not up to modern standards, Mr. McElroy said that JEA does not have the legal authority (pursuant to Public Service Commission policies, bond covenants, etc.) to subsidize facilities for one class of customers using revenues generated by another class of customers. New customers pay the capital costs to connect their developments to the JEA’s system and their monthly charge pays for their volume of usage and the repair and maintenance of the privately constructed and donated capital systems. The JEA can’t use those funds to subsidize construction of facilities in older neighborhoods. Council Member Becton said that JEA is geographically and legally restricted and has to find ways to expand its product lines if it wants to remain a going concern into the future. Council Member R. Brown urged greater efforts to find federal and state grant funding.

Council Member Boyer asked what sorts of legislative, political, financial and other changes need to be made to allow the JEA to overcome the obstacles that Mr. McElroy had earlier outlined that prohibit JEA from doing infill work as the committee has been discussing. She requested a report on Public Service Commission policies and regulations, state laws, Attorney General opinions, etc. that are cited as obstacles to what the Council is trying to accomplish in retrofitting infill neighborhoods. In response to a question from Council Member Hazouri, Mr. McElroy said that cost factors make it unlikely that the entire electric utility system will ever be placed underground. He noted that research has shown that underground electric lines reduce the number of tree-related outages, but those outages take longer to repair. Council Member Hazouri asked how much the JEA spends on advertising and public relations and why it advertises (other than conservation messages) when JEA has a monopoly on water, sewer and electric service in the county.

In response to a question from Council Member K. Brown about lessons learned from 2016’s Hurricane Matthew, Mr. McElroy explained that the JEA will in the future be much clearer about its statements about when full normal service will be restored. JEA has entered into a new memorandum of agreement with other utilities across the state on how they will provide mutual aid to recover from storms, and is considering ways to harden critical sewer facilities so that personnel can ride out storms on-site. Ms. Brown thanked JEA for its increased use of the JSEB program. Council Member R. Brown asked JEA and the City administration to develop a mechanism to take up the mission of the defunct Water and Sewer Expansion Authority and asked Mr. McElroy to raise the issue with the JEA board. In response to a question from Chairman Dennis about the JEA’s equal opportunity/equal employment policies and procedures, Mr. McElroy said that the JEA actively recruits a talented and diverse workforce and reports quarterly to the City’s EEO board on its progress. The JEA has identified gaps in female and Latino employment and plans to make greater efforts in hiring among those demographics in the coming year.

Mr. McElroy said that JEA provides the most lenient extended payment plans for the economically disadvantaged and raised almost $3 million from a variety of sources and partner agencies to help customers on low and fixed incomes to pay their utility bills. Surcharges on credit card payments have been reduced and several automated bill payment options are available to reduce bill fluctuations.

Jacksonville Transportation Authority

Local Option Sales Tax for Transportation

**Motion**: on p. 32, approve Auditor’s recommendation to increase tax revenue by $8,090,726 – **approved unanimously**.

Local Option Gas Tax

**Motion**: on p. 34, approve Auditor’s recommendation to decrease Transfer from Component Units revenue and Capital Outlay Expenditure by $1,101,378 – **approved unanimously.**

In response to a question from Council Member Boyer, JTA CEO Nathaniel Ford explained the authority’s pay raises over the last several years to retain employees who increasingly have better-paying job opportunities in the private sector. He said the authority has had to hire more full-time workers because it is increasingly difficult to hire part-time employees. In response to a question from Council Member Hazouri, Mr. Ford said there is no plan to charge fares to senior citizens (age 65+) who currently ride free in this budget. Chairman Dennis requested detailed information on every JTA employee’s salary for the last 2 years and proposed for the next year by the middle of next week. Council Member Boyer, recalling a discussion at last year’s JTA budget hearing, raised the issue of budgeting federal grant funds in advance of receipt and the need to somehow reflect that fact in the budget ordinance. Mr. Ford explained JTA’s process requiring board approval for authorization to expend the funds when received in a subsequent fiscal year. Ms. Boyer suggested notating such anticipated grant amounts and suggested the need for investigation of a procedure for how such appropriation could be subsequently authorized for expenditure.

