

**OFFICE OF THE CITY COUNCIL**

**RESEARCH DIVISION**

117 WEST DUVAL STREET, SUITE 425

4TH FLOOR, CITY HALL

JACKSONVILLE, FLORIDA 32202

904-255-5137

**FINANCE COMMITTEE BUDGET HEARING #2 MINUTES**

**Remote meeting via teleconference**

 **August 7, 2020**

**9:00 a.m.**

**Location:** Remote meeting via teleconference

**In attendance:** Committee members Matt Carlucci (Chair), LeAnna Cumber, Randy DeFoor, Joyce Morgan, Brenda Priestly Jackson, Ron Salem, Scott Wilson

**Also**: Council Members Sam Newby, Al Ferraro, Terrance Freeman, Garrett Dennis; Kim Taylor and Brian Parks – Council Auditor’s Office; Jeff Clements, Yvonne Mitchell and Anthony Baltiero – Council Research Division; Joey Greive and Angela Moyer – Finance and Administration Department; Ken Lathrop – Information Technologies Division; Bill Spann – Military Affairs and Veterans Services; Tim Rogers – Jacksonville Public Library; Laura Stagner – Jacksonville Housing Finance Authority; Chris Tongol – Fleet Management; Stephanie Burch and Leeann Krieg – Mayor’s Office; Carla Miller – Ethics Office; Lisa Green – Inspector General

**Meeting Convened**: 9:00 a.m.

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

Council Member DeFoor apologized to the committee and to Council Member Cumber for a comment she made yesterday directed at Ms. Cumber rather than to the group as whole.

Public Libraries

Council Auditor Kim Taylor reviewed the library budget, noting that the budget is relatively flat from last year, although some items have increased and decreased within the same overall budget amount. Council Member Morgan asked about the library fines being forgiven during the COVID-19 emergency. Library Director Tim Rogers said that fines are being forgiven through the rest of the year so as not to discourage patrons from using the library after the shutdown is revoked because of accumulated overdue fines. He reported that the Main Library and 4 regional libraries are open at least 40 hours a week and 13 branches throughout the city have curbside delivery service available. Some of the smallest branches are completely closed because social distancing is not possible given their size and layout. In response to a question about the loss of use of the Main Library Conference Center, Mr. Rogers reported that all revenues from the rental of that center are used for its operations and do not go to other library uses. There is sufficient capacity in the all-years fund to keep conference center operations going through the fiscal year despite the closure and lack of revenue. They are trying not to cancel already-scheduled events if there is a chance they could still take place. Council Member Priestly Jackson asked if any costs were incurred by the library for the planning for the Republican National Convention. Mr. Rogers said that they incurred no costs because their only involvement would have been to allow the Sheriff’s Office and Fire and Rescue Department to utilize the Conference Center space, which never happened. Mr. Rogers introduced Library Board Chair Carlo Fassi who said the library’s top priorities are patron safety and security and a gradual move to more digital resources. He thanked Tim Rogers for his leadership of the library system through the COVID-19 pandemic. Mr. Rogers elaborated on the library’s balance between digital and physical media. In response to a question from Council Member DeFoor, he explained the difference between purchasing a physical book and leasing digital media that must be renewed after a defined number of patron uses.

Health Department

Council Member Cumber asked for clarification on the department’s immunization program. Dr. Pauline Rolle, Director of the Health Department, reported that the department’s state funding has been relatively flat for several years. The City began providing additional funding for immunizations several years ago that helps to pay for additional resources and publicity and that has been very helpful. They opened a second immunization center that has been very popular. Since the COVID-19 outbreak she has noticed a growing reluctance by some parents to get their children vaccinated either because they are uncomfortable with going to an immunization center or because they are planning to home-school their children and therefore don’t need the vaccination to go to school. Council Member Morgan asked what can be done to address parents who don’t believe that immunizations are important or safe. Dr. Rolle said the department is seeing a growing incidence of parents requesting the religious exemption from having their children vaccinated. In response to a question from Ms. Morgan about whether there is any chance of more state funding for facility improvements, Dr. Rolle said she does not see much possibility for that. Ms. Morgan suggested that the City Council could at least pass a resolution urging the Duval Legislative Delegation to advocate for increased Health Department funding in the state budget. Chairman Carlucci asked how many public clinics there are and if more are needed. Dr. Rolle said that the number of clinics has declined over the years due to financial considerations when personnel and services had to be prioritized over facilities.

