

**OFFICE OF THE CITY COUNCIL**

**RESEARCH DIVISION**

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**FINANCE COMMITTEE BUDGET HEARING #4 MINUTES**

**Remote meeting via teleconference**

**August 14, 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 (arr. 9:20), Ron Salem, Scott Wilson

**Also**: Council Members ; Kim Taylor, Brian Parks, Phillip Peterson, Heather Reber – Council Auditor’s Office; Jeff Clements, Yvonne Mitchell and Anthony Baltiero – Council Research Division; Joey Greive and Angela Moyer – Finance and Administration Department; Stephanie Burch and Leeann Krieg – Mayor’s Office

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

**Page references from this point refer to Council Auditor’s Independent Agencies handout**

JEA

Heather Reber of the Council Auditor’s Office reviewed the proposed budget. In response to a question from Council Member Salem about bad debt/uncollectible accounts, Ms. Reber clarified the statistic which reflects a doubling of uncollectible accounts, but is a very tiny percentage of billings (0.3%). Council Member Salem said that the TEU Committee will have a presentation at its next meeting on the issue of septic tanks – how many there are in the City, the cost of phasing them out, priority locations, etc. – and invited any interested council members to attend.

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**Motion**: approve Council Auditor’s recommendation #1 to attach a Revised Schedule C to reflect adjustments made to Operating and Maintenance Expenses and Operating Capital Outlay requested by JEA after the budget was submitted – **approved 7-0.**

**Motion**: approve Council Auditor’s recommendation #2 to attach a revised Schedule D to show a Capital Reserve line in the amount of $73,403,593 instead of a negative amount under Capital Funds for the electric system – **approved 7-0.**

Ms. Reber discussed the JEA Pay for Performance Plan, noting that the plan structure was approved by the JEA board on June 23, 2020 except for the FY20-21 goals which remain to be reviewed and approved. Council Member Salem noted that JEA senior management are not eligible to participate in the new performance plan. Council Member Morgan asked for an update on the construction of JEA’s new headquarters building. JEA Interim CEO Paul McElroy said that the property has been acquired by the private developer and fencing has been erected for initial site preparation. The building will be delivered in 2023. The size has been reduced somewhat and plans are underway to construct a separate emergency operations center that will be hardened to withstand a Category 5 hurricane. Ms. Morgan asked about the status of account suspensions due to unpaid bills. Mr. McElroy said that just over 3,000 customers are in that category, and the JEA is trying to be compassionate and understanding in dealing with those customers who are dealing with the COVID-19 pandemic. The recent funding supplied by the City Council was a big help in getting accounts back up to date and is greatly appreciated. There still a big challenge with keeping customers up-to-date in the future with their payment plans, so the situation is certainly not completely resolved. Mr. McElroy said that the normal pre-COVID caseload was about 2,000 account disconnections pending at any time, so the post-COVID caseload is notably higher.

Council Member DeFoor thanked all the council members and the new JEA leadership for helping to achieve a completely different outlook for the authority compared to last year’s budget presentation. Mr. McElroy said he and his staff have spent a great deal of time with individual council members explaining what’s happening at JEA and answering questions. He noted that the new management team and board found over $20 million in operating cost savings and reduced capital expenditures by $100 million in the last few months, and thanked the Council Auditor and her staff for facilitating that exercise in a short time frame. Chairman Carlucci thanked Mr. McElroy and his board for their hard work to restore JEA’s credibility with the community.

Public Works – Streets and Highways 5-year work program

Ms. Reber explained the division of the constitutional gas tax fund between the City and the JTA and noted that the City’s portion will pay for roadway resurfacing.

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**Motion**: approve the Auditor’s recommendation to reduce State Shared Revenue and Contributions from Local Units by $652,963 from $4,969,997 to $4,317,034 and reduce Capital Outlay and Grants, Aids & Contributions by $652,963 from $4,969,997 to $4,317,034 to balance revenues and expenditures. (This has no impact to Special Council Contingency) –

Council Member Priestly Jackson asked for clarification about the $4.9 million amount, which is the City’s share of the constitutional gas tax after BJP debt service is paid.

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

Council Member DeFoor asked for a list of roadway resurfacing projects and which projects might not be done in the coming year if gas tax revenues are negatively impacted by the COVID-19 economy. Chief Operating Officer Stephanie Burch will provide that list. Kim Taylor said that the budget provides $12 million for roadway resurfacing, but the funding sources are changing slightly due to the COVID impact. Ms. Burch said the resurfacing projects are ranked by a rating matrix.