Mr. Ford discussed the flattening of ridership growth and said that Jacksonville benefitted from having done a major route reorganization 2 years ago. He explained that the JTA has partnered with a taxi company and a golf cart shuttle company to provide more cost-effective alternative transportation options in lieu of regular fixed route bus service where that makes sense. In response to a question from Council Member K. Brown about the homeless riding the Skyway, Mr. Ford said that they use the video monitoring system to monitor who is in the cars and is considering adopting a policy that would prohibit riding the system for long periods of time without any destination in mind. It is important to make the system attractive for legitimate users by controlling undesirable behavior. Mr. Ford said that charging for Skyway use will take place in 3 or 4 years when the new autonomous vehicle system is implemented. In response to a question from Council Member Gaffney, Mr. Ford reported that all employees receive diversity and sensitivity training. He reported that federal grant funding stalled in the current fiscal year because of the change of administrations in Washington, which naturally causes a delay as the new administration reviews existing programs and considers new priorities.

Council Member Schellenberg asked the Auditor’s Office to review St. Johns River Ferry ridership and passenger fare numbers on a month-to-month basis over the past 3 years to determine ridership and revenue patterns. In response to a question from Council Member K. Brown, Mr. Ford described the contract for the Connexxions paratransit system and the JTA’s objective to minimize the cost of providing that very expensive service. The contract will be up for re-competition next year

**Motion**: on p. 63, approve Auditor’s recommendation #1 to remove the word “(BJP)” from the Local Option Gas Tax line on Schedule O and replace it with “Net” – **approved unanimously**.

**Motion**: on p. 63, approve Auditor’s recommendation #2 to increase the Federal, State and Local Grants line item under Bus on Schedule O by $51,203 and decrease Net Sales Tax – Operating by a like amount - **approved unanimously**

**Motion**: on p. 63, approve Auditor’s recommendation #3 to increase the Net Sales Tax – Operating line in Bus on Schedule O by $6,052,837 and increase the Contingency line item under Bus on Schedule P by the same amount - **approved unanimously**

**Motion**: on p. 63, approve Auditor’s recommendation #4 to decrease the Local Option Gas Tax – Net line on Schedule O by $1,252,488 and decrease the Bus – Contingency line item on Schedule P by a like amount - **approved unanimously**

**Motion**: on p. 63, approve Auditor’s recommendation #5 to increase the City of Jacksonville (Paratransit Contribution) line item under CTC on Schedule O by $38,647 and increase the Contingency line item under CTC on Schedule P by like amount - **approved unanimously**

**Motion**: on p. 63, approve Auditor’s recommendation #6 to remove and replace Schedules O and P with Revised Schedules O and P - **approved unanimously**

**Motion**: on p. 63, approve Auditor’s recommendation #7 to remove line item Grant Match (State) form Schedule Q and replace with Revised Schedule Q - **approved unanimously**

**Motion**: on p. 63, approve Auditor’s recommendation #8 to decrease the Computer Software item under Bus on Schedule R by $1,047,000, remove that line item, and increase the Computer Equipment line under Bus on Schedule R by like amount, and re-name that line item to Computer Equipment (Hardware and Software) on Revised Schedule R - **approved unanimously**

**Motion**: on p. 63, approve Auditor’s recommendation #9 to remove and replace Sections 5.1 and 5.2 of the budget ordinance narrative with Revised Sections 5.1 and 5.2, insert Revised Schedules O, P, Q and R, and correct the sales tax revenue budget to $62,046,683 - **approved unanimously**

Chairman Dennis asked Mr. Ford about the number of his employees who ride public transit to and from work and about the authority’s equal opportunity/equal access efforts. Mr. Ford distributed a packet of statistics on the agency’s workforce diversity and described its recruiting efforts and promotion policies. He reported that 24% of the agency’s capital budget is being spent with JSEB companies.

**The committee was in recess from 12:32 p.m. to 1:47 p.m.**

Jacksonville Aviation Authority

**Motion**: on p. 73, approve Auditor’s recommendation #1 to decrease the Services and Supplies expenditure line by $1,059,439 and increase the Operating Contingency expenditure line by the same amount; remove and replace Schedule G (operating budget) with Revised Schedule G – **approved unanimously.**

**Motion**: on p. 73, approve Auditor’s recommendation #2 to remove and replace Schedule H with Revised Schedule H - **approved unanimously.**

Steve Grossman, CEO of the JAA, thanked the Auditor’s Office for an efficient and painless budget review process. He said that the Authority is diversifying its revenue streams away from heavy reliance on airline landing fees (not within the authority’s control) by developing property at Jacksonville International Airport and Cecil Airport for lease and restructuring the authority’s debt portfolio to reduce debt service costs. Another hangar on the east side of the Cecil airfield is being planned for construction next year to open up development on that side of the complex. Council Member Boyer complimented the JAA on the excellent customer service ratings it has been receiving and on the new aviation history exhibit in the terminal which is a nice amenity. She noted that the Tourist Development Council has allocated some funding for direct marketing in cities around the country to help build leisure travel traffic to keep and enlarge the number of direct flights. Council Member R. Brown lamented that flights from Orlando’s airport of so much less expensive that it makes it worthwhile for budget conscious travelers to drive there to take flights rather than from JIA. Mr. Grossman said that FAA regulations prohibit use of federally regulated funds to incentivize airlines to provide service, so the JAA is partnering with tourism agencies and other partners to generate local funds for airline service incentives. He emphasized that once new service is achieved, local residents must patronize those flights or they will be lost again.

