

**OFFICE OF THE CITY COUNCIL**

**RESEARCH DIVISION**

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**FINANCE COMMITTEE BUDGET HEARING #6 MINUTES**

**Remote meeting via teleconference**

 **August 20, 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 (dep. 3:30 p.m.), Scott Wilson

**Also**: Council Members Terrance Freeman, Sam Newby, Ju’Coby Pittman; Kim Taylor, Brian Parks, Phillip Peterson, Heather Reber – Council Auditor’s Office; Jeff Clements and Yvonne Mitchell – Council Research Division; Joey Greive, Angela Moyer and Teresa Eichner – Finance and Administration Department; Brian Hughes, Stephanie Burch, Rachel Zimmer – Mayor’s Office; Peggy Sidman, Paige Johnston, Shannon Eller, Lori French and Tiffiny Pinkstaff – Office of General Counsel

**Meeting Convened**: 9:04 a.m.

**Page references from this point refer to Council Auditor’s Budget Hearing #6 handout**

Mayor’s Office

Council Auditor Kim Taylor reviewed the proposed budget. Council Member DeFoor asked about how the office’s salaries compared to prior administrations. Chief Administrative Officer Brian Hughes said that the salary budget in the Mayor’s Office was smaller in the first few years of the current administration than they were in the last years of his predecessor’s term.

Employee Services Department

Ms. Taylor reviewed the proposed budget, noting a substantial budget decrease caused by shifting the cost of the 1Cloud financial and employee management system from this department to the Finance and Administration Department.

Group Health Fund

Ms. Taylor noted that the police and fire unions pulled out of the City’s group health plan and formed their own health insurance plan, which accounts for a substantial decrease in the fund’s budget. A transfer of $3 million from the General Fund is being made to keep the Group Health Fund’s reserves at an appropriate level after the withdrawal of the police and fire employees.

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**Motion**: approve Council Auditor’s recommendation to reduce the FOP/IAFF health revenue and expenditure amount by $3,701,977 to match the amount in the budget and the amount agreed to pay pursuant to the collective bargaining agreement and the most recent agreed upon actuarial report. (This has no impact to Special Council Contingency) –

Council Member Morgan asked if the City is getting its money’s worth from its investment in the Go365 program and how many employees are participating. Brian Hughes said that the number of employees participating varies up and down over time but he feels that the investment in promoting employee health is valuable. Diane Moser, Director of the Employee Services Department, said that about 2,000 employees are very active in the program and the City’s annual health screening shows that those employees are healthier based on their biomedical statistics (body mass index, blood pressure, cholesterol level, etc.). In response to a question from Council Member Cumber about whether the Go365 program is actually reducing City employee health costs, Ms. Moser said that the program began in 2017 and there is finally enough data to make a good assessment of the program’s benefits, which will take place this year. Council Member Salem asked about the length of the contract with Florida Blue for management of the program, which is 3 years. Mr. Salem asked why the employee cap in Employee Services was not reduced when the police and fire unions split off from the City’ health and employee benefits operation. Ms. Moser said that employees are being reassigned to other tasks and working on backlogged tasks, and that a considerable amount of auditing of the police and fire benefits still takes place. CFO Joey Greive said that since the split is so new, there is still a good deal of negotiating over costs going on with the police and fire unions. Brian Hughes said that next year’s budget will provide a better picture of staffing needs and savings from this new system. Council Member DeFoor urged that any costs to the City accruing from the departure of police and fire employees should be charged to their plan. In response to a question from Council Member Morgan about whether the police and fire employees could return to the City’s health plan, Mr. Greive said that remains an option in the future depending on how both programs perform over a period of time. The City has been out-performing its actuarial projections on its health care self-insurance fund and has not raised premiums in several years. In response to a question from Council Member Morgan, Ms. Moser reported that 400 City employees utilize UF Health as their primary care provider.

Kim Taylor said that eventually an employee premium increase will be necessary or the City’s subsidy from the General Fund for the group health plan will continue to increase. Ms. Moser said that employee premiums have been level for the last 5 years.

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

Downtown Vision Inc.

In response to a question from Council Member Salem, Jake Gordon, CEO of DVI, described the one new position in the budget and the upgrade of two other positions. In response to a question from Council Member DeFoor, Mr. Gordon described the rent credit that DVI received for its office space in the Ed Ball Building. The lease expires next month and a renewal is in the works. DVI will provide the LifeBuilder program in lieu of paying rent on the office space in the future. Mr. Gordon described the various programs provided by DVI and the impact on downtown caused by the COVID pandemic. The millage levy will not be affected this year but revenues may be reduced next year if property values decline because of reduced building occupancy and downtown economic activity.

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**Motion**: approve the Auditor’s recommendation to revise Schedule AE to reflect $99,257 for the amount of total appropriations under “Management and General” to address a rounding issue with the schedule. This change will not affect the total appropriations – **approved 7-0**.

