



OFFICE OF THE CITY COUNCIL

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FINANCE COMMITTEE BUDGET HEARING #2 MINUTES - amended

August 9, 2019
9:00 a.m.

Location: City Council Chamber, City Hall – St. James Building; 117 West Duval Street,
In attendance: Council Members Aaron Bowman (Chair), LeAnna Cumber, Randy DeFoor, Terrance Freeman, Tommy Hazouri, Ju’Coby Pittman, Ron Salem
Excused: None

Also: Council Member Danny Becton; Peggy Sidman – Office of General Counsel; Kyle Billy and Brian Parks - Council Auditor’s Office; Jessica Matthews and Staci Lewis – Legislative Services Division; Brian Hughes, Jordan Elsbury and Leeann Krieg – Mayor’s Office; Joey Greive and Angela Moyer – Finance and Administration Department

Meeting Convened: 9:01 a.m.

Chairman Bowman convened the meeting and the attendees introduced themselves for the record.

The Ethic Office budget will be taken up first on the agenda today.

Page references from this point refer to Auditor’s Budget Hearing #2 handout.

Office of Ethics, Compliance and Oversight

Carla Miller, City Ethics Officer, reported that she will be issuing her office’s annual report later today. The office has handled over 740 investigations and trained over 1,700 board and commission members in 70 sessions on ethics and the Government in the Sunshine Law.

Public Libraries

Motion: on p. 3 approve the Council Auditor’s recommendation to reduce the contractual services line item by \$12,000 for janitorial-related costs covered elsewhere in the budget –

Tim ~~Johnson~~ Rogers, Director of Libraries, reported that the additional library hours granted by the City Council last year enabled 6-day-a-week service at 9 additional libraries and the Library Board found additional resources to add more operating hours at other branches. Usage is up substantially both in library visitation and materials check-outs because of those additional hours, which has led to a need for the additional janitorial service referenced earlier. He said that the digital revolution in periodicals has not

had as much of a helpful impact as expected because e-book and e-magazine publishers are strictly limiting the number of times they can be circulated before they have to be re-purchased and are charging several times the purchase price for library materials than they charge for the same book or magazine sold to an individual. In response to a question from Council Member Salem, Mr. Billy described how overdue book fines are used in the budget.

Ronnie King, Chair of the Library Board of Trustees, thanked the Mayor and City Council for their additional appropriations in last year's budget and for their continuing support for the library system. Chairman Bowman thanked the Library Board and the countless library friends and volunteers for all their good work.

Mr. ~~Johnson~~ Rogers described the capital improvement projects (air conditioner repairs, children's area renovations) underway in various branches around the city. Council Members Freeman and Hazouri praised the value of the libraries to the community. Mr. Hazouri asked about the relationship between the library system and the public schools. Mr. ~~Johnson~~ Rogers said that the library is offering fine-free library cards to students, hosts field trips from schools, and acts as the primary library for a number of schools that don't have a sufficient library of their own. Council Member DeFoor noted the importance of the libraries as a community meeting place. Mr. ~~Johnson~~ Rogers described the trend of declining state allocations to the library, although there was a slight increase this year over last. The state funds can be used for most anything except salaries, and are typically used for maintenance needs.

The motion was approved.

In response to a question from Council Member Salem, Mr. Rogers reported that the only facility the library system rents out is the conference center in the main library.

Motion: on p. 7, approve Council Auditor's recommendation to do an "all years" clean-up to decrease 2 different investment pool earning lines by a combined \$80,291, offset with an increase to rental income – **approved.**

Health Department

Dr. Pauline Rolle, interim director of the Duval County Health Department, described the variety of services the department provides and the number of clinics around the city. She stated that the department accepts Medicaid and private insurance payments and also treats the uninsured. She reported that the department underwent a state reduction in force last year, costing them 43 positions. In response to a question from Council Member Hazouri, Dr. Rolle described the relationship between the City and the county health department and how the director of the county office is selected by the state with City input. Dr. Rolle reported that the county's child immunization rate has increased from 72% to 98% over the past several years, in large part due to City funding for additional immunization locations.

Housing Finance Authority

Motion: on p 10, approve the Council Auditor's recommendation to correct the heading on Schedule N – **approved.**

Fleet Management

Chris Tongol, Chief of Fleet Management, said that some maintenance services are outsourced (oil changes, transmission repairs) and others are done in-house. The division also provides services to the independent authorities on the same basis. Council Member Hazouri asked for a copy of the accident-totaled vehicles and their replacement cost for the year. Joey Greive said that this year the budget completely provides for replacement vehicles with cash without any borrowing. User departments are charged a vehicle use fee that develops a pool of funding for replacement vehicles. In response to a

question from Council Member Pittman, Mr. Greive said that if the City takes over fire service for Jacksonville Beach it will assume title to 3 vehicles, one of which is brand new, another of which is 4 years old, and one of which is considerably older but only used as a backup.

In response to a question from Council Member Salem, Budget Officer Angela Moyer said that the budget contains a list of all vehicles that are going to be replaced during the year. CAO Brian Hughes said that the City nets an average of \$3,000 per vehicle sold as surplus. Joey Greive said that the City has been doing solely pay-as-you-go for vehicle replacement over the last 3 or 4 years, but still has some remaining debt on vehicles purchased before that that should be completely paid down in the next 3 years or so. Ms. Moyer described the average expected life expectancy of various types of vehicles and the formula used to determine replacement needs.

