

**OFFICE OF THE CITY COUNCIL**

117 WEST DUVAL STREET, SUITE 425

4TH FLOOR, CITY HALL

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**Council Members Gulliford, Boyer and Anderson Noticed Meeting Minutes**

**Task Force on Consolidated Government Follow-Up**

**February 27, 2018**

**11:00 a.m.**

**Topic:** Follow-up on recommendations of the Task Force on Consolidated Government

**Location:** City Council Conference Room A, 4th floor, City Hall – St. James Building, 117 West Duval Street

**In attendance:** Council Members Bill Gulliford, Lori Boyer, Danny Becton, Jim Love, Greg Anderson (arr. 11:08)

Also: Paige Johnston - Office of General Counsel; Kyle Billy and Phillip Peterson - Council Auditor’s Office; Jeff Clements - Council Research Division; Sam Mousa and Ali Korman Shelton – Mayor’s Office; Kirk Sherman and Angela Moyer – Finance and Administration Department

**Meeting Convened**: 11:02 a.m.

Council Member Gulliford called the meeting to order and the attendees introduced themselves for the record. Council Member Boyer said that the Inspector General’s Office and Ethics Office had made presentations at last night’s Southeast CPAC meeting and a question was raised about how the Government in the Sunshine Law impacts the CPAC members and their ability or inability to speak to each other outside of noticed meetings about community issues. She asked that the topic be scheduled for discussion at a future meeting.

Mr. Gulliford called on Kirk Sherman of the Finance and Administration to continue his presentation from the last meeting on best practices in internal service pricing. On the subject of privatization of fleet vehicle maintenance, Mr. Mousa reported that the Chief of Fleet Management has resigned and the administration is in the process of choosing a successor. The deputy in the division was interviewed today and felt that the personnel complement is the right size, but vacancies need to be filled to get the division up to full productivity. Budget Officer Angela Moyer noted that many of Fleet’s routine functions (i.e. oil changes) have already been outsourced. Council Member Boyer asked for research to verify the assumption that, because of economies of scale, unified central service provision is more efficient and less expensive than separate agency service provision. Has the cost of providing fleet services increased or decreased since the JEA split off from City Fleet Management (compare the cost of the unified operation before the split with the combined costs of the two units today)? Consideration also needs to be given to measuring efficiency of service and customer satisfaction as well as per-unit costs. Ms. Moyer described the variety of fueling locations for City and JEA vehicles around the city and Fleet’s markup on fuel use.

Ms. Moyer reviewed a listing of the current participants in various internal services – Fleet Management, Copy Center/Mailroom, Information Technologies, Risk Management, Group Health, and Public Buildings. Council Member Boyer questioned whether the various agencies that have split off from central services coordinate with the City on their privatization efforts (i.e. City, JEA, School Board, etc. joining together for joint bids on oil changes or new tires, or multiple agencies pooling their office paper acquisistion into one larger bid). Apparently that is not taking place in any formal way, although the agencies do “piggyback” from time to time on each other’s contracts. CAO Sam Mousa suggested the creation of a Power Purchasing Committee to coordinate such efforts. Ms. Moyer said that discussions are underway with the Library regarding bringing copy machines available to the public back into the City’s unified copier management contract, as well as with the Clerk of the Courts Office for their copiers. The service most widely used by agencies outside of the City proper is the radio system that is utilized by several Beaches cities, the School Board, and three of the 4 large independent authorities (excluding the Port Authority). General liability and worker’s compensation insurance are also widely used by most of the independent authorities and the Clerk of the Courts office.

With regard to health insurance, Council Member Becton suggested that Jacksonville explore coordinating with surrounding counties to put together a large pool of covered employees to drive down the cost of prescription drug coverage. Mr. Gulliford suggested that the City’s new UF Health employee insurance option be expanded to cover the employees of the independent authorities to increase the employee pool size and thereby reduce costs.

Council Member Boyer suggested that Mr. Mousa’s suggestion for a Power Purchasing Committee might be a vehicle to entice the independent authorities, constitutional officers, School Board, etc. to voluntarily re-join the central service system because of the lure of cost savings through larger pooled purchasing.

Ms. Moyer explained the methodology for allocating building costs among the tenants of City buildings. Sam Mousa described the process by which agencies request and are approved to lease non-City space to meet particular needs. In response to a question from Ms. Boyer, Ms. Moyer explained why some central service functions (i.e. procurement and human resources) do not incur direct charges for service such as copier use or insurance because they are included in the indirect cost overhead budget. Council Member Boyer asked for further information from Information Technology about what IT functions are used only by the City proper and not by other affiliated agencies so that the group can consider why they are not used by the others and whether there could be economies of scale by handling those functions for multiple agencies. Ms. Boyer felt that the indirect cost rationale needs further discussion at a future meeting to determine how much the overhead costs could be reduced through a shared service model. In response to a question from Council Member Anderson, Ken Lathrop, Chief of IT, said that his division meets regularly with user entities to talk about their needs, but does not directly recruit them to relinquish their independent systems and rejoin the City’s IT services. Mr. Mousa said that he would convene a meeting of the purchasing chiefs of the independent agencies and constitutional officers to talk about joint procurement processes to achieve better economies of scale and lower costs.

Council Auditor Kyle Billy distributed and discussed a paper outlining which agencies and officers utilize which “central services” as traditionally defined. He advocated for holding exploratory talks with the independent authorities, School Board and constitutional officers to find out why they are not utilizing City central services and see what might attract them back. He thought the logical first step would be to coordinate and share procurement, where savings might be readily attainable. He also noted that he recently became aware of a situation in which a JEA contract appears to have no maximum indebtedness amount, which would violate the provision in Sec. 106.431 of the Ordinance Code requiring all City contracts to have such a maximum amount. This points out the need to ensure that all contracts being entered into by the City and its affiliated agencies are written to comply with Ordinance Code requirements.

Ms. Boyer explained that one of the central services established at the time of consolidation was a public information office that was intended to provide that service for the entire consolidated city. Now there are public information personnel in numerous departments and offices, which may be costing more than anyone realizes. Mr. Mousa thought that fragmentation might have been caused, or at least enabled, by the fact that the changes could be done administratively without the Ordinance Code changes that other functions would have required.

In response to a question from Mr. Mousa about where the group stands on the fundamental question of whether to retain or eliminate the internal service charge system, Ms. Boyer said she believes that improvements have been made in the billing methodology in the last few years, but she still feels that there are issues to explore relating to service quality. Performance measures need to be developed and implemented to ensure that end users are getting quality service at a reasonable cost under the central service model. She also feels that end users need to have an ability to affect their costs by managing their usage.

Next steps

Explore the possibilities of a Power Purchasing Committee.

The next meeting in two weeks will return to discussion of the CPACs begun at the last meeting.

**Meeting Adjourned**: 1:05 p.m.

Jeff Clements, Council Research Division

2.27.18 Posted 2:30 p.m.