Kids Hope Alliance

Kim Taylor reviewed the proposed budget, noting that several City Council strategic plan priorities have been included at the Council’s request (infant mortality initiative, Safety and Crime Reduction program). Council Member DeFoor said she has discussed the budget with Mike Weinstein, Interim CEO of the KHA, and feels that the City is not addressing its youth issues in a holistic way.

**Motion** (Salem): amend 2020-511 to reallocate the $200,000 in the KHA budget for the infant mortality initiative into 2020-504 as a direct contract with the Northeast Florida Healthy Start Coalition with oversight by the Finance and Administration Department –

Mr. Salem answered questions about how the funds would be used by Healthy Start to publicize infant mortality issues to the general public and especially to expecting mothers. Mike Weinstein said he understood that the funding would be handled as a pass-through via KHA to Healthy Start for contract management purposes. Council Member Morgan lamented the fact that the City funds so many initiatives in so many different agencies with so many different funding sources that it’s difficult to get a full and complete overview of everything that’s happening and how successful it is being. The Council and the general public can’t grasp everything that’s being done because it is so spread out. She questioned why funding for initiatives is sometimes done via competitive grant processes (e.g. KHA, Public Service Grants) and sometimes done via direct contracts approved by the Council.

Mike Weinstein made a PowerPoint presentation on KHA’s activities and said they have been working with the Duval County Schools to gain access to individual student data that will allow programs to be evaluated for their success. Accountability is a high priority and is a major factor in RFPs and contract evaluation. Gap analysis is underway to look at the community holistically and determine where needs are not being met and how all of the existing efforts relate to one another. We tend to treat symptoms with numerous programs but don’t know how all the efforts are fitting together and whether they’re achieving the desired community-wide goals. He said that the KHA serves over 21,000 youth through 90 provider agencies at 100+ schools and community provider sites. Mr. Weinstein described how the KHA and its provider agencies reacted to the COVID pandemic and said that he has been very impressed with the leadership team at the Duval County Schools for their reaction to the crisis. Mr. Weinstein said that he will be proposing 4 amendments to KHA’s authorizing legislation (after the budget process) in the areas of contracting authority, transfer authority and fund carry-over ability.

Council Member DeFoor noted that Jacksonville’s KHA is not an independent agency like the children’s commissions in other counties and suggested that that subject be taken up by the Social Justice and Community Investment Committee. Council Member Priestly Jackson said that funding decisions should be made in a rational and considered manner and not in an arbitrary and capricious manner by the City Council. Mr. Weinstein reiterated that the proposed funding for Healthy Start will be a direct pass-through via KHA and their only role will be contract management and tracking. In response to a question from Chairman Carlucci about where KHA would invest additional funds if they had them, Mr. Weinstein said that he would invest in expanding the capacity of the Teen Court to divert juveniles from the criminal justice system and expanding funding for Full Service Schools, particularly for hiring additional mental health counselors for all schools. Mr. Carlucci advocated for adopting the Council Auditor’s annual recommendation to tentatively approve a slightly higher millage rate at the beginning of the budget process, which would give the Finance Committee the ability to deal with the many needs identified during the budget hearing process.

Council Member Salem said that the Finance Committee in the Council strategic planning process specifically provided that the funding for the infant mortality initiative be a directed contract to Northeast Florida Healthy Start Coalition and he objected to it being funneled through the KHA without him or the Council being informed of that fact. He said the Healthy Start Coalition specifically did not want the funding to be run through KHA and did not apply for funding through their normal processes. Chairman Carlucci said that directed contracts can easily become a political process and are only rarely justified. The real answer lies in increasing funding to programs meeting community needs so that there is increased capacity to fund the many agencies doing good and valuable work to address problems. Peggy Sidman asked that an oversight agency be named in the motion so that the budget ordinance can be amended to reflect that oversight responsibility. Brian Hughes said that the Mayor proposed the funding for this grant to be included in the KHA budget because its purpose falls squarely under KHA’s mission and it would be well managed there. Faye Johnson of the Healthy Start Coalition said that she asked Mr. Salem for a direct contract because the Coalition had a very difficult time with their last contract with KHA at a time when that agency was in turmoil and was not paid for its services for nearly 6 months. The Coalition wants to have a full 12 months to provide its services. Council Member Pittman expressed sympathy for Faye Johnson’s predicament and congratulated her for her willingness to speak frankly about her agency’s problem. She expressed hope that Mr. Weinstein and the KHA management would address the contracting problems experienced by recipient agencies and make the process run more smoothly in the future.