Copy Center/Mailroom

In response to a question from Council Member Hazouri, Chief of Procurement Greg Pease described the consolidated copier management contract for over 1,000 copiers throughout the city government (not including the independent authorities). There are two extensions remaining on the current contract. Council Member Becton noted that the Council is getting better about making a paperless legislative system possible with the installation of new iPad technology for council members that makes paper documents unnecessary.

Information Technologies Division

Motion: on p. 22 approve Council Auditor's recommendation to decrease revenue from independent authority internal service charges by \$84,386, to be offset by a decrease in the pension reform contingency – **approved**.

In response to a question from Council Member DeFoor, Mr. Greive reported that the City has purchased a \$5 million cyber security insurance policy to protect itself in the event of a major hacking/ransomware incident. Ken Lathrop, Chief of Information Technology, described the City's computer security measures in general terms, which are robust and up-to-date to meet the latest challenges. The security system turns away millions of attempted hits on the City's computers daily. Chairman Bowman recommended that council members and staff be given additional computer security training.

In response to a question from Council Member DeFoor, Mr. Billy explained the phase-out of the City/JEA First Coast Radio System when the newer P25 system was implemented. The City will continue paying off the remaining cost of the retired system until 2021. In response to a question from Chairman Bowman about the use of radios versus cellphones, Mr. Lathrop said there will always be a role for radios, especially in public safety operations, that can't be replicated by cellphones.

In response to a question from Council Member Hazouri, Mr. Lathrop said that City has approximately 5,500 computers, which are replaced every 5-7 years. Upon replacement the hard drives are removed and shredded and the cases are sold at surplus. Ms. Moyer said that revenue from the sale of surplus computers goes back into the division's budget to be used to purchase new equipment.

5-Year IT Plan

In response to a question from Council Member Becton, Mr. Lathrop said the City is ready to implement Phase 1 of the Enterprise Resource Planning system on October 1, 2019, which includes the financial and procurement systems, an asset management module, and the budget system. Phase 2 of the ERP, which includes the human resources module, will go live in April 2020. Total ERP cost is estimated at \$58 million, which will be 100% debt funded over probably 7 years.

Human Rights Commission

No recommendations.

Inspector General

No recommendations. Council Member Hazouri complimented Inspector General Lisa Green on growing a strong staff over the past couple of years and being an asset to the City.

Military Affairs and Veterans

In response to a question from Council Member Salem, Bill Spann, Director of Military Affairs and Veterans Services, explained that the department uses private donations of \$50-60,000 per year to put on its public events. In response to a question from Chairman Bowman about the increase in the number of veterans being served, Mr. Spann said that service contacts have more than doubled over the past four years with no growth in staff. Council Member Hazouri said that he has begun hearing from constituents about the future of the veteran's memorial in the Sports Complex in relation to the proposed commercial development of Parking Lot J by the Jaguars. Brian Hughes said that the initial plan doesn't indicate a need to move the memorial but if that should become necessary in the future, the administration stands ready to do whatever is necessary to relocate the memorial to an appropriate location.

Medical Examiner

Brian Hughes reported that a new Medical Examiner has gotten his Florida license and started work within the last couple of weeks. He understands that the apparent leveling off of the opioid epidemic caseload is lessening the autopsy burden on the Medical Examiner's office. Medical Examiner Dr. Robert Pietak said his office is fully staffed with 6 forensic pathologists and last year's shortage of storage space for bodies for storage has eased considerably. Mr. Hughes said that he will have a report during the CIP discussion about the plans for the new Medical Examiner facility that is being designed.

Emergency Contingency Fund

Mr. Billy described this fund as a backstop for any emergency expenditures that can't be covered with pooled cash on hand. In response to a question from Council Member Salem about the potential use of this fund to supplement operating revenues in the event of an economic recession and reduced tax revenues, Mr. Greive said that this fund is intended as a last resort for true emergency uses. A recession would be dealt with by reducing expenditures and utilizing the Operating Reserve account and any year-end budget surplus. Angela Moyer noted that use of the Emergency Contingency requires a two-thirds vote of the Council. Mr. Greive said that the City has been steadily growing all of its reserve accounts to healthy levels and the bond rating agencies have taken favorable notice of that trend. In response to a question from Council Member Pittman about reimbursements from FEMA for Hurricane Irma and Matthew expenses, Mr. Greive said that the City has gotten almost all of what has been expended and is expected to be reimbursed from Hurricane Matthew (Jax Beach pier costs are still outstanding pending design and construction of that project). Hurricane Irma expenses are still far from being reviewed, approved and reimbursed. The City hired the accounting firm of Ernst and Young as a consultant to make sure all the paperwork is complete and correct on first submittal to the state and FEMA to help speed the reimbursement processing time as much as possible.

Special Council Contingency

Chairman Bowman reported that the Special Council Contingency fund stands at \$255,331 to the positive.

Mr. Billy gave an overview of the hearing topics for next Thursday and Friday.

Peggy Sidman reported that her office is drafting another conflict of interest ordinance (2019-511) with regard to the Kids Hope Alliance budget, which will also require an amendment to the budget ordinance

next Tuesday. The budget ordinance (2019-504) will be on an Addendum to the Agenda at next Tuesday's Council meeting to bring it to the floor for the amendment, then will be re-referred to Finance.

Meeting adjourned: 11:55 a.m.

Minutes: Jeff Clements, Council Research

8.9.19 Posted 2:30 p.m.

Tapes: Finance Budget Hearing #2 – LSD

8.9.19

Materials: Council Auditor's Budget Meeting #2 handout - LSD

8.9.19