Jacksonville Housing Finance Authority

Kim Taylor reviewed the budget and Laura Stagner, the JHFA staff person, noted that this budget is just for JHFA operations. The finances of the bonds the authority issues appear in two other locations in the budget. She reviewed several of the bond issues processed in the last couple of years for affordable housing purposes. There has been great interest in multi-family projects because of the interest rate climate in the last several years, but not so much for single-family mortgage assistance because commercial mortgage rates are already so low. Ms. Stagner explained the authority’s personnel (two employees who devote a portion of their time to the JHFA) and their use of contracted expertise. In response to a question from Chairman Carlucci, Ms. Stagner explained the inspections the JHFA does annually of properties it finances.

Fleet Management Division

Kim Taylor reviewed the division’s budget. Council Member DeFoor asked for an explanation of what factors are covered under indirect costs, which are the overhead costs for functions that don’t do direct billing (i.e. Procurement, City Council, etc.). Council Member Salem asked about the use of privatization in Fleet Management. Joey Greive said the majority of routine maintenance is done in-house and specialized work is contracted out. The City’s service rates are very competitive with the private sector and 2 positions were eliminated this year because the fleet has been modernized in the last few years and maintenance needs are reduced. He explained that Fleet Management handles both City vehicles and equipment and some of the independent authorities. Council Member Morgan asked about a note in the Auditor’s presentation regarding an insurance increase due to a claim experience. Chris Tongol, Division Chief, explained the accident that occurred in 2019. He also reported that the division outsources its oil changes, body work and transmission work.

Vehicle Replacement

Ms. Taylor explained that the last time the City borrowed to pay for replacement vehicles was FY17-18 and there is still debt service being paid on those vehicles for another few years. All vehicles purchases since then have been done with cash. Budget Officer Angela Moyer explained the billing schedule to the departments for the different types of vehicles being replaced and said that when the debt service is completed on the previous borrowing then the annual charges will accrue to a fund for future replacements so that there will not be a need for a General Fund subsidy for vehicle replacements. Council Member Priestly Jackson said she needs more information about how the Sheriff’s Office pays for its vehicles and whether the department’s budget is actually higher than it appears because Fleet Management is purchasing replacement vehicles with cash in one year and the JSO is paying it off over a number of years. Council Member Morgan asked for an explanation of the change from leased to owned covert vehicles for JSO. Chris Tongol said that purchasing covert vehicles with cash is less expensive than the leased option so they have gone back to that method after trying leasing for a few years. Chairman Carlucci asked about the use of original manufacturer parts versus after-market parts. Mr. Tongol said that as long as a vehicle is under warranty they use original parts; after-market parts ar used thereafter.

**Motion**: approve the Auditor’s recommendation that the Department name be added to Schedule B4c, “FY20 Payment” header be changed to “FY21 Payment”, and other formatting changes be made for clarity – **approved 7-0**.

Finance and Administration Department

IT Equipment Refresh

Council Member Morgan asked if the City Council Chamber upgrade project is included in this budget; it is not.

IT Systems Development

**Motion**: approve the Auditor’s recommendation that Schedule A4 in Ordinance 2020-504 (Budget Ordinance) be revised so that: a) Pages 2 through 22 are removed, which are the project detail already included in Ordinance 2020-507, and b) the 1Cloud expense is updated to correct a formula error that excluded $138,097 from the project amount and associated totals – **approved 7-0**.

Council Member Morgan asked for details about the City Council Chamber upgrade project. Ken Lathrop, Chief of ITD, said the Council Chamber project has been completed and the remaining funding in that project line will be for upgrades to the Lynwood Roberts Room, Don Davis Room, and Council conference rooms and for system maintenance costs.

Human Rights Commission

Council Member Morgan asked if the 7 positions are adequate to get done the work that needs to be done. Wendy Byndloss, Chief of the Human Rights Commission, said that there is also a contractor (a retired JHRC staff member) who helps out with the caseload on a part-time basis. She said the caseload was definitely impacted by the City closure during COVID-19, when all employment complaints were referred to state and federal agencies for action. They are seeing an uptick in housing-related cases since the government has begun reopening, but not in the areas of employment or public accommodations yet. Council Member DeFoor asked about the average caseload of the agency; Ms. Byndloss said 50-60 employment cases pending at a time, 15-20 housing cases, and 3-5 public accommodations cases are typical.