Local Option Gas Tax

Revenues are anticipated to be reduced by $2.2 million from the previous year due to COVID impacts on economic activity.

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**Motion**: approve the Auditor’s recommendation to reduce the amount of the “all years” revenue adjustment for the projected shortfall in the City’s portion of the Local Option Gas Tax by $1,665,614 due to the issue noted above and also appropriate available investment pool earnings of $367,279, which will increase the available revenue to appropriate by $2,032,893. Specifically:

1. $1,626,315 be utilized to offset the Roadway Resurfacing funding gap of $652,963 caused by the reduction in revenues for the Constitutional Fuel Tax and the remaining amount of $973,352 be utilized to reduce the General Fund/GSD contribution to Roadway Resurfacing; and

2. $406,578 be utilized on the Flasher Clocks for School Zones to satisfy the requirement that at least 20% of the City’s one cent is used on bicycle and pedestrian improvements on or along roadways and city rights-of-way. This would be offset by a reduction in the transfer from the General Fund/GSD to the project.

(This recommendation will keep the project funding at the same level included in the Mayor’s Proposed Budget for Roadway Resurfacing and the Flasher Clocks for School Zones and have a positive impact to the Special Council Contingency of $1,379,930)

Kim Taylor explained the “overcorrection” adjustment needed to correct the amount of gas tax dollars coming to the City versus the JTA, which provides additional funding for City projects. She also explained the nature of the all-years fund which makes revenues and expenditures from year to year somewhat non-comparable because they are not discrete self-contained years. Budget Officer Angela Moyer explained the original calculation error and agreed with the Council Auditor’s proposed correction methodology. Council Member Morgan will seek information from the Public Works Department about the possibility of getting flasher clocks installed at pedestrian crossings outside of just school zones. Council Member Salem asked for clarification about the addition to Special Council Contingency by this motion. Ms. Taylor explained that the appropriation of the additional gas tax funds by the correction adjustment frees up pay-as-you-go dollars from roadway resurfacing and the flasher clocks to go to the special council contingency fund.

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

Jacksonville Transportation Authority

Ms. Reber reviewed the budget. Council Member Cumber asked about Skyway operations being fare-free and requested a feasibility review of re-imposing a modest fare for ridership. JTA CEO Nat Ford committed to doing a fare study in conjunction with the recent opening of the new Jacksonville Regional Transportation Center and its impact on Skyway ridership. Council Member Morgan asked about operation of the Connexion system during the COVID pandemic. Mr. Ford said that their new Connexion Plus system allows for same-day reservations and on-demand, door-to-door service in single-occupancy vehicles that has been more popular than anticipated. Ms. Morgan asked about the future of the Skyway and the Bay Street Innovation Corridor given the failure to receive the hoped-for federal BUILD grant. Mr. Ford said the JTA is developing multiple strategic plans for the next 1 to 5 years given various scenarios for COVID-19 recovery. They are also consulting with transit agencies in other cities about problems being faced and strategies that do and don’t work.

In response to a question from Council Member DeFoor, Mr. Ford explained that the $29 million BUILD grant for the Bay Street Innovation Corridor was actually received in the current fiscal year and expenditures will begin in the new fiscal year.

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**Motion**: approve Auditor’s recommendation #1 to decrease the “Local Option Gas Tax” revenue under Bus on Schedule O by $231,506 from $18,288,333 to $18,056,828. This will bring JTA’s budget in agreement with the City for this revenue stream -

**Motion** : approve Auditor’s recommendation #2 to decrease the “Net Sales Tax – Operating” revenue under Bus on Schedule O by $2,998,299 from $57,935,508 to $54,937,209. This will bring JTA’s budget in agreement with the City for this revenue stream -

**Motion**: approve Auditor’s recommendation #3 to increase the “Federal, State & Local Grants” revenue line under Bus on Schedule O by $3,229,805 from $21,417,788 to $24,647,593. This will balance JTA’s revenues and expenditures -

**Motion**: approve Auditor’s recommendation #4 to correct the rounding errors to balance revenues and expenditures –

**Motion**: approve Auditor’s recommendation #5 to remove and replace Budget Ordinance Schedules O, P, Q, and R with Revised Schedules O, P, Q, and R to reflect the changes listed in the recommendations above -

**Motion**: approve Auditor’s recommendation #6 to amend the Budget Ordinance language related to JTA to reflect revised schedules and a revised sales tax revenue budget amount of $56,970,057 -

**Motion**: approve Auditor’s recommendation #7 to amend the Budget Ordinance language related to JTA to delete the language regarding senior citizen eligibility and replacing with the following: “The Jacksonville Transportation Authority shall accept as proof of senior citizen eligibility a JTA issued Senior STAR card and shall permit all persons age of 65 and over to obtain a Senior STAR card and ride for free at all times.”

