

**OFFICE OF THE CITY COUNCIL**

**RESEARCH DIVISION**

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**FINANCE COMMITTEE BUDGET HEARING #3 MINUTES**

**Remote meeting via teleconference**

 **August 13, 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**: Kim Taylor, Brian Parks and Heather Reber – Council Auditor’s Office; Jeff Clements, Yvonne Mitchell and Anthony Baltiero – Council Research Division; Peggy Sidman and Paige Johnston – Office of General Counsel; Joey Greive, Angela Moyer and Teresa Eichner – Finance and Administration Department; Brian Hughes, Stephanie Burch and Leeann Krieg – Mayor’s Office; Jim Overton – Tax Collector; Mike Hogan – Supervisor of Elections; Charlie Cofer – Public Defender; Allison Luker – Clerk of the Courts office; Chief Judge Mark Mahon; Daryl Joseph – Parks, Recreation and Community Services Department

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

**Page references from this point refer to Council Auditor’s Budget Hearing #3 handout**

Tax Collector

Council Auditor Kim Taylor reviewed the budget and raised a concern about the sufficiency of the Tax Collector’s fund balance to balance the budget given possible revenue shortfalls. The administration has indicated that this fund and others will be balanced with available citywide fund balance later in the fiscal year as revenues become clearer. Tax Collector Jim Overton said that he hopes the volume of business picks up again as the economy recovers from the COVID pandemic. CFO Joey Greive echoed Ms. Taylor’s comments about the administration being prepared to introduce legislation later in the year to “shore up” any funds that end the year with shortfalls using available fund balances and reserves as necessary. In response to a question from Council Member DeFoor about what current expenditures might be cut, Mr. Greive said that a hiring freeze has been in effect except for absolutely necessary positions and other reductions may be imposed as needed. Chief Administrative Officer Brian Hughes said that staffing is the biggest expense and savings are being achieved through the hiring freeze and attrition. Other options may be explored if necessary.

Supervisor of Elections

Ms. Taylor reviewed the budget, noting that the budget is proposed for a decrease of $1.5 million next year due to 1 fewer countywide election being held. Supervisor of Elections Mike Hogan said he predicts the highest election turnout in Jacksonville history for the presidential election in November, which is being held in constantly changing circumstances due to COVID-19. There will be an emergency appropriation bill filed for expenditure of federal CARES Act funding to assist the fall election. In response to a question from Council Member Priestly Jackson, Mr. Hogan said that they have seen a one-third increase in the number of mail-in ballots being requested, and that will likely grow before November. Council Member Morgan asked about whether there will be any more changes in polling places before November. Mr. Hogan said that the Prime Osborn Convention Center will be added as a new early voting site and he is working with the JTA on free rides for voters on election day if they wear their “I Voted” sticker. He noted that postage expenses are increased because of the changes in polling places that require letters to voters in those precincts and the number of vote-by-mail ballots being requested. In response to a question from Council Member Salem, Supervisor Hogan said that as always his office is preparing for the worst and hoping for the best for the November election, which is taking place in unusual and difficult circumstances due to COVID. They are building up a pool of poll workers hoping to have enough to handle all the duties on election day despite the uncertainty and the City administration has pledged its assistance to be sure the election goes off smoothly.

Clerk of Courts

Ms. Taylor reviewed the proposed budget. In response to a question from Council Member DeFoor about recording fees, Allison Luker of the Clerk’s Office said that they have seen increased volume and revenues of recording for all types of documents during the current year despite the COVID pandemic. They have continued to issue marriage licenses virtually during the pandemic and are ready to resume processing passport applications as soon as the federal government resumes that function.

Courts Support

Chief Operating Officer Stephanie Burch said that the City is providing personal protective equipment (PPE) to the courts through the Emergency Preparedness Division budget and the Chief Judge has agreed to defer a furniture purchase request until the following year. In response to a question from Council Member Salem, Brian Hughes said that a portion of the increased building costs allocated to the courts has to do with increased COVID-related cleaning and sanitizing and posting of signage. Budget Officer Angela Moyer said that $660,000 of the $1 million increase is for maintenance costs and the Public Works Department can provide additional detail about those costs.

