

OFFICE OF THE COUNCIL AUDITOR

FY 2019/2020 PROPOSED BUDGET

FINANCE COMMITTEE MEMBERS

Aaron Bowman – Chair
LeAnna Cumber – Vice Chair
Randy DeFoor
Terrance Freeman
Tommy Hazouri
Ju’Coby Pittman
Ron Salem



Meeting #4
August 16, 2019

**COUNCIL AUDITOR’S OFFICE
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**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2019/20 BUDGET
DOWNTOWN INVESTMENT AUTHORITY
GENERAL FUND/GENERAL SERVICES DISTRICT (S/F 011)**

PROPOSED BUDGET BOOK - Page # 111-112

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 the development of the existing Downtown Northbank CRA and the Southbank CRA. This portion of the department's budget only includes the General Fund/GSD (S/F 011) activities.

REVENUE:

1. Miscellaneous Revenue:

- This amount totaling \$51,300 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. The increase of \$10,700 is the result of a scheduled increase in the lease payments from the River City Brewing Company.

EXPENDITURES:

1. Salaries:

- The net increase of \$71,998 is mostly due to the addition of one position and the 4.5% general wage increase.

2. Pension Costs:

- The net decrease of \$18,227 is primarily due to a decrease of \$45,597 in the general employees defined benefit pension costs due to turnover in two positions (the new employees would be limited to defined contribution plan). This was partially offset by an increase of \$27,155 in the general employees defined contribution pension costs resulting from a combination of the turnover, salary increases, and the addition of one position proposed for FY 2019/20.

3. Internal Service Charges:

- The increase of \$294,252 is driven by an increase of \$326,771 in legal fees to align with actual past and current usage. This was partially offset by a decrease of \$30,335 in computer system maintenance and security costs due to decreasing IT application charges associated with the maintenance of the DIA website.

4. Professional and Contractual Services:

- The increase of \$100,000 is to add funding in order for contract employees to assist until DIA is fully staffed. Currently, four (4) of the seven (7) existing positions are vacant.

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2019/20 BUDGET
 DOWNTOWN INVESTMENT AUTHORITY
 GENERAL FUND/GENERAL SERVICES DISTRICT (S/F 011)**

PROPOSED BUDGET BOOK - Page # 111-112

5. Supervision Allocation:

- This amount of \$909,862 represents the administration cost of the Department for supervision of Public Parking (S/F 412) and the CRA activities. The increase of \$861,859 is due to the CRAs now receiving a supervision allocation while in the past the Southbank CRA (S/F 182/18A) previously transferred 10% of its revenue to the General Fund/GSD.

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	\$750	DIA Public Meetings	Water, coffee, tea associated with holding Public Meetings.

EMPLOYEE CAP CHANGES:

The cap increased by one (1) new position that is being proposed for FY 2019/20 to replace the Finance and Compliance Manager, which was reclassified during the current year in order to create a Downtown Redevelopment Manager position.

SERVICE LEVEL CHANGES:

None.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2019/20 BUDGET
DOWNTOWN INVESTMENT AUTHORITY
PUBLIC PARKING (S/F 412)**

PROPOSED BUDGET BOOK - Page # 113-115

BACKGROUND:

The Office of Public Parking is a part of the Downtown Investment Authority. The agency manages parking lots (Bay/Ocean Street, Courthouse/Liberty Street, Forsyth Street, and five parking lots in the Southbank area) and garages (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.

REVENUE:

1. Charges for Services:

- The net increase of \$42,995 is primarily due to increases of:
 - \$80,251 in daily parking fees as a result of offering the JEA lot for after-hours valet service and current year collections.
 - \$18,339 in special event parking fees based on staffing levels allowing more events to be worked.
 - \$10,532 in out of service meter rentals based on current year collections.
- The increase is partially offset by decreases of:
 - \$38,022 in monthly parking fees based on current year collections.
 - \$36,072 in parking late fees resulting from a decrease in parking fines as noted below.

2. Fines and Forfeits:

- The net decrease of \$157,479 is due to a decrease in parking fines as a result of enforcement staff being reassigned from issuing citations to addressing unattended conveyance complaints (vehicles parked on public streets for longer than 24 hours).

3. Investment Pool / Interest Earnings:

- The increase of \$13,692 is based on anticipated earnings contingent upon the available cash balance and the projected interest rate.

4. Transfer from Fund Balance:

- This amount represents a transfer from Fund Balance of \$176,794, which is the amount of the prior year's pension reform contingency.

EXPENDITURES:

1. Salaries:

- The net increase of \$46,134 is mostly due to the scheduled pay raises related to the collective bargaining agreements.

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2019/20 BUDGET
 DOWNTOWN INVESTMENT AUTHORITY
 PUBLIC PARKING (S/F 412)**

PROPOSED BUDGET BOOK - Page # 113-115

2. Other Operating Expenses:
 - The net increase of \$29,205 is primarily due to hardware/software maintenance and licenses related to costs for the new citation management system.
3. Capital Outlay:
 - The capital outlay of \$214,696 is for the installation of a CCTV security surveillance system at the Yates and Library garages.
4. Supervision Allocation:
 - This amount represents the share of the departmental administration costs from the Downtown Investment Authority which are allocated to this fund.
5. Indirect Cost:
 - This is an allocation of costs to operate central services of the City (e.g. Finance and Administration, Employee Services and City Council) as calculated by the City's independent consulting firm.
6. Contingencies:
 - The proposed contingency amount of \$176,794 is part of the overall pension reform reserves being set aside to cover salary increases.
7. Cash Carryover:
 - The cash carryover of \$46,234 represents the excess of proposed revenues over expenses.

CAPTIAL OUTLAY CARRYFORWARD:

Indexcode	Subobject	Amount
DIPP412ON – On Street Parking	06429 – Specialized Equipment	\$58,112
DIPP412PGWS – Garage – Water Street	06429 – Specialized Equipment	\$361,219

EMPLOYEE CAP CHANGES:

None.

SERVICE LEVEL CHANGES:

None.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2019/20 BUDGET
DOWNTOWN INVESTMENT AUTHORITY
DOWNTOWN ECONOMIC DEVELOPMENT FUND (S/F 75B)**

PROPOSED BUDGET BOOK - Page # 116-117

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.

REVENUES:

1. Transfers From Other Funds:

- This represents a transfer from the General Fund/GSD (S/F 011) to fund future downtown development projects approved by the Downtown Investment Authority.

EXPENDITURES:

1. Contingencies:

- The \$500,000 will be placed in a designated contingency for future appropriation by Council.

EMPLOYEE CAP CHANGES:

There are no authorized positions in this subfund.