Council Member Gaffney noted the stark disparity between the maintenance of the landscaping on the JIA grounds (very nice) and just off the airport site on FDOT’s right-of-way (only mowed 5 times a year). Mr. Grossman reported that federal regulations prohibit spending of airport funds off of airport property so the authority cannot improve that standard. The standards for FDOT right-of-way maintenance are set by the Florida Legislature and mandated to be at a C+ standard. Council Member R. Brown recommended that the City pick up the slack and add additional mowings to meet a better standard. Council Member Hazouri suggested that the City address the Duval Legislative Delegation at its upcoming meeting to change the state law and mandate increased frequency of FDOT mowing on state roads around the state’s passenger airports.

In response to a question from Chairman Dennis about equal opportunity/equal employment policies, he said that the authority already has a very robust program on the procurement side of its operations and is making additional efforts in the employment area, particularly to recruit female candidates.

**Page references from this point refer to Auditor’s Budget Hearing #4 handout.**

Cecil Field Trust Fund

**Motion**: on p. 26, approve Auditor’s recommendation #1 to eliminate the transfer of $315,496 from the General Fund/GSD and offset by an “all years” reduction of the same amount in Miscellaneous Services and Charges in the Cecil Field Trust Fund by reducing excess budgeted expenditures appropriated in prior years – **approved unanimously.**

**Motion**: on p. 26, approve Auditor’s recommendation #2 to decrease timber product revenue by $80,000 and to decrease Professional Services by $50,000 and decrease Miscellaneous Services and Charges by $30,000 reducing excess budgeted expenditures appropriated in prior years – **approved unanimously**.

**Page references from this point refer to Auditor’s Independent Agencies handout.**

Jacksonville Port Authority

**Motion**: on p. 81, approve Auditor’s recommendation #1 to decrease the Shared Revenue from Primary Government line under Non-Operating Revenues on Schedule I by $512,290 and decrease the Debt Service line under Non-Operating Expenditures on Schedule I by the same amount – **approved unanimously.**

**Motion**: on p. 81, approve Auditor’s recommendation #2 to correct spelling errors and make formatting changes for consistency purposes and to attach a Revised Schedule J to include a more detailed listing of capital projects - **approved unanimously.**

In response to a question from Council Member Hazouri, JPA CEO Eric Green stated that the authority is pursuing an 11-mile dredging project at the moment, although the federal government has approved a 13-mile project, which will be accomplished in 4 phases. Phase 1 has been bid and the bids came in very favorably last week; Phase 2 will likely be bid next year. Mike Poole, JPA’s Finance Director, explained the funding sources for the $484 million dredging project - primarily $238 million from the State of Florida over 5 years and federal government share up to 50% ($242 million) over a number of years subject to annual appropriation, with a local share covering the rest of the project costs. Council Member Hazouri questioned where funding will come from if the project is begun and then the state and/or federal governments pull back their funding commitment and questioned whether anyone knows the full extent of mitigation that will need to be undertaken. In response to another question from Mr. Hazouri, JPA said that the projected return on investment period for the public expenditures being made is projected at 15 years.

Mr. Hazouri decried the fact that Jaxport’s private (non-Office of General Counsel) attorney has advised the authority to be very circumspect about what is said in public due to the pending lawsuit on the dredging. In response to a question from Council Member Boyer, Assistant General Counsel Paige Johnston said that she would consult with the General Counsel about whether the City Council can hold a shade meeting at which the JPA would divulge more details about the dredging project than they are willing to divulge in open session. Council Member Hazouri questioned whether the issue of the pending lawsuit is a valid reason not to address important issues in a public venue, given that the Port Authority is not the party being sued (the Army Corps of Engineers is the defendant). Kyle Billy requested from the JPA the information that the authority has compiled on the projections on the number of ships, number of containers, job creation projections, and other economic factors that have shaped the dredging decisions made to date.

**Page references from this point refer to Auditor’s Budget Hearing #4 handout.**

Downtown Investment Authority

Public Parking

**Motion**: on p. 6, approve Council Auditor’s recommendation to increase tenant revenue and decrease transfer from fund balance by $15,276 – **approved unanimously**.