**The motion to tentatively approve recommendations #1 through #7 was approved 7-0.**

Council Members Salem and Morgan praised the JTA’s performance incentive plans for the unionized employees and their transparency for the public’s information.

**The committee was in recess from 11:04 to 11:18**

Nat Ford thanked the City Council for the strong partnership between the City and JTA and said that the authority is getting national attention for its work and performance. He has enjoyed riding the districts with several council members looking at transit needs and is looking forward to holding a celebration and tour of the new Regional Transportation Center for the Council.

Jacksonville Aviation Authority

Ms. Reber noted that the City and JAA do not and, pursuant to federal law, cannot provide any funding to each other except for a contractual agreement for fire and rescue services.

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**Motion**: approve Auditor’s recommendation to decrease the expenditure line "Services and Supplies" of $59,119 for a revised total of $18,774,766, and an increase to the expenditure line "Operating Contingency" by the same $59,119 for a revised total of $3,059,119. The $59,119 is the amount that JAA over budgeted for JIA fire/rescue services. This amendment will result in JAA's budgeted cost for fire/rescue services equaling the City's budgeted revenues for providing the services.

**Motion**: approve Auditor’s recommendation #2 to remove and replace Budget Ordinance Schedule G with Revised Schedule G to reflect the recommendation in number 1 and correct errors caused by rounding

**Motion**: approve Auditor’s recommendation #3 to remove and replace Budget Ordinance Schedule H with Revised Schedule H which offers more line item detail of FY 2020/21 capital projects.

Council members commented on the extraordinarily difficult budget given the COVID-19 pandemic and its impact on air travel and wished the JAA the best for an eventual recovery. JAA CEO Mark Van Loh said their top priority over the next couple of years will be to make the airports as safe and sanitary as possible to reinforce public confidence in the safety of the facilities.

**The motion to tentatively approve recommendations #1 - #3 was approved 7-0.**

Jacksonville Port Authority

Heather Reber reviewed the proposed budget.

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**Motion**: approve Auditor’s recommendation #1 to attach Revised Schedule I to increase the “Shared Revenue from Primary Govt” line under “Non-Operating Revenues” by $31,963 from $9,556,354 to $9,588,317. This amount will be in agreement with the amount the City has budgeted to be paid to JPA. We also recommend that JPA increase the “Debt Service” line under “Non-Operating Expenditures” by $31,963 from $22,897,400 to $22,929,363. This will balance the revenues and expenditures for JPA’s budget -

**Motion**: approve Auditor’s recommendation #2 to attach Revised Schedule J (Capital) to correct spelling errors and include formatting changes for consistency purposes -

**The motion to approve the two recommendations was tentatively approved 7-0.**

Jaxport CFO Beth McCague noted that the budget includes some decreases due to the impact of the COVID pandemic but they are hopeful for a turnaround to begin in the next 6 months. CEO Eric Green said that the July revenue figures are nearly back to normal and vessel traffic looks to be recovering in the near term. Mr. Green described the authority’s COVID testing procedures for employees and their lack of interaction with the crews of vessels visiting the harbor.

**The committee was in recess from 11:55 a.m. to 12:33 p.m.**

**Page references from this point refer to Council Auditor’s Budget Hearing #4 handout**

Downtown Investment Authority

Ms. Taylor reviewed the proposed budget.

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**Motion**: approve Council Auditor’s recommendation that $7,941 in miscellaneous insurance be moved from out of the General Fund/GSD activity and into Public Parking - Parking Enforcement since this expenditure relates to drive cams licenses used by that area. This will be offset by an increase in transfer from fund balance within Public Parking. (This will have a positive impact of $7,941 to Special Council Contingency) – **tentatively** **approved 7-0**.