SERVICE LEVEL CHANGES:

None.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
DOWNTOWN NORTHBANK TAX INCREMENT DISTRICT USD1B & USD1C (SUB-FUND 18A)
2019/20 MAYOR'S PROPOSED BUDGET
BUDGET BOOK REFERENCE - PAGE #77-78**

	2018/19 APPROVED BUDGET	2019/20 PROPOSED BUDGET	INCREASE/ (DECREASE)	Footnote
REVENUE				
Property Taxes - Northbank West USD1B	\$ 5,210,436	\$ 5,619,545	409,109	(A)
Property Taxes - Northbank East USD1C	2,863,008	3,142,573	279,565	(A)
Debt Repayment (Lynch/11E)	595,247	595,247	-	(B)
Debt Repayment (Carling)	506,487	506,487	-	(C)
Total Revenue:	\$ 9,175,178	\$ 9,863,852	\$ 688,674	
EXPENDITURES				
Administrative Expenditures				
Supervision Allocation	-	434,063	434,063	(D)
Professional Services	-	25,000	25,000	(E)
Advertising and Promotion	-	100,000	100,000	
Annual Independent Audit	5,000	2,500	(2,500)	(F)
Total Administrative Expenditures	5,000	561,563	556,563	
Financial Obligations				
Recaptured Enhanced Value (REV) Grants				
Kraft Food/Maxwell House	95,000	-	(95,000)	(G)
Hallmark/220 Riverside	360,000	372,960	12,960	
Pope & Land/Brooklyn	325,000	336,700	11,700	
Lofts at Jefferson Station	-	158,000	158,000	(H)
MPS Subsidy Downtown Garages	4,200,000	4,200,000	-	(I)
Parking Lease - JTA/Fidelity	13,494	13,494	-	
Commercial Revitalization Program - GS&P	5,000	5,000	-	
Debt Service/Loan Repayments				
General Fund - GSD Loan	200,095	-	(200,095)	(J)
Carling Bonds	2,174,385	-	(2,174,385)	(K)
CDBG Loan Repayment - MOCA	75,000	75,000	-	(L)
Lynch Building Loan Repayment	800,000	800,000	-	(M)
Total Financial Obligations	8,247,974	5,961,154	(2,286,820)	
Plan Authorized Expenditures				
Professional Services	-	226,782	226,782	(N)
Façade Grant Program	-	950,000	950,000	
Retail Enhancement Program	922,204	307,242	(614,962)	
Waterfront Activation	-	500,000	500,000	
Unallocated Plan Authorized Expenditures	-	1,357,111	1,357,111	(O)
Total Plan Authorized Expenditures	922,204	3,341,135	2,418,931	
Total Expenditures:	\$ 9,175,178	\$ 9,863,852	\$ 688,674	

**COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
DOWNTOWN NORTHBANK TAX INCREMENT DISTRICT USD1B & USD1C (SUB-FUND 18A)
2019/20 MAYOR'S PROPOSED BUDGET**

Revenue

(A) The Mayor's proposed ad valorem tax revenue is calculated as follows:

	Northbank West USD1B 1981	Northbank East USD1C 1984	
Base Year	<u>1981</u>	<u>1984</u>	
Preliminary Taxable Values	\$ 731,623,119	\$ 490,853,879	
Less Taxable Value in Base Year	<u>214,636,423</u>	<u>201,743,546</u>	
Taxable Value Incremental Increases	<u>\$ 516,986,696</u>	<u>\$ 289,110,333</u>	
Taxable Value Percentage Changes	240.9%	143.3%	
Operating Millage Rates	11.4419	11.4419	mills
Collection Rate	95.0%	95.0%	
Total Ad Valorem Revenue	\$ 5,619,545	\$ 3,142,573	

(B) This amount represents the repayment for the Lynch/11E Building redevelopment loan pursuant to the amortization schedule approved by Ord. 2014-280-E. The Budget Ordinance 2019-504 includes a waiver of Ord. 2000-1079-E and 2001-795-E in order to deposit this revenue in Subfund 18A instead of the Downtown Economic Development Fund (Subfund 75B).

(C) This amount represents the repayment for the Carling/Roosevelt Building redevelopment loan pursuant to the amortization schedule approved by Ord. 2014-280-E.

Expenditures

(D) In FY 18/19, the Northbank CRAs did not receive an allocation for administrative and overhead costs due to insufficient revenue. In FY 19/20, administrative and overhead costs are being budgeted through supervision allocation. The FY 19/20 amount of \$434,063 represents an allocation of DIA's personnel costs, internal service allocations, and various administrative costs (workers' compensation, travel, liability insurance, miscellaneous services and charges, office supplies, training, and dues and subscriptions) based on the Northbank CRA's proportionate share of those costs.

(E) This amount represents funding for website development per the DIA Board approved budget.

(F) The Northbank East and Northbank West CRAs were previously accounted for within two separate subfunds, requiring two audits at a cost of \$2,500 per audit. With the combination of these CRAs into one subfund, only one audit will be required beginning with the audit for FY 18/19 which will be paid for in FY 19/20.

(G) The economic development agreement is currently in default for failure to meet the job creation requirement. No payments will be made while the agreement remains in default.

(H) DIA Resolution 2017-10-05 authorized an economic development agreement for the construction of a residential apartment complex located at 799 Water Street. The economic development agreement authorized a REV grant in a total amount not to exceed \$2,980,000. See recommendation #1 below regarding the budgeted payment of this REV grant.

**COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
DOWNTOWN NORTHBANK TAX INCREMENT DISTRICT USD1B & USD1C (SUB-FUND 18A)
2019/20 MAYOR'S PROPOSED BUDGET**

- (I) The City has an agreement with MPS to construct and operate three downtown parking garages (Sports Complex, Arena, and Courthouse). The City makes semi-annual loans to MPS in order to ensure cash flows sufficient to cover all operating and ownership expenses, required reserves, a 6.75% return on the \$3 million ownership equity (8.75% if performance goals are met) and a Debt Service Coverage Ratio of 1.0.
- (J) The FY 18/19 General Fund - GSD loan repayment represented repayment of a loan made from the General Fund - GSD to the Northbank East CRA (former Subfund 181) in FY 17/18 in order to balance budgeted revenues and expenditures within that CRA. This CRA did not require a loan from the General Fund - GSD in FY 18/19, so there is no repayment budgeted in FY 19/20.
- (K) FY 18/19 was the final year for debt service on the Carling bonds.
- (L) The Contribution to Community Development is the annual payment on the CDBG loan for the Museum of Contemporary Art. This is an interest-free loan of \$1,500,000 to be repaid in twenty annual installments of \$75,000. The FY 19/20 payment is the final installment.
- (M) This amount represents the annual loan repayment to the Self-Insurance fund (Subfund 561) for the Lynch Building/11E redevelopment project. The City borrowed \$17,816,000 from the City's Self-Insurance fund to finance the project. The loan is scheduled to be paid off 7/1/2033 per the revised amortization schedule approved by Ordinance 2017-504-E.
- (N) This amount includes funding for a Downtown Parks Master Plan (\$200,000) and website development (\$26,782) per the DIA Board approved budget. See recommendation #2 below.
- (O) This amount represents the balance of budgeted revenue in excess of budgeted expenditures, which can be reallocated by the DIA Board at a future date.