Motion: on p. 6, approve the DIA’s departmental request that $275,000 from Contractual Services be added to the capital outlay carry-forward list for purchase of Parking Revenue and Access Control Systems equipment – **approved unanimously**.

Community Redevelopment Areas

Downtown Northbank East CRA

**Motion**: on p. 9, approve Auditor’s recommendation #1 to increase the Lynch/11E repayment revenue by $178,850 and decrease the General Fund/GSD loan by the same amount – **approved unanimously**

**Motion:** on p. 9, approve Auditor’s recommendation #2 to eliminate the transfer from fund balance and increase the General Fund/GSD loan by $86,813 - **approved unanimously**

**Motion:** on p. 9, approve Auditor’s recommendation #3 to decrease the amount budgeted for professional services from $2,500 to $0 an increase the transfer to General Fund/GSD by the same amount to transfer the cost of the independent audit - **approved unanimously**

**Motion:** on p. 9, approve Auditor’s recommendation #4 to remove FY16-17 budget amounts from Schedule V - **approved unanimously**

**Motion:** on p. 9, approve Auditor’s recommendation #5 to revise Schedule V to reflect the approved budget - **approved unanimously**

Southbank CRA

**Motion**: on p. 11, approve Auditor’s recommendation #1 to eliminate the transfer from fund balance of $779,622 and decrease the JEA Southside Generating Station Public Infrastructure appropriation by the same amount - **approved unanimously.**

**Motion:** on p. 11, approve Auditor’s recommendation #2 to decrease the amount budgeted for professional services from $2,500 to $0 an increase the transfer to General Fund/GSD by the same amount to transfer the cost of the independent audit - **approved unanimously.**

**Motion:** on p. 11, approve Auditor’s recommendation #4 to remove FY16-17 budget amounts from Schedule V **- approved unanimously.**

**Motion:** on p. 11, approve Auditor’s recommendation #5 to revise Schedule V to reflect the approved budget **- approved unanimously.**

Angela Moyer reported that the $2,500 transfer for the audit cost would push the account above the 10% maximum allowable threshold on use of proceeds for administrative expenses.

Downtown Northbank West CRA

**Motion:** on p. 13, approve Auditor’s recommendation #1 to decrease the amount budgeted for professional services from $2,500 to $0 an increase the transfer to General Fund/GSD by the same amount to transfer the cost of the independent audit - **approved unanimously.**

**Motion:** on p. 13, approve Auditor’s recommendation #2 to remove FY16-17 budget amounts from Schedule V **- approved unanimously.**

**Motion:** on p. 13, approve Auditor’s recommendation #3 to revise Schedule V to reflect the approved budget **- approved unanimously.**

JIA CRA

Referring back to the discussion with the JAA board in the morning session, Council Member Gaffney asked if JIA CRA funding could be used for additional grass mowing along state roads around the international airport. Kirk Wendland, Economic Development Officer, said that he would have to explore allowable uses of the CRA funds to see if mowing is a potential use. Sam Mousa said that he understands the Airport Road is under some form of construction and therefore FDOT’s contractor on the project is responsible for mowing during the length of the project. He committed to meet with Public Works and see what can be done to improve the condition of Airport Road and International Parkway. Council Member Gaffney requested a list of all the businesses in the JIA CRA district that he might solicit for private contributions to help improve roadway appearance. Ms. Boyer requested Mr. Wendland to explore whether CRA funds could be used as discussed in the JAA budget discussion earlier for the purpose of incentives to attract more airline services.

**Motion:** on p. 17, approve Auditor’s recommendation #1 to update Schedule U and make necessary entries to the budget to reflect the CRA Board’s approved budget as shown on page 16 - **approved unanimously.**

Mr. Wendland explained how the Office of Economic Development allocates the costs of 4 employees to the CRA’s operational costs.

King Soutel CRA

**Motion:** on p. 19, approve Auditor’s recommendation to revise Schedule T and make necessary entries in the budget to reflect recent actions by the King Soutel CRA Board – **approved unanimously**.

Renew Arlington CRA

**Motion:** on p. 21, approve Auditor’s recommendation to revise Schedule S and make necessary entries in the budget to reflect recent actions by the Renew Arlington CRA Board – **approved unanimously**.

In response to a question from Council Member K. Brown, Mr. Wendland said that several potential applicants are exploring the new façade grant program and are considering making applications. He also said that one application has been processed (through JEA) for the Access to Capital program, which was unsuccessful. Several more candidates are exploring applications. Council Member K. Brown asked several questions about differences between how the Access to Capital program is operating now compared to previously and asked the OED to consider ways to making determination of eligibility easier for potential applicants, specifically in the form of an easily used search feature on the OED web site that would show what addresses are eligible to participate in the program. Council Member Boyer asked if the CRA budgets need carry-over language inserted as was done in last year’s budget; the Council Auditor will double check whether that’s necessary.