In response to a question from Council Member DeFoor, Angela Moyer discussed the pay-down of the courthouse construction bonds and the adjustments she makes from year to year based on the amount of interest income accrued. The bonds will be paid off in 2041. Council Member Priestly Jackson asked for an explanation of the courthouse maintenance fees paid in the General Fund versus the courthouse trust fund.

Council Member Morgan asked about the impact of COVID-19 on Teen Court operations. Judge Mahon said the court is operating virtually via the Zoom platform, which is not ideal but is what is currently allowed by state court regulations.

Ms. Taylor noted that the required Memorandum of Agreement among the State Attorney, Public Defender and Court Administration for use of the recording fees technology fund has not yet been executed. Brian Hughes said that they are very close to completing their agreement and on how to allocate the funds and will sign the memorandum by the time the budget is ready for adoption. Public Defender Charlie Cofer said that the three parties still need to speak with the Budget Office about the details of where the funds will be budgeted. Joey Greive said that sharing the costs of technology upgrades is a continual source of discussion among the City, the courts, the State Attorney and the Public Defender regarding funding from the court technology fee versus the City’s General Fund. Stephen Siegel of the State Attorney’s Office said the parties are working on an equitable allocation of the fund to meet the growing technology needs imposed by the COVID virtual meeting environment.

**The committee was in recess from 10:36 to 10:51 a.m.**

Parks, Recreation and Community Services

Ms. Taylor reviewed the proposed budget. Council Member DeFoor asked about departmental revenues. Daryl Joseph, Director of the Parks and Recreation Department, said that revenues have been down in the current year due to COVID-19 effects (except for Hanna and Huguenot Parks), but they hope revenues will rebound in the new fiscal year beginning in the fall. He said that the park system has gained many new users who have taken advantage of the COVID pandemic to visit the parks. Council Member Cumber asked about Baker Act funding and the welfare shelter for assistance with rent and utilities. Mr. Joseph said that the availability of CARES Act funding has kept the volume of requests for rent and utility assistance relatively flat. In response to a question from Council Member Salem, Brian Hughes explained the pension reform contingencies and their use by departments in the proposed budget. Mr. Hughes congratulated Mr. Joseph and his department for being so flexible and helpful in addressing the COVID pandemic by using parks and community centers for COVID testing, by moving summer camps to online platforms rather than in person, and otherwise reacting to the emergency in a positive way to meet community needs.

Council Member Morgan felt that more trash cleanup needs to take place in parks, especially the most heavily used parks where the trash accumulates rapidly. Council Member DeFoor advocated for more Friends of the Parks groups, but said that insurance coverage is an issue. Mr. Joseph said that simple activities such as trash pickup do not require insurance coverage, but operation of heavy equipment like mowers would require insurance coverage. In response to a question from Council Member DeFoor about how to make Huguenot Park more self-sufficient, Mr. Joseph said that they’ve added electric service to the campground and have added a jet ski concessionaire which should generate additional revenues. They have also added credit card swipe machines at the admission gate to make payment more convenient.

In response to a question from Council Member Salem, Mr. Joseph said that the Cecil Field golf course is run by a concessionaire and is a beginner’s level course. The concessionaire generates revenue from the disc golf course operating there and by hosting events like cross country meets.

Ms. Taylor pointed out a concern regarding the declining balance in the Taye’ Brown Regional Trust Fund that is used to subsidize the operations of the Equestrian Center, noting that there will be an insufficient balance after this year to make the usual subsidy payment. Brian Hughes said that the Equestrian Center operation has been a continual challenge and they continue to work with the private operator on ways to make the center more self-sufficient. Sponsorships are often a better source of revenue than paid admission at events.