Recommendations

1. We recommend eliminating the \$158,000 REV grant payment for the Lofts at Jefferson Station project and increasing Unallocated Plan Authorized Expenditures by \$158,000. Based on the terms of the economic development agreement, it does not appear that a REV grant payment will be made in FY 19/20.
2. We recommend that the \$200,000 budgeted for the Downtown Parks Master Plan be moved to a new indexcode specifically for that project instead of being budgeted within the general administrative expenses indexcode and the \$26,782 related to website development be reflected in the Professional Services line within the Administrative Expenditures category along with the other \$25,000 budgeted for website development.
3. We recommend that the \$950,000 shown for the Façade Grant Program under Plan Authorized Expenditures be moved to a new indexcode and line item on Budget Ordinance Schedule V for Downtown Development Loans to agree with the intended use of these funds. Per the DIA, these funds will be used to make loans to bridge financing gaps, match external grants, and otherwise facilitate Downtown redevelopment.
4. We recommend that Budget Ordinance Schedule V be revised to reflect the recommendations above, remove FY 18/19 budget information, and reflect the schedule as shown on the following page.

The above recommendations have no impact on Special Council Contingency.

**DOWNTOWN NORTHBANK CRA TRUST
SUBFUND 18A**

REVENUES	FY20 Proposed
Property Taxes - Northwest USD1-B	5,619,545
Property Taxes - Northeast USD1-C	3,142,573
Debt Repayment (Lynch /11E)	595,247
Debt Repayment (Carling Loan)	506,487
Total Revenues:	<u><u>9,863,852</u></u>

EXPENDITURES	FY20 Proposed
Administrative Expenditures	
Supervision Allocation	434,063
Professional Services	51,782
Advertising and Promotion	100,000
Annual Independent Audit	2,500
Total Administrative Expenditures:	<u>588,345</u>
Financial Obligations	
Recaptured Enhanced Value (REV) grants	
Hallmark / 220 Riverside (leg: 2012-270)	372,960
Pope & Land / Brooklyn (leg: 2012-703 amend: 2013-288)	336,700
MPS Subsidy Downtown Garages	4,200,000
Parking Lease - JTA / Fidelity	13,494
Commercial Revitalization Program (DIA Res. 2015-09-03)	5,000
Debt Service / Loan Repayments	
CDBG Loan Repayment - MOCA (leg: 1999-1206)	75,000
Lynch Bldg Loan Repayment (leg: 2000-1079 amend: 2001-795 & 2017-504)	800,000
Total Financial Obligations:	<u>5,803,154</u>
Future Years Debt Reduction	
Future Debt Reduction	0
Total Future Years Debt Reduction:	<u>0</u>
Plan Authorized Expenditures	
Professional Services	200,000
Downtown Development Loans	950,000
Retail Enhancement Program	307,242
Waterfront Activation	500,000
Unallocated Plan Authorized Expenditures	1,515,111
Total Plan Authorized Expenditures:	<u>3,472,353</u>
Total Expenditures:	<u><u>9,863,852</u></u>

**COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
SOUTHBANK TAX INCREMENT DISTRICT USD1A (SUB-FUND 18B)
2019/20 MAYOR'S PROPOSED BUDGET**

BUDGET BOOK REFERENCE - PAGE #79-80

	2018/19 APPROVED BUDGET	2019/20 MAYOR'S PROPOSED BUDGET	INCREASE/ (DECREASE)	Footnote
REVENUE				
Property Taxes	\$ 4,256,079	\$ 4,707,693	451,614	(A)
Total Revenue:	\$ 4,256,079	\$ 4,707,693	\$ 451,614	
EXPENDITURES				
Administrative Expenditures				
Transfer to General Fund - 10% Allocation	425,608	-	(425,608)	(B)
Supervision Allocation	-	420,815	420,815	(B)
Annual Independent Audit	-	2,500	2,500	(C)
Total Administrative Expenditures	425,608	423,315	(2,293)	
Financial Obligations				
Recaptured Enhanced Value (REV) Grants				
Strand	425,000	440,300	15,300	
Peninsula	625,000	647,500	22,500	
SunGard	8,000	8,288	288	
Home Street Apartments	-	145,000	145,000	(D)
JEA Southside Generating Station Public Infrastructure Improvements	1,750,000	2,190,930	440,930	(E)
One Call Commercial Revitalization Incentive	100,000	100,000	-	
Debt Service Interest - Strand Bonds, 2014 Special Revenue	178,004	177,294	(710)	
Debt Service Principal - Strand Bonds, 2014 Special Revenue	-	142,000	142,000	
Total Financial Obligations	3,086,004	3,851,312	765,308	
Plan Authorized Expenditures				
Capital Projects				
Southbank Parking Project	250,000	-	(250,000)	
Retail Enhancement Program	178,000	-	(178,000)	
Riverwalk Wayfaring Signage	100,000	-	(100,000)	
Waterfront Activation	216,467	166,111	(50,356)	
Unallocated Plan Authorized Expenditures	-	266,955	266,955	(F)
Total Plan Authorized Expenditures	744,467	433,066	(311,401)	
Total Expenditures:	\$ 4,256,079	\$ 4,707,693	\$ 451,614	

**COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
SOUTHBANK TAX INCREMENT DISTRICT USD1A (SUB-FUND 18B)
2019/20 MAYOR'S PROPOSED BUDGET**

Revenue

(A) The Mayor's proposed ad valorem tax revenue is calculated as follows:

Base Year	<u>1980</u>
Preliminary Taxable Values	\$ 522,225,979
Less Taxable Value in Base Year	<u>89,127,781</u>
Taxable Value Incremental Increases	<u>\$ 433,098,198</u>
Taxable Value Percentage Changes	485.9%
Operating Millage Rates	11.4419 mills
Collection Rate	95.0%
Total Ad Valorem Revenue	\$ 4,707,693

Expenditures

- (B) In FY 18/19, an amount equal to 10% of budgeted property tax revenue was transferred to the General Fund - GSD. This transfer represented administrative and overhead costs allowable pursuant to Ord. 2012-364-E and the cost of the CRA's annual audit. In FY 19/20, administrative and overhead costs are being budgeted and charged to the CRA through supervision allocation. The FY 19/20 amount of \$420,815 represents an allocation of DIA's personnel costs, internal service allocations, and various administrative costs (workers' compensation, travel, liability insurance, miscellaneous services and charges, office supplies, training, and dues and subscriptions) based on the Southbank CRA's proportionate share of those costs.
- (C) This amount represents the cost of the CRA's annual independent audit, which is required by Florida Statute 163.387. As mentioned above, the cost of the annual audit was included within the Transfer to General Fund - 10% Allocation line item in the FY 18/19 approved budget.
- (D) DIA Resolution 2017-08-03 authorized an economic development agreement for the construction of a residential apartment complex located at 1444 Home Street within the Southbank Tax Increment District. The economic development agreement authorized a REV grant in a total amount not to exceed \$2,530,000. See recommendation #1 below regarding the budgeted payment of this REV grant.
- (E) This amount represents funding for public infrastructure improvements on the site of the former JEA Southside Generating Station (also known as the District project). Per Ord. 2018-313-E, the maximum City contribution for the infrastructure improvements is \$23.0 million. To date, \$5,786,595 has been appropriated for the improvements.
- (F) This amount represents the balance of budgeted revenue in excess of budgeted expenditures, which can be reallocated by the DIA Board at a future date.