Council Member DeFoor asked how long the River City Brewing Company lease still has to run. DIA CEO Lori Boyer said approximately 70 more years, and noted that the City has not received a percentage of River City Brewing’s gross sales revenues because the sales have never exceeded the threshold for such payment. Ron Moody, Chair of the DIA board, expressed his confidence in the future of downtown. Ms. Boyer made a PowerPoint presentation on a number of downtown development projects and initiatives. The District infrastructure reviews were completed in late 2019 and the creation of the community development district, sale of bonds, and conveyance of property to the City were suspended on March 30, 2020 due to *force majeure* due to the COVID pandemic. The City is looking at re-starting the time clock on the project implementation deadline if the developer cannot prove that the project is being actively delayed by COVID impacts. Council Member Cumber said that the bond markets are in full operation given the liquidity that the federal government has pumped into the financial system with COVID stimulus, so she doesn’t see that the *force majeure* argument holds up with regard to bond sales. Ms. Boyer noted that the property is privately owned, so the City cannot control the development to the extent that it controls other downtown projects.

Ms. Boyer gave an update on the current status of the development of the former City Hall and Courthouse properties on East Bay Street by Spandrel Properties. Negotiation of the term sheet is currently on hold until the market stabilizes after COVID-19 and the company is requesting numerous substantial changes from its original bid which could ultimately cause the project to be re-bid. Preliminary design for a marina in the basin that was formerly the courthouse parking deck is underway by the Parks and Recreation Department. She gave an update on the Sister Cities parcel across the street from the former Jacksonville Landing site where a boutique hotel was planned. The performance deadline extended in late 2019 until the end of September 2020 by City Council, and the developer has requested another extension which the DIA has declined. With regard to the former Jacksonville Landing site, the FDOT is scheduled to remove the on-ramp from Independent Drive to the Main Street Bridge in 2021. The DIA felt that the market is not yet ready to produce the iconic, important development that the site deserves in the heart of downtown on the riverfront, so is proceeding with conceptualizing the public space first before making the land available for complementary private development. They intend to issue RFQs for design teams and then initiate a competitive design process. The development of public park space on the riverfront is a paramount goal, so that will necessarily limit the size and type of private buildings that can share the site, probably office building(s) and a hotel rather than residential buildings.

Public Parking Fund

Ms. Taylor reviewed the proposed budget.

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**Motion:** approve Auditor’s recommendation that Schedule AF be revised to include carryovers of $264,623 for the installation of a CCTV security surveillance system at the Water Street Garage and $25,058 for the replacement of parking meters on Riverplace Boulevard. (This recommendation has no impact to Special Council Contingency) – **tentatively approved 7-0**.

Downtown Northbank CRA Trust Fund

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**Motion**: approve Auditor’s recommendations as follows:

* Add $100,000 in plan authorized expenditures for bid and CRA plan update.
* Add $400,000 in plan authorized expenditures for Retail Enhancement Program.
* Add $100,000 in plan authorized expenditures for Waterfront Activation.
* Add $262,006 in plan authorized expenditures for the Facade Grant Program.
* Add $1,500,000 in plan authorized expenditures for the two way conversion of Forsyth and Adams Street.
* Move $100,000 in advertising and promotion from the administrative expenditure section to create a marketing line in the plan authorized expenditure section of the Budget Ordinance Schedule V.
* Offset the above changes by a decrease of $2,362,006 in unallocated plan authorized expenditures.
* Revise Budget Ordinance Schedule V to reflect the recommendations above and reflect the schedule as shown on Page 11.

(None of these recommendations have an impact on Special Council Contingency)

**The motion to approve the Auditor’s recommendations was tentatively approved 7-0.**

In response to a question from Council Member DeFoor about the status of the MPS garage contracts, Ms. Boyer said that DIA remains concerned about the net losses the City is subsidizing and the quality of the reporting being made to the City. The City is contractually obligated to pay all of the operating losses for the garages.

Downtown Southbank CRA Trust Fund

Ms. Taylor reviewed the proposed budget.

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**Motion**: approve the Auditor’s recommendation to add the following expenditures to align the proposed budget to the budget approved by the DIA board:

* Add $250,000 in future debt reduction.
* Add $350,000 in plan authorized expenditures for Southbank Parking.
* Add $250,000 in plan authorized expenditures for Retail Enhancement.
* Add $50,000 in plan authorized expenditures for bid and CRA plan update.
* Add $1,413 in financial obligations - debt service interest for Strand Bonds 2014 Special Revenue.
* Offset these adjustments by a decrease of $901,413 in unallocated plan authorized expenditures.
* Revise Budget Ordinance Schedule V to reflect the recommendations above and reflect the schedule as shown on Page 14.

(This has no impact on Special Council Contingency)

**The motion to approve the Auditor’s recommendations was tentatively approved 7-0.**

Council Member Carlucci asked about a large crane on the southbank riverfront. Ms. Boyer said that she understands that improvements to Friendship Park and the fountain area are getting closer to construction. She noted that a private development is just beginning on the west side of the Acosta Bridge on the riverfront next to the One Call building.