Ethics, Compliance and Oversight Office

Council Member DeFoor said that the budget for this office produces the best return on investment of anything the City does. In response to a question from Council Member Salem, Ms. Miller said she is a part-time contract employee paid for 20 hours a week, although she is available for consultation at any time. Council Member Morgan asked about the conversion of the part-time training director position into a full-time position. Ms. Miller said that they have a tremendous need for additional training capacity to meet the need. The committee members praised Ms. Miller and the good work of her office.

**The committee was in recess from 11:54 a.m. to 12:29 p.m.**

Office of Inspector General

Ms. Taylor noted that the IG’s Office is receiving a transfer of 3 positions from the Public Works Department, for a total of 12 allocated positions. In response to a question from Council Member Wilson, Inspector General Lisa Green said that she expects her office’s investigation of the Jacksonville Housing Authority to be issued by the end of this fiscal year or perhaps very early in the next year. They have 7 investigations/contract oversights currently underway and all should be reported in that time frame. Council Member DeFoor asked about the 3 new employees. Ms. Green said they include 1 female investigator, a second auditor and an investigative support analyst. She has also hired a new director of investigations to replace the former incumbent who left for personal reasons. Council Member Salem encouraged Ms. Green to grow the IG’s revenue base by getting contributions from all the agencies for which they do work. She said that she has requested an increase of $15,000 per year from JEA and the Jacksonville Housing Authority has agreed to contribute $10,000 per year. The Police and Fire Pension fund will contribute $5,000 per year. She would like to see a permanent mechanism for annual funding formulas with all the covered agencies that include regular small annual increases.

Medical Examiner

Ms. Taylor noted that one employee slot was transferred from the Administration and Finance Department and is used for a new associate medical examiner. Council Member Salem asked if the Medical Examiner is in a new building. Ms. Taylor said that there is funding in the CIP for planning for a new facility. $3.5 million has been spent on land acquisition and design, and construction is expected to begin in the next couple of years. In response to a question from Council Member Salem, Dr. Robert Pietak, the Medical Examiner, said that his office has seen a 20% increase in caseload thus far this year, which is not a result of the COVID pandemic because the bodies of those deceased are not brought to his facility – they just review the hospital records before issuing a COVID-related death certificate. He has seen a substantial increase in opioid-related deaths since late last year. In response to a question from Council Member Morgan about whether the staff level is sufficient to meet the workload, Dr. Pietak said that they hired another pathologist to meet the workload standard of their national accrediting body and currently have enough staff to meet that standard, depending on what happens during the rest of the year. In response to a request from Council Member Priestly Jackson, Dr. Pietak described the process by which they certify COVID-related deaths using hospital records in the case of hospital deaths and do testing on cases of suspected COVID-related deaths outside of hospitals. Council Member DeFoor asked for clarification of the grounds for finding COVID-19 deaths. Dr. Pietak said that at present his office has sufficient resources to do the job that needs to be done and said he is proud of his dedicated staff who work so hard.

Military Affairs and Veterans Services

Ms. Taylor reviewed the budget and there were no questions.

Emergency Reserve Fund

In response to a question from Council Member DeFoor about why interest earnings have decreased so much over the last 2 years, Joey Greive said that it is a function of interest rates being at historically low levels. Ms. DeFoor noted that the City’s reserve levels have increased substantially in recent years. Mr. Greive said that the Operating Reserve has increased substantially over the last few years, but this emergency fund is kept at about $63 or $64 million, growing only by its interest earnings each year. Kim Taylor said that the $64 million as of June 30th represents 4.84% of annual revenues, which is very close to the 5% target. Angela Moyer reported that the interest rate for FY19-20 was 2.12% and for FY20-21 is budgeted using 1.6%. In response to a question about when the fund was last used, Ms. Taylor said it was several years ago when $4 million was used for an anti-violent crime initiative and she could not recall a use for years prior to that.

Chairman Carlucci noted that the next budget hearing will be Thursday, August 13th at 9 a.m. He thanked the members for their attention and their good questions over the long hearings. At the Finance Committee meeting on August 18th he has asked for a presentation from the administration and Iguana Investments about pending ordinance 2019-555 dealing with Metropolitan Park land. The standing committee meetings will be back in the Council Chamber beginning in two weeks.

**Meeting adjourned:** 1:16 p.m.

Minutes: Jeff Clements, Council Research Division

jeffc@coj.net 904-255-5137

8.7.20 Posted 1:30 p.m.