Recommendations

1. We recommend eliminating the \$145,000 REV grant payment for the Home Street Apartments project and increasing Unallocated Plan Authorized Expenditures by \$145,000. Based on the terms of the economic development agreement, it does not appear that a REV grant payment will be made in FY 19/20.
2. We recommend that Budget Ordinance Schedule V be revised to reflect the recommendation above, remove FY 18/19 budget information, and reflect the schedule as shown on the following page.

The above recommendations have no impact on Special Council Contingency.

**DOWNTOWN SOUTHBANK CRA TRUST
SUBFUND 18B**

REVENUES	FY20 Proposed
Property Taxes	<u>4,707,693</u>
Total Revenues:	<u><u>4,707,693</u></u>

EXPENDITURES	FY20 Proposed
Administrative Expenditures	
Supervision Allocation	420,815
Annual Independent Audit	<u>2,500</u>
Total Administrative Expenditures:	423,315
Financial Obligations	
Recaptured Enhanced Value (REV) grants	
Strand (leg: 2001-1329 amend: 2002-755 & 2006-1131)	440,300
Peninsula (leg: 2001-1329 amend: 2002-755 & 2006-1131)	647,500
SunGard (leg: 2015-780)	8,288
JEA Southside Gen Station Public Infrastructure Improvements (leg: 2018-313)	2,190,930
One Call Commercial Revitalization Incentive (DIA Res. 2017-01-03)	100,000
Debt Service Interest - Strand Bonds 2014 Special Rev	177,294
Debt Service Principal - Strand Bonds 2014 Special Rev	<u>142,000</u>
Total Financial Obligations:	3,706,312
Future Years Debt Reduction	
Future Debt Reduction	<u>0</u>
Total Future Years Debt Reduction:	0
Plan Authorized Expenditures	
Waterfront Activation	166,111
Unallocated Plan Authorized Expenditures	<u>411,955</u>
Total Plan Authorized Expenditures:	578,066
Total Expenditures:	<u><u>4,707,693</u></u>

**COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
JACKSONVILLE BEACH TAX INCREMENT DISTRICTS USD2 A&B (SUB-FUND 184)
2019/20 MAYOR'S PROPOSED BUDGET**

BUDGET BOOK REFERENCE - Page #75-76

	<u>USD2A</u> Jax Beach Downtown	<u>USD2B</u> Jax Beach South Bank	<u>2019/20</u> <u>PROPOSED</u> <u>BUDGET</u>
TAXABLE VALUES & RATES			
Base Years	1983	1986	1983 & 1986
Preliminary Taxable Values	\$ 634,540,432	\$ 406,024,163	\$ 1,040,564,595
Less Taxable Value in Base Years	42,271,886	6,518,754	48,790,640
Taxable Value Incremental Increases	\$ 592,268,546	\$ 399,505,409	\$ 991,773,955
Taxable Value Percentage Increases	1401.1%	6128.6%	2032.7%
Operating Millage Rates (mills)	8.1512	8.1512	8.1512
Collection Rate	95.0%	95.0%	95.0%
REVENUE			
Ad Valorem Taxes - GF / GSD	\$ 4,586,314	\$ 3,093,626	\$ 7,679,940
EXPENDITURES			
Contribution to Jacksonville Beach	\$ 4,586,314	\$ 3,093,626	\$ 7,679,940

Percentage of USD2 Taxes Received by City of Jacksonville

	<u>Countywide Levy</u>	<u>USD2 Levy</u>
2019/20 Beaches Preliminary Taxable Values	\$ 3,823,087,974	\$ 3,823,087,974
Levy	11.4419 mills	8.1512 mills (A)
Collection Rate	95.5%	95.5%
Taxes	\$ 41,774,938	\$ 29,760,431
Less TIF	-	7,679,940
Net Revenue to City	\$ 41,774,938	\$ 22,080,491
	100.00%	52.86% (B)

FOOTNOTES

(A) 8.1512 mills is 3.2907 mills less than the General Services District millage. Per the interlocal agreement, Jacksonville Beach's millage rate shall be 3.2907 mills less than the General Services District rate. The USD2 levy is 71.24% of the 11.4419 mill rate levied county-wide.

(B) Percentage of countywide levy collected from USD2 after TIF and Interlocal Agreement reductions.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
JACKSONVILLE INTERNATIONAL AIRPORT AREA REDEVELOPMENT
TAX INCREMENT DISTRICT GSA (SUB-FUND 18C)
2019/20 CRA BOARD APPROVED BUDGET
BUDGET BOOK REFERENCE - Page #81-82**

	<u>2018/19 APPROVED BUDGET</u>	<u>2019/20 PROPOSED BUDGET</u>	<u>INCREASE/ (DECREASE)</u>	<u>Footnote</u>
REVENUE				
Property Taxes	\$ 11,685,008	\$ 13,065,456	\$ 1,380,448	(A)
Total Revenue:	<u><u>11,685,008</u></u>	<u><u>13,065,456</u></u>	<u><u>1,380,448</u></u>	
EXPENDITURES				
Administrative Expenditures				
Professional and Contractual Services	1,000	1,000	-	
Travel	500	500	-	
OGC Internal Service	11,895	6,940	(4,955)	
Advertising and Promotion	1,000	1,000	-	
Office Supplies	500	500	-	
Employee Training	300	300	-	
Dues, subscriptions	342	342	-	
Supervision Allocation	70,594	90,590	19,996	(B)
Annual Independent Audit	2,500	2,500	-	
Total Administrative Expenditures:	<u>88,631</u>	<u>103,672</u>	<u>15,041</u>	
Financial Obligations				
Recaptured Enhanced Value (REV) grants				
Amazon (leg: 2016-285)	1,500,000	1,500,000	-	
RAMCO (leg: 2004-274)	745,000	745,000	-	
Uptown / River City Crossing (leg: 2016-791)	161,000	240,000	79,000	(C)
Ecolab (leg: 2014-749)	47,000	50,000	3,000	
Qualified Target Industry (QTI) grants				
Mercedes Benz (leg: 2016-402)	16,200	16,200	-	
Safariland I (leg: 2016-653)	3,600	3,600	-	
Amazon (leg: 2016-285)	-	75,000	75,000	
Debt Service Interest - RAMCO 2014 Special Rev	476,805	472,905	(3,900)	(D)
Debt Service Principal - RAMCO 2014 Special Rev	-	780,000	780,000	(D)
Total Financial Obligations:	<u>2,949,605</u>	<u>3,882,705</u>	<u>933,100</u>	
Plan Authorized Expenditures				
Capital Projects				
Harts Road Bridge Replacement	3,000,000	-	(3,000,000)	(E)
Duval Rd Mobility - Sidewalks: Airport to Biscayne	-	1,524,750	1,524,750	(F)
Duval Rd Mobility - Resurfacing: Airport to Biscayne	-	658,284	658,284	(G)
Ranch Rd Mobility - Sidewalks: Duval to Tradeport	-	195,000	195,000	(H)
Unallocated Plan Authorized Expenditures	<u>5,646,772</u>	<u>6,701,045</u>	<u>1,054,273</u>	(I)
Total Plan Authorized Expenditures:	<u>8,646,772</u>	<u>9,079,079</u>	<u>432,307</u>	
Total Expenditures:	<u><u>\$ 11,685,008</u></u>	<u><u>\$ 13,065,456</u></u>	<u><u>\$ 1,380,448</u></u>	

**COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
JACKSONVILLE INTERNATIONAL AIRPORT AREA REDEVELOPMENT
TAX INCREMENT DISTRICT GSA (SUB-FUND 18C)
2019/20 CRA BOARD APPROVED BUDGET**

Revenue

(A) Ad valorem tax revenue is calculated as follows:

Base Year	<u>1993</u>	
Preliminary Taxable Values	\$ 1,391,195,709	
Less Taxable Value in Base Year	<u>189,200,262</u>	
Taxable Value Incremental Increases	<u>\$ 1,201,995,447</u>	
Taxable Value Percentage Increases	635.3%	
Operating Millage Rates	11.4419	mills
Collection Rate	95.0%	
Total Revenue	\$ 13,065,456	

Expenditures

- (B) This amount represents the administrative costs of the CRA which are allocated from the Office of Economic Development. Increase is due to an overall increase in salary and benefit costs.
- (C) The increase in recapture enhanced value (REV) grant is directly related to an increase in the assessed value of the properties being developed.
- (D) This amount represents debt service on bonds that were used to finance road improvements related to the River City Marketplace, which is operated by RAMCO.
- (E) The Harts Road Bridge Replacement projects has been fully funded as of FY 2018/19.
- (F) This funding is for the construction of new sidewalks from Duval Rd - Airport to Biscayne.
- (G) This funding is for roadway resurfacing from Duval Rd - Airport to Biscayne.
- (H) This funding is for the construction of new sidewalks from Ranch Rd - Duval to Tradeport.
- (I) This amount represents the balance of budgeted revenue in excess of budgeted expenditures, which can be reallocated by the CRA Board at a future date.

Recommendation

We recommend that Budget Ordinance Schedule U be revised to remove FY 2018/19 budget information.

**COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
KING SOUDEL TAX INCREMENT DISTRICT GSK (SUB-FUND 18D)
2019/20 CRA BOARD APPROVED BUDGET
BUDGET BOOK REFERENCE - Pages #83-84**

	2018/19 APPROVED BUDGET	2019/20 PROPOSED BUDGET	INCREASE/ (DECREASE)	Footnote
REVENUE				
Property Taxes	\$ 702,916	\$ 824,582	\$ 121,666	(A)
Total Revenue:	702,916	824,582	121,666	
EXPENDITURES				
Administrative Expenditures				
Professional and Contractual Services	1,000	1,000	-	
Travel	500	500	-	
OGC Internal Service	12,164	14,035	1,871	
Advertising and Promotion	1,000	1,000	-	
Office Supplies	500	500	-	
Employee Training	300	300	-	
Dues, subscriptions	342	342	-	
Supervision Allocation	55,423	70,097	14,674	(B)
Annual Independent Audit	2,500	2,500	-	
Total Administrative Expenditures:	73,729	90,274	16,545	
Plan Authorized Expenditures				
Capital Projects				
Gateway Soutel Norfolk Crossing	629,187	-	(629,187)	
Unallocated Plan Authorized Expenditures	-	734,308	734,308	(C)
Total Plan Authorized Expenditures:	629,187	734,308	105,121	
Total Expenditures:	\$ 702,916	\$ 824,582	\$ 121,666	

**COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
KING SOUTEL TAX INCREMENT DISTRICT GSK (SUB-FUND 18D)
2019/20 CRA BOARD APPROVED BUDGET**

Revenue

(A) Ad valorem tax revenue is calculated as follows:

Base Year	<u>2008</u>	
Preliminary Taxable Values	146,924,746	
Less Taxable Value in Base Year	<u>71,064,917</u>	
Taxable Value Incremental Increases	<u>\$ 75,859,829</u>	
Taxable Value Percentage Increases	106.7%	
Operating Millage Rates	11.4419	mills
Collection Rate	95.0%	
 Total Revenue	 \$ 824,582	

Expenditures

- (B) This amount represents the administrative costs of the CRA which are allocated from the Office of Economic Development. Increase is due to an overall increase in salary and benefit costs.
- (C) This amount represents the balance of budgeted revenue in excess of budgeted expenditures, which can be reallocated by the CRA Board at a future date.

Recommendation

We recommend that Budget Ordinance Schedule T be revised to remove FY 2018/19 budget information.

**COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
RENEW ARLINGTON TAX INCREMENT DISTRICT GSRA (SUB-FUND 18E)
2019/20 CRA BOARD APPROVED BUDGET**

BUDGET BOOK REFERENCE - Page #85-86

	<u>2018/19 APPROVED BUDGET</u>	<u>2019/20 PROPOSED BUDGET</u>	<u>INCREASE/ (DECREASE)</u>	<u>Footnote</u>
REVENUE				
Property Taxes	\$ 755,215	\$ 1,316,900	\$ 561,685	(A)
Total Revenue:	<u><u>755,215</u></u>	<u><u>1,316,900</u></u>	<u><u>561,685</u></u>	
EXPENDITURES				
Administrative Expenditures				
Professional and Contractual Services	1,000	1,000	-	
Travel	900	900	-	
Local Mileage	-	500	500	
OGC Internal Service	7,516	7,348	(168)	
Advertising and Promotion	1,000	1,000	-	
Office Supplies	500	500	-	
Employee Training	700	700	-	
Dues, subscriptions	342	342	-	
Supervision Allocation	55,423	70,097	14,674	(B)
Annual Independent Audit	<u>2,500</u>	<u>2,500</u>	<u>-</u>	
Total Administrative Expenditures:	69,881	84,887	15,006	
Plan Authorized Expenditures				
Unallocated Plan Authorized Projects	685,334	1,232,013	546,679	(C)
Total Expenditures:	<u><u>\$ 755,215</u></u>	<u><u>\$ 1,316,900</u></u>	<u><u>\$ 561,685</u></u>	

**COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
RENEW ARLINGTON TAX INCREMENT DISTRICT GSRA (SUB-FUND 18E)
2019/20 CRA BOARD APPROVED BUDGET**

Revenue

(A) Ad valorem tax revenue is calculated as follows:

Base Year	<u>2015</u>	
Preliminary Taxable Values	\$ 331,494,428	
Less Taxable Value in Base Year	<u>210,342,375</u>	
Taxable Value Incremental Increases	<u>\$ 121,152,053</u>	
Taxable Value Percentage Increases	57.6%	
Operating Millage Rates	11.4419	mills
Collection Rate	95.0%	
Total Revenue	\$ 1,316,900	

Expenditures

- (B) This amount represents the administrative costs of the CRA which are allocated from the Office of Economic Development. Increase is due to an overall increase in salary and benefit costs.
- (C) This amount represents the balance of budgeted revenue in excess of budgeted expenditures, which can be reallocated by the CRA Board at a future date.