JIA Community Redevelopment Agency

Chairman Carlucci asked about the status of discussion at a previous JIA CRA meeting about potentially using some of the CRA revenues for expenditures recommended by the Special Committee on Social Justice and Community Investment. Kim Taylor said that discussion revolved around CRA revenues in the current fiscal year that are not programmed to be spent and would be swept into citywide fund balance at the end of the fiscal year. The Finance Committee could also consider use of CRA revenues in FY20-21 as well, possibly as an item for discussion on wrap-up day. Deputy General Counsel Peggy Sidman said that one mechanism would be to park the funds in a Special Council Contingency designated for the Social Justice Committee’s priorities, which would be released by subsequent appropriation ordinance when specific projects are identified and service contracts developed.

King-Soutel Community Redevelopment Area

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**Motion**: approve the Auditor’s technical modification recommendation to allocate $400 from Unallocated Plan Authorized Expenditures to employee training – **tentatively approved 7-0**.

Renew Arlington Community Redevelopment Area

In response to a question from Council Member Salem, Economic Development Officer Kirk Wendland said that they currently have 4 applications pending for uses of the fund to make private property retrofits to meet the requirements of the overlay – 3 relatively small and 1 large project. He hopes that 2 of the projects will be approved in the next couple of months and that the sight of projects getting underway will spark more interest in the grant program.

Chairman Carlucci asked Mr. Wendland about whether the creation of an Urban Core Development Authority would duplicate what the Office of Economic Development already does or would possibly create friction between two different organizations operating in the same area. Mr. Wendland said that is a policy call for the City Council to make, which would involve decisions about whether to exclude the OED from operating in the UCDA’s area of jurisdiction and who would control the use of the Northwest Jacksonville Economic Development Fund. Council Member Priestly Jackson said that she would have Mr. Wendland invited to a future meeting of the Special Committee on Social Justice and Community Investment to talk about what economic development resources might be available to meet the committee’s identified goals.

**The committee was in recess from 2:24 to 2:35 p.m.**

Planning and Development Department

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**Motion**: approve the Auditor’s recommendation (at the request of the Mayor’s Office) that the funding of $300,000 for the newly created Resiliency Office be moved from the Neighborhoods Department (Fund 00111) to the Planning and Development Department (00111) as the Resiliency Office is more in-line with the goals of the Planning and Development Department (00111). (This would have no effect on Special Council Contingency) – **tentatively approved 7-0**.

Chairman Carlucci said he envisioned the Chief Resiliency Officer having great authority and influence in the government and asked Planning and Development Director Bill Killingsworth how he envisioned using the position in his department. Mr. Killingsworth said he envisioned the CRO bringing expertise to the planning process and making recommendations for improvements in regulations and procedures. That person will have the freedom to make whatever recommendations they feel are appropriate for ultimate decisions to be made by City Council. Mr. Carlucci asked that council members and others have the freedom to communicate directly with the CRO and not have to be pre-cleared through departmental management. Mr. Killingsworth said that council members are welcome to contact his departmental employees freely, but he does like to be included in discussions so that he knows what work products are being requested and can ensure that council members’ requests are timely addressed. In response to a question from Council Member Salem, COO Stephanie Burch said that one position is being created who will be supported by the Planning Department’s staff. A portion of the $300,000 overall funding was allocated to professional services in case there are needs in that area, and those professional services dollars can be reallocated later if other needs are identified. Mr. Salem felt that the proposed salary of $75,000 is very low for the level of employee that is expected. Budget Officer Angela Moyer said the $75,000 is a placeholder amount pending an analysis by the Employee Services Department of the job qualifications and proposal of a salary range.

Concurrency Management System

Kim Taylor expressed a concern about the system being partially funded by fund balance in this account which will be exhausted by the end of the next fiscal year. In response to a question from Council Member DeFoor, Mr. Killingsworth said that the department and the Mayor’s Office will determine how to make up that needed revenue in the following fiscal year. Budget Officer Angela Moyer noted that the Ordinance Code could be amended to return the fees collected for concurrency management review applications to the system’s administrative budget, as was the case before the Code was changed several years ago to allocate the revenues to concurrency project accounts.

Ms. Taylor announced that the Special Council Contingency now stands at $83,087 to the positive.

**Meeting adjourned:** 3:12 p.m.

Minutes: Jeff Clements, Council Research Division

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8.14.20 Posted 5:30 p.m.