**The committee was in recess from 11:52 a.m. to 12:35 p.m.**

Special Events Division

Kim Taylor reviewed the proposed budget and noted that the budget is increasing by approximately $1.4 million from the current year due to Florida/Georgia football game-related expenses budgeted in this division this year for visibility and tracking purposes.

**Motion**: approve Council Auditor’s recommendation #1 to remove the funding of $379,757 for payment to the Jaguars for lost revenue caused by the installation of temporary seats for the Florida/Georgia game because of the timing of the Jaguar home games before (October 18) and after (November 8) the Florida/Georgia game (October 31). This should be offset by a like reduction of the transfer in from the General Fund/GSD. (This will have a positive impact to Special Council Contingency of $379,757) –

Brian Hughes gave an overview of what is expected for the Florida/Georgia and TaxSlayer Gator Bowl games this fall. He stated that the universities of Florida and Georgia have been in negotiations with the City over a new contract extension based on last year’s game term sheet and the contract with the Gator Bowl Association for the TaxSlayer Gator Bowl expired after last year’s game and is being renegotiated. The proposed budget includes increased funding for the TaxSlayer Gator Bowl to replace funding previously provided by the Tourist Development Council that will be reduced this year. The City has a contractual obligation to provide additional temporary seating to the Florida/Georgia game and had a similar obligation to the Gator Bowl until the recent expiration of that contract. Last year the seats were not provided for the TaxSlayer Gator Bowl and the cost of their installation was given to the Gator Bowl Association as an additional contribution.

Council Member DeFoor asked about the timing of the extra seat installation covered by recommendation #1. Mr. Hughes said that assuming the current college and NFL game schedules remain as they are now (which is not assured), there should not be a need for the extra seating and the cost that incurs. With regard to the Tax Slayer Gator Bowl contract, Mr. Hughes said a multi-year contract is in negotiation. Given the COVID-related attendance restrictions there is likely not a need for additional seating this year, but the Gator Bowl Association will likely be looking for an additional contribution to the game from the City to make up for what is not being provided to the game by the TDC and to meet increasing financial challenges. Council Member Morgan said the City’s best interests need to be protected in the negotiations with the Gator Bowl Association and felt that there are too many bowl games overall for them to all be successful. Mr. Hughes said that the Gator Bowl’s attendance fluctuates year by year based on the teams involved, which is at the mercy of the conference affiliates. The association hopes that in the next couple of years the Bowl Championship Series will be expanded to include more teams and the Gator Bowl will be in good position to be included in that expanded tier of playoff games. He pledged to take the Council’s budgetary action on these games to the negotiating table as evidence of the Council’s future intent to continue supporting the games.

Council Member Cumber expressed concern that budget reduction actions taking place this year during contract negotiations over both games could sour the relationship of the City with the universities of Florida and Georgia and the Gator Bowl Association and ultimately cost the City those games in the future. Mr. Hughes said he would not be surprised to have to come back to the Council after the contract negotiations are completed with a request for additional funding beyond what is being discussed today. Council Member Salem recounted his long history serving on the Sports and Entertainment Board and Jacksonville Sports Council and dealing with these football games, and the history of the changes made in stadium seating capacity, particularly with regard to premium club seats. He recommended approving recommendations #1, 3 and 4. In response to a question from Council Member Priestly Jackson about potential seating capacities for the games, Mr. Hughes said that in a best case scenario in which the Florida/Georgia game was played to full capacity in the spring of 2021 because of a COVID-19 medical breakthrough, the schools would expect 82,000 seats per their contract. The Council needs to decide whether to hold funds in reserve for these game expenses in the event they take place or to fold these funds back into other areas of the budget with the understanding that the administration may come back with a funding request depending on when and how those games take place. Council Member DeFoor suggested that having additional seating installed for the Florida/Georgia game might be more important than ever in a COVID environment to maximize socially-distanced seating capacity. Council Member Salem recommended approving recommendations #1, 4 and 5 and approving recommendation #2 but putting the money “below the line” rather than into Special Council Contingency. Chairman Carlucci suggested approving recommendations #1, 2 and 4 to fill the deficit in Special Council Contingency now, possibly with an amendment to take only half of #2 to Special Council Contingency and the other half “below the line”.