Recommendation

We recommend that Budget Ordinance Schedule S be revised to remove FY 2018/19 budget information.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2019/20 BUDGET
OFFICE OF ECONOMIC DEVELOPMENT
GENERAL FUND / GENERAL SERVICES DISTRICT (S/F 011)**

PROPOSED BUDGET BOOK - Page # 210-211

BACKGROUND:

The Office of Economic Development serves as the economic development agency (outside of downtown) for the City of Jacksonville, implementing policies that result in sustainable job growth, raising personal incomes and creating a broader tax base for the community. The office also oversees the administration of local and state incentives, redevelopment at the Cecil Commerce Center and provides staff support to three Community Redevelopment Areas and, with the passage of ordinance 2019-395-E, the Jacksonville Film and Television office was moved into the Department.

EXPENDITURES:

1. Salaries:

- The increase of \$128,303 is primarily due to an increase of \$125,918 in permanent and probationary salaries related to the movement of one position into this Department related to the Jacksonville Film and Television office moving into the Department and due to the anticipated pay increases to be effective October 1 related to collective bargaining.

2. Pension Costs:

- The net increase of \$4,136 is mainly attributable to the salary increases mentioned above offset by a reduction in the City's required contribution to the pension plan.

3. Employer Provided Benefits:

- The increase of \$21,800 is mainly due to an increase in health insurance costs attributable to the movement of the position mentioned above and election changes by employees.

4. Internal Service Charges:

- The net increase of \$11,353 is driven by an increase of \$16,605 in tech refresh related to the refresh of computers in FY 2019/20 and \$8,413 in OGC legal based on actual usage. This is partially offset by a decrease of \$8,937 in computer system maintenance/security costs attributable to a decrease in the IT maintenance of applications used by the Department and the removal of an ergonomic assessment of \$3,484 in FY 2018/19.

5. Insurance Costs and Premiums:

- The increase of \$7,819 is due to an increase in general liability insurance due to claims history.

6. Grants, Aids & Contributions:

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

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2019/20 BUDGET
 OFFICE OF ECONOMIC DEVELOPMENT
 GENERAL FUND / GENERAL SERVICES DISTRICT (S/F 011)**

PROPOSED BUDGET BOOK - Page # 210-211

7. Supervision Allocation:

- This amount represents administrative costs that are being allocated to the Cecil Field Trust Fund (S/F 1DE) and three Community Redevelopment Area (CRA) funds in which the department provides staff support. The CRAs include the Jacksonville International Airport CRA (S/F 18C), King/Soutel CRA (S/F 18D), and the Renew Arlington CRA (S/F 18E). The increase of \$73,775 is due to salary increases mentioned above and due to a change in allocation to capture administrative costs that were not included in the prior year.

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	JEJE011	\$200	Coffee for meetings with prospects.	To further redevelopment efforts in Jacksonville to promote job creation and private capital investment.

EMPLOYEE CAP CHANGES:

The authorized position cap increased by one position as part of ordinance 2019-395-E which moved the Manager of Film and TV position into this department.

SERVICE LEVEL CHANGES:

None.

RECOMMENDATION:

None.

**COUNCIL AUDITOR’S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR’S PROPOSED FY 2019/20 BUDGET
 CECIL FIELD TRUST FUND (S/F 1DE)**

PROPOSED BUDGET BOOK - Page # 212-213

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 are deposited into this trust fund. The funds are used for the improvements, repairs, or maintenance costs of the City’s facilities at Cecil Commerce Center or other costs of undertaking City obligations, goals and objectives at Cecil Commerce Center. The Office of Economic Development manages most of the operations except for a portion of the forestry-related activities that are managed by the Parks, Recreation, and Community Services Department. This is an “all years” subfund, which means once dollars are appropriated, the appropriation stays in place from year to year rather than lapsing.

REVENUES:

Non-Departmental / Fund Level Activities

1. Investment Pool / Interest Earnings:

- The increase of \$29,868 is to align with prior years’ actual earnings.

Office of Economic Development

2. Miscellaneous Revenue:

- The increase of \$492,179 is due to an increase of \$185,227 in rental revenue related to anticipated earnings from leasing of City facilities located at Cecil Commerce Center and \$306,952 in gains/loss on the sale of real property related to an “all years” adjustment to appropriate actual revenue earned in the prior year.

EXPENDITURES:

Non-Departmental / Fund Level Activities

1. Other Operating Expenses:

- The addition of \$398,750 is related to the contractual payments for the Economic Development Manufacturing Employer grant and for three Qualified Target Industry grants which are located at the Cecil Commerce Center. These types of grants for companies located at Cecil Commerce Center were accounted for in the General Fund in FY 2018/19.

Company Name	Grant Type	FY 2018/19 Budget Approved	FY 2019/20 Budget Proposed
General Electric	EDME	\$ 200,000	\$ 200,000
Amazon	QTI	\$ -	\$ 48,750
General Electric	QTI	\$ 125,000	\$ 125,000
JinkoSolar	QTI	\$ -	\$ 25,000
Total		\$ 325,000	\$ 398,750

**COUNCIL AUDITOR’S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR’S PROPOSED FY 2019/20 BUDGET
CECIL FIELD TRUST FUND (S/F 1DE)**

PROPOSED BUDGET BOOK - Page # 212-213

Office of Economic Development

2. Professional and Contractual Services:

- The proposed amount of \$1,517,587 is primarily associated with the building and property maintenance contract at Cecil Commerce Center.

3. Other Operating Expenses:

- This represents an “all years” adjustment de-appropriating budget capacity within Miscellaneous Services and Charges.

4. Supervision Allocation:

- This amount represents the administrative costs of Office of Economic Development staff for the time they spend on activities related to Cecil Commerce Center. The increase of \$24,431 is due to salary increases and also due to a change in allocation to capture administrative costs that were not included in the prior year.

5. Indirect Cost:

- This is an allocation of costs to operate central services of the City (e.g. Finance and Administration, Employee Services and City Council) as calculated by the City’s independent consulting firm. The increase of \$59,293 is mainly attributable to allocated costs for the Council Auditor’s Office due to an audit performed pertaining to this subfund.

Parks, Recreation & Community Services

6. Professional and Contractual Services:

- The proposed amount of \$66,682 is for forestry management services provided by the Florida Forest Service in connection with the part of the City’s preservation properties managed by Parks, Recreation, and Community Services Department.

7. Capital Outlay:

- This represents an “all years” adjustment de-appropriating budget capacity within construction work-in-progress and other construction costs.

SERVICE LEVEL CHANGES:

There are no significant service level changes.

AUTHORIZED POSITION CAP:

There are no positions in this subfund.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2019/20 BUDGET
PLANNING AND DEVELOPMENT
GENERAL FUND/GENERAL SERVICES DISTRICT (S/F 011)**

PROPOSED BUDGET BOOK - Page # 269 – 271

BACKGROUND:

The Planning and Development Department manages existing and future development within the City of Jacksonville. Matters pertaining to zoning, the comprehensive plan, concurrency, land use, various trades inspections and building codes fall within the purview of this department. The general fund portion of the Planning and Development Department consists of the Office of the Director, Community Planning Division, Current Planning Division, Development Services Division, and Transportation Planning Division.