Office of Sports and Entertainment

**Motion**: on p. 28, approve Auditor’s recommendation to reduce the Salaries account by $15,710, include Special Pay of $300 and reduce Medicare Tax by $227 – **approved unanimously**.

In response to a question from Council Member Boyer, Dave Herrell, Sports and Entertainment Officer, explained what special events are and are not listed on the JaxHappenings.com web site. Ms. Boyer reported that the Tourist Development Council has been discussing the need for a comprehensive web site that provides information and links on all types of activities, events and resources that local residents and tourists might be interested in knowing about. A City web site may not be the appropriate venue for lots of events that are not City-sponsored or in City venues, but someone needs to host such a site.

SMG – City Venues

Council Member K. Brown asked Bill McConnell, General Manager of SMG in Jacksonville, to provide historical information on event booking and attendance trends in the City’s venues and asked for ideas on how better to market the facilities to increase those trends. Mr. McConnell explained that the salary increases in the SMG budget mirror the City’s raises to its employees after many years without increases and a resumption of contributions to the employees’ defined contribution retirement plan, which were also suspended for a number of years. Sam Mousa reported that the budget includes increases for operational maintenance accounts for work that has been deferred for several years. He also noted that this year’s budget (FY16-17) is not comparable to previous year’s budgets because the ticket surcharge revenue was moved from operational uses to capital uses.

**Motion**: on p. 35, approve the departmental request that the $300,000 appropriated by Ordinance 2017-422-E be placed on the Schedule of Capital Outlay Projects Not Lapsed (Schedule AF) – **approved unanimously**.

**Motion**: on p. 34, approve Auditor’s recommendation to move Jaguars ticket surcharge revenue from 4K1 and subsequently transferred to Fund 4K3 to a direct allocation to 4K3 for better accounting – **approved unanimously**.

**Motion**: on p. 38, approve Auditor’s recommendation to reduce Repairs and Maintenance by $300,000, which will reduce Transfer from City Venues – City (4K1) and reduce the Transfer Out of the General Fund/GSD to City Venues – City by like amount – **approved unanimously**.

In response to a question about whether SMG is mandated to spend a certain amount on advertising and promoting events in the facilities, Mr. McConnell said there is no specific amount or percentage mandate, but the company determines internally how much needs to be spent to make the facilities competitive to attract performers and audiences.

Council Member Becton asked several questions about the increasing use of tourist development bed tax dollars for Sports Complex capital maintenance and improvements and the percentage being used for debt service versus capital maintenance and improvements. Mr. Becton asked for lists of capital versus non-capital maintenance and improvement projects in the Sports Complex and asked for the codified definition of the terms. Ms. Boyer pointed out that the state statute that authorizes the collection of bed taxes for sports and convention facilities for tourism promotion purposes defines how those funds may be used and specifically prohibit use for normal operations and maintenance.

**Motion**: on p. 45, approve the Auditor’s recommendation to amend the Budget Ordinance to include an Ordinance Code waiver to Chapter 126 (Procurement Code) to increase the project cost thresholds for SMG utilizing its own internal procurement policies rather than the City’s procurement policies, to reflect the new SMG contract – **approved unanimously**.

Outstanding items

* Amendment language dealing with appropriation of grants not yet received and a mechanism for authorizing expenditure following receipt via some approved administrative process (i.e. MBRC approval, JTA board approval, etc.)
* How much remains in the Cecil Field Trust Fund after the allocation of the $315,496 for the Equestrian Center capital improvement projects?
* OGC opinion on whether the City Council can hold a “shade” meeting to ask Jaxport for more details on the dredging project than the authority is willing to discuss in a public setting.
* Can CRA funds be used for the purpose of incentives to attract more airline services as discussed in the JAA budget discussion?
* Do the CRA budgets need carry-over language inserted as was done in last year’s budget?
* SMG’s rationale for increasing the marketing and promotion budgets for the Arena and Ritz Theatre.

Special Council Contingency

Council Member Becton reported that the Special Council Contingency fund stands at $1,980,184.

**Meeting adjourned:** 5:33 p.m.

Minutes: Jeff Clements, Council Research

8.18.17 Posted 6:00 p.m.

Tapes: Finance Budget Hearing #4 – LSD

8.18.17

Materials: Council Auditor’s Budget Meeting #4 handout - LSD

8.18.17