**The motion on recommendation #1 was approved 7-0**

**Motion** (Salem**):** amend Auditor’s recommendation #2 and put the funding of $1,767,467 for temporary seating for the Florida/Georgia game (net of $2,077,011 for temporary seating offset with a $309,544 revenue reduction) “below the line” for future appropriation and approve Auditor’s recommendation #5 that funding of $444,234 for the TaxSlayer Gator Bowl Game be placed below the line until a new contract is brought forward for City Council approval. This would be added to the $250,000 that is already included within a contingency related to the TaxSlayer Bowl game. (This will have no impact to Special Council Contingency) –

Chairman Carlucci temporarily relinquished the chair.

**Motion** (Carlucci): amend the Salem motion to place half of the $1,767,467 (net) for the Florida/Georgia game “below the line” and half in Special Council Contingency, along with approval of Auditor’s recommendation #5 – **approved 5-2** (Salem and Cumber opposed).

**The Salem motion as amended by the Carlucci amendment was approved**.

**Motion**: approve Auditor’s recommendation #3 that the increase in contributions to each of the schools $1.5 million total ($750,000 each) for the Florida/Georgia game be placed “below the line” in a designated account until a new contract is brought to City Council for approval. (This will have no impact to Special Council Contingency) –

Council Member DeFoor asked Mr. Hughes if this motion in any way impeded his negotiations with the universities. He said that as long as the funds are in the budget dedicated to this game, it will not be problematic.

**The motion was approved 7-0**.

**Motion**: approve Auditor’s recommendation #4 that funding of $409,000 for bleacher seating for the TaxSlayer Gator Bowl be removed from the budget as there is currently no contract in place and the requirement to provide these seats already ceased. (This will have a positive impact to Special Council Contingency of $409,000) – **approved 7-0**

City Venues

Council Member Cumber said that the quality of food, beverages and concession service is very poor at the Arena, particularly in comparison with the concession operation run by the Jumbo Shrimp at the Baseball Grounds, and asked about how the concessions contracts work with ASM Global. Bill McConnell, the General Manager for ASM in Jacksonville described the concession contracts at the various facilities (the Jaguars operate concessions at TIAA Bank Field, the Jumbo Shrimp at the Baseball Grounds, and ASM runs concessions at the other venues). He apologized for the council member’s bad experiences and offered to meet with her individually to discuss her issues, and pledged to improve the operation to better represent the City in its public venues. Council Member DeFoor asked about the amount of debt still owed on the football stadium and how much rent the Jaguars pay. Heather Reber said the total Jaguars rent over the life of the contract is $122,565,363 and Mr. Greive said that $82.4 in debt remains to be paid on stadium bonds.

At Chairman Carlucci’s request, Kim Taylor reported that the Office of General Counsel is researching the timing and mechanism for making changes to the solid waste user fee pursuant to the Ordinance Code and that research may impact on the Council Auditor’s recommendation on that fee to be made next week when the Public Works Department’s budget is under consideration. Deputy General Counsel Peggy Sidman said that the Florida Statutes and the Ordinance Code contain a formal noticing mechanism and procedure for increasing the solid waste fee and her office is determining when that process can take place and whether it can be done timely for next year’s budget. Council Member DeFoor asked for an explanation of why the General Fund’s annual subsidy to the Solid Waste Enterprise Fund is shown as a loan rather than a simple fund transfer.

**Meeting adjourned:** 2:58 p.m.

Minutes: Jeff Clements, Council Research Division

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8.13.20 Posted 4:30 p.m.