REVENUE:

1. Charges for Services

- The increase of \$150,799 is due to proposed increases of \$103,153 in comprehensive/ amendment fees and \$47,646 in zoning and rezoning fees based on increases in actual collections. See Recommendation below.

2. Miscellaneous Revenue

- The net increase of \$42,475 is due to an increase in right-of-way permits to better reflect anticipated revenue.

EXPENDITURES:

1. Salaries

- The increase of \$120,641 is primarily due to planned wage increases included in approved collective bargaining agreements, raises approved in MBRC and end of probation increases.

2. Pension Costs

- The net increase of \$13,909 in pension costs can be attributed to the salary increases previously mentioned.

3. Internal Service Charges

- The net decrease of \$16,109 is due, in part, to decreases of:
 - \$72,456 in OGC legal fees based on recent activity levels,
 - \$14,172 in Ed Ball building costs due to a decrease in total building costs, and
 - \$5,045 in copy center allocation due to a decrease in usage.

These decreases are partially offset by an increase of \$79,041 in IT computer system maintenance/security allocation resulting from application maintenance associated with the GIS system and the Mobility Fee Calculator.

4. Supervision Allocation

- This amount represents the net allocation of expenses within the Office of the Director Division being allocated out to Building Inspection (S/F 159) and Concurrency Management (S/F 112). This allocation is partly reduced by the allocation of a portion of

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2019/20 BUDGET
 PLANNING AND DEVELOPMENT
 GENERAL FUND/GENERAL SERVICES DISTRICT (S/F 011)**

PROPOSED BUDGET BOOK - Page # 269 – 271

the salary and benefits expenses for employees housed in Building Inspection (S/F 159) [Development Services Division] that perform duties related to the General Fund/GSD (S/F 011) [Development Services Division]. The net allocation to the General Fund/GSD (S/F 011) is decreasing due to all expenses, net of revenue, within the Office of the Director Division being allocated out in FY 2019/20. In FY 2018/19, this portion of the allocation was limited to personnel costs.

SERVICE LEVEL CHANGES:

None.

EMPLOYEE CAP CHANGES:

There is no change in authorized positions.

DIVISION CHANGES:

Division	FY 2018/19 ADOPTED	FY 2019/20 PROPOSED	Change	Notes
Community Planning	\$ 1,307,142	\$ 1,430,305	\$ 123,163	(A)
Current Planning	1,156,701	1,250,386	93,685	(B)
Development Services	621,664	670,310	48,646	(C)
Office of the Director	788,888	100	(788,788)	(D)
Transportation Planning	625,443	685,946	60,503	(E)
Department Total	\$ 4,499,838	\$ 4,037,047	\$ (462,791)	

- A. The increase of \$123,163 in the Community Planning Division is due, in part, to the addition of \$63,729 in supervision allocation from the Office of the Director Division, and an increase of \$44,781 in salaries primarily due to planned wage increases included in approved collective bargaining agreements. There was also an increase of \$12,676 in IT computer system maintenance/security allocation, which is primarily associated with the GIS System.
- B. The increase of \$93,685 in the Current Planning Division is the result of several increases, including the addition of \$58,827 in supervision allocation from the Office of the Director Division, as well as increases in salaries of \$41,312 primarily due to planned wage increases included in approved collective bargaining agreements, IT security maintenance allocation of \$40,244 due to application maintenance associated with the GIS system and desktop support, and pension costs of \$20,000 attributable to the salary increases previously mentioned. These increases are offset by a decrease in OGC legal services allocation of \$65,524 based on recent activity.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2019/20 BUDGET
PLANNING AND DEVELOPMENT
GENERAL FUND/GENERAL SERVICES DISTRICT (S/F 011)**

PROPOSED BUDGET BOOK - Page # 269 – 271

- C. The increase of \$48,646 in the Development Services Division is due to an increase in supervision allocation resulting from an overall increase in personnel costs being allocated to the General Fund/GSD (S/F 011) from the Building Inspection Subfund (S/F 159).
- D. The decrease of \$788,788 within the Office of Director is due to all expenses, net of revenue, within the Division being allocated out to other divisions and subfunds in FY 2019/20, as previously explained.
- E. The increase of \$60,503 in the Transportation Planning Division is due, in part, to increases of \$21,464 in salaries due to raises approved in MBRC and planned general wage increases included in approved collective bargaining agreements, the addition of \$19,609 for supervision allocation from the Office of the Director Division and \$19,016 in IT computer system maintenance/security costs associated with the Mobility Fee Calculator.

RECOMMENDATION:

We recommend that zoning and rezoning fees within the Current Planning Division be increased by \$50,000, from \$600,000 to \$650,000. We also recommend that comprehensive/ amendment fees within the Community Planning Division be increased by \$50,000, from \$280,000 to \$330,000. These amounts are still somewhat conservative given the growth in these areas and current activity levels. This recommendation has a positive impact of \$100,000 on Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2019/20 BUDGET
PLANNING & DEVELOPMENT
CONCURRENCY MANAGEMENT SYSTEM (S/F 112)**

PROPOSED BUDGET BOOK - Page # 272 - 274

BACKGROUND:

The Concurrency and Mobility Management System Office manages the Concurrency and Mobility Management System (CMMS) which measures the potential impact of a proposed development on the adopted minimum levels of service for all public facilities (except traffic circulation and mass transit). It also manages the collection of mobility fees pertaining to traffic circulation and mass transit public facilities consistent with the 2030 Mobility Plan (as established in the 2030 Comprehensive Plan) when an application for a final development order or final development permit is submitted. The CMMS ensures that the adopted levels of service and performance standards are not degraded by the issuance of a final development order, or a final development permit. It provides the local structure for administering the state law, Chapter 163, Part II, Florida Statutes.

REVENUE:

1. Charges for Services:

- This revenue is made up of fees received in connection with applications and extensions, appeals, administration, enforcement, and management of the Concurrency Management System.

2. Investment Pool/Interest Earnings:

- The increase of \$6,600 is based on anticipated earnings based on the available cash balance and the projected interest rate.

3. Transfer from Fund Balance:

- There is a proposed transfer from fund balance of \$323,962 to balance the subfund.

EXPENDITURES:

1. Salaries:

- The net increase of \$9,064 is mainly due to salary increases to be effective October 1st related to collective bargaining.

2. Pension Costs:

- The net increase of \$5,728 is primarily due to the salary increases noted above and employee turnover.

3. Internal Service Charges:

- The net increase of \$11,223 is mainly due to IT project costs and labor related to the Enterprise Permit/Land Use Management system.

4. Insurance Costs and Premiums:

- The increase of \$3,181 is due to an increase in claims in prior years.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2019/20 BUDGET
PLANNING & DEVELOPMENT
CONCURRENCY MANAGEMENT SYSTEM (S/F 112)**

PROPOSED BUDGET BOOK - Page # 272 - 274

5. Supervision Allocation:

- This allocation is in place to reimburse the general fund for employees from the Office of the Director within the General Fund – GSD (S/F 011) who perform a percentage of their work in this subfund. The decrease of \$49,864 is due to a change in the method for determining the amounts/percentages to be allocated from estimated time worked to being based on the number of employees. Because this subfund only houses 6 (or 3%) of the 191 employees within the Planning and Development Department (Citywide), this subfund is now receiving a minimal share of the allocation.

6. Indirect Cost:

- This amount is an allocation of costs to operate central services of the City (e.g. Finance and Administration, Employee Services and City Council) as calculated by the City's independent consulting firm. The decrease is mainly due to the removal of the Office of Director allocation from the indirect cost study.

7. Contingencies:

- The decrease of \$46,767 is due to the pension reform contingency being used to balance the budget.

SERVICE LEVEL CHANGES:

None.

EMPLOYEE CAP CHANGES:

None.

CONCERN:

As stated in previous budget reviews, with changes made by Ordinance 2015-249-E, this subfund's annual revenues are no longer sufficient to cover annual expenditures as evidenced by \$323,962 being transferred from fund balance to balance the budget. The fund will have approximately \$600,000 available at the end of FY 2018/19. That means this subfund does not have sufficient fund balance to keep it solvent for more than about one to two years.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2019/20 BUDGET
PLANNING AND DEVELOPMENT
BUILDING INSPECTION (EXCLUDING FIRE RESCUE) (S/F 159)**

PROPOSED BUDGET BOOK - Page # 275 - 279

BACKGROUND:

The Building Inspection subfund accounts for the finances of the Building Inspection Division within the Planning and Development Department, and to a lesser degree, the finances of the Fire Plans Review Section of the Jacksonville Fire and Rescue Department. The Building Inspection Division is responsible for ensuring that existing and future developments and construction comply with the Florida Building Code and local ordinances. The Division's primary roles are to ensure the safety of buildings and related landscapes by performing inspections and enforcing building, electrical, plumbing, mechanical, and other related City codes. In addition, the Division performs reviews of various permit applications and plans examination.

REVENUE:

Non-Departmental / Fund Level Activities

1. Investment Pool / Interest Earnings

- The increase of \$155,187 is due to projected investment pool earnings based on an increased rate of return and a higher average cash balance within this subfund.

2. Transfer From Fund Balance

- The amount of \$5,079,100 represents funding for one-time costs, primarily associated with the new Enterprise Permit / Land Use Management System.

Planning and Development

3. Inspection Fees

- The increase of \$560,000 is primarily due to increases of \$240,000 in building inspection fees, \$100,000 in plumbing inspection fees, \$100,000 in mechanical inspection fees, and \$100,000 in building permit review fees. All of these increases are based on recent increases in activity levels.

4. Charges for Services

- The net decrease of \$114,642 is due, in part, to decreases of \$106,327 in construction inspection fees and \$95,425 in reinspection fees. These decreases are being partially offset by an increase of \$73,534 in subdivision PLAT fees. All of these changes are based on recent trends in activity levels.

5. Fines and Forfeits

- The net decrease of \$26,382 is due to a decrease of \$39,938 in reactivation/reinstatement fees, offset by an increase of \$13,556 in code violation fines, which are also based on recent changes in activity levels.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2019/20 BUDGET
PLANNING AND DEVELOPMENT
BUILDING INSPECTION (EXCLUDING FIRE RESCUE) (S/F 159)**

PROPOSED BUDGET BOOK - Page # 275 - 279

EXPENDITURES:

Non-Departmental / Fund Level Activities

1. Contingencies

- The pension reform contingency is being used to fund one-time expenses within the FY 2019/20 proposed budget.

Planning and Development

2. Salaries

- The increase of \$1,081,200 is primarily the result of an increase in salaries of \$928,575 due to increases resulting from the approved collective bargaining agreements, raises approved in MBRC and end of probation increases. There is also an increase in part-time salaries of \$128,414 to retain a recently retired employee on a part-time basis and to bring the budget in line with recent actuals.

3. Salary & Benefit Lapse

- There is a proposed salaries/benefits lapse of \$153,798. This reflects an estimated salary and benefit lapse based on the average turnover ratio and estimated number of vacancies in FY 2019/20.

4. Pension Costs

- The increase of \$170,466 is mainly due to the salary increases previously mentioned.

5. Employer Provided Benefits

- The net increase of \$43,936 is primarily due to increases of \$64,303 in health insurance due to changes in elections by employees and \$14,223 in Medicare tax. These increases are partially offset by a decrease of \$37,890 in workers compensation insurance based on actuarial projections.

6. Internal Service Charges

- The net increase of \$1,864,671 is primarily due to IT costs associated with the development and on-going support of the new Enterprise Permit Land Use Management system, which was started in FY 2017/18. This includes increases of \$1,262,925 in IT system development costs and \$679,886 in computer system maintenance and security costs. These increases are slightly offset by a reduction in fleet vehicle replacement charges of \$75,088, which was used to purchase new vehicles in FY 2018/19.

7. Insurance Costs and Premiums

- There is an increase of \$15,157 in general liability insurance due to an increase in recent claims history.

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8. Other Operating Expenses

- The increase of \$24,239 is primarily due to the purchase of new Florida Code reference manuals for the Building Inspection Division.

9. Capital Outlay

- The capital outlay amount of \$21,163 will be used to purchase scanning equipment that will be used to scan site plans and other documents. According to the Department, this will speed up Building Inspection's approval process.

10. Supervision Allocation

- This amount represents the net allocation of expenses within the Office of the Director Division being allocated out to Building Inspection (S/F 159). This allocation is partly reduced by the allocation of a portion of the salary and benefits expenses for employees housed in Building Inspection (S/F 159) [Development Services Division] that perform duties related to the General Fund/GSD (S/F 011) [Development Services Division]. The net allocation to Building Inspection (S/F 159) is increasing due to all expenses, net of revenue, within the Office of the Director Division General Fund/GSD (S/F 011) being allocated out in FY 2019/20. In FY 2018/19, this portion of the allocation was limited to personnel costs for the three (3) employees listed within the Division. Additionally, the method for determining the amounts/percentages for this allocation has changed from being based on estimated time worked to number of employees. Because this subfund houses 153 (or 80%) of the 191 employees within the Planning and Development Department (Citywide), this subfund is now receiving the majority of the amount allocated. In FY 2018/19, the equivalent allocation percentage was 21%.

11. Indirect Cost

- This is an allocation of costs to operate central services of the City (e.g. Finance and Administration, Employee Services and City Council) as calculated by the City's independent consulting firm.

SERVICE LEVEL CHANGES:

None.

EMPLOYEE CAP CHANGES:

None.

COMMENT ON FUND BALANCE:

Effective July 1, 2019, Florida Statute 553.80(7) was amended to state that a local government may not carry forward an amount exceeding its average operating budget for the past four (4) years. The average operating budget of the Building Inspection subfund (S/F 159) for fiscal years 2015/16 through 2018/19 is \$16,642,146. Based on the third quarter projections from the budget

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office, available cash on September 30, 2019 will be \$21.5 million, prior to factoring in the proposed FY 2019/20 transfer from fund balance of \$5,079,100. While the transfer may bring the County in to compliance, the City does need to review fees or be prepared to rebate fees since Section 553.80(7)(a)2 states, "a local government must use any excess funds that it is prohibited from carrying forward to rebate and reduce fees."

RECOMMENDATION:

None.