**The Salem motion failed 1-6 (Salem in favor).**

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**Motion**: approve Auditor’s recommendation to add 50% rent forgiveness language to the Budget Ordinance related to the lease of the Don Brewer Early Learning and Professional Center to Lutheran Services Florida, Inc. This would reduce the monthly rent from $6,820 to $3,410 per month for the period of October 1, 2020 through September 30, 2021. (This will have no impact to Special Council Contingency because the reduced rent was the amount budgeted) – **approved 7-0.**

Council Member Morgan asked about the use of the Youth Travel Trust Fund in the past year. Mr. Weinstein said that very few requests are made for use of that fund and perhaps better marketing efforts are needed. Of course no one has been doing any traveling over the last 6 months due to the CVOID pandemic. Council Member Pittman said that a lot of youth organizations can’t afford to pay the travel costs in advance and wait for reimbursement from the KHA, so that is probably why it goes unused. Only well-funded organizations with money in the bank can afford to use it, and that isn’t the intent. Mr. Weinstein said that he may ask for legislative authorization to allow for advancement of travel funds to make the program more user-friendly. Council Member DeFoor noted that frequently these travel needs only become apparent at the last minute when a team wins a playoff game and earns the right to travel to a championship game in the next few weeks. Council Member Morgan urged that the program be revised to provide more funding for teams and organizations with very limited resources.

Council Member Pittman said that Clanzel Brown Park is under consideration for establishment of a Cal Ripken Foundation $1.3 million inner-city baseball academy in conjunction with the Boys and Girls Club and asked Mr. Weinstein how the KHA could assist in that effort. Mr. Weinstein explained that the Boys and Girls Club is looking for funding of $250,000 for 100 additional after-school slots at the adjacent community center for residents of the Cleveland Arms apartment complex who live in the area. Ms. Pittman asked the Finance Committee for its assistance in finding the funding to make that academy a reality.

**The committee was in recess from 12:13 to 1:01 p.m.**

Neighborhoods Department

Ms. Taylor reviewed the proposed budget. Several committee members praised the work of the department in meeting the needs of the community and being responsive to council members and citizens. Council Member Morgan advocated for more personnel and resources for the department to meet the needs of a huge city. Council Member DeFoor asked about the reduction in state funding over the last several years. Brian Mosier of the Neighborhoods Department said that the state divides its funding among all the mosquito control operations in the state and as more cities create mosquito control operations, the pool of funding is divided into smaller allocations per city.

Animal Care and Protective Services

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**Motion**: approve Auditor’s recommendation that revenue and expenditures be removed from the budget as these are anticipated donations and should not be budgeted. Instead they can be addressed by self-appropriation by the Department in a manner outlined in the Municipal Code. (This will have no impact to Special Council Contingency) – **approved 7-0**.

State and Federal Grants

Council Member Cumber said that she would pose questions about the Sheriff’s Office’s sexual assault cold case grant to the department privately. Council Member Salem asked what distinguishes grants listed on these schedules from grants that the Council approves individually during the course of the year. Ms. Taylor said that the grants listed on these schedules are continuing grants that the City receives year after year; other one-time grants are taken to the Council for approval as they are received.

In response to a question from Council Member Morgan, Brian Mosier said that the department is as well-staffed as it has been in years and some previously unfunded positions have been funded. About 55% of the code enforcement workload is complaint-generated and 45% self-developed. Ms. Morgan asked if the neighborhood improvement grants would be continued; Mr. Mosier said that they are and the application period will open in September.

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**Motion**: approve Auditor’s recommendation #1 that a Revised Schedule B1a be attached to correct scriveners’ errors

**Motion**: approve Auditor’s recommendation #2 that a Revised Schedule B1b be attached so that the Additional Appropriation Language matches the language approved in Budget Ordinance 2019-504-E and in the current budget ordinance as follows:

“Additional Appropriation Language: There is also appropriated from and to such accounts, for the purposes stated herein, an additional ten percent (10%) or $20,000, whichever is greater, of the total grant match funds, to the extent the same becomes available during the term of the grant, and during any permissible extension of the grant term.”

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

Public Works Department

Ms. Taylor reviewed the proposed budget. Council Member Morgan asked about the transfer of 3 positions from Public Works to the Inspector General’s Office. Public Works Director John Pappas said they came from the right-of-way and grounds maintenance and mowing divisions where they have had a problem with hiring to keep the positions filled. They allowed the positions to be shifted to the Inspector General and are using a contractor for the mowing and right-of-way maintenance service. The Mayor’s Office has approved salary increases for those positions to help with hiring success. Brian Hughes said that the administration is constantly looking at persistent vacancies and deciding whether to increase salaries to better hire full-time employees or to contract services out. Council Member DeFoor noted a recently published study that showed Jacksonville having the fourth best quality of roads in the country and congratulated the Public Works Department on their good work.

Tree Protection and Related Expenses Trust Fund

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**Motion**: approve Auditor’s recommendation to decrease general liability insurance by $15,657 from $15,921 to $264. Four claims were incorrectly allocated to Tree Protection & Related Expenditures (Fund 15304). These claims should have been allocated to the Public Works General Fund/General Services District (00111). Contributions from private sources will decrease by $15,657 from $405,005 to $389,348 to balance the fund. The Public Works General Fund/General Services District (00111) will be charged $15,657 for the four claims and professional services will be reduced by that amount to balance the fund. (This has no impact on Special Council Contingency) – **approved 7-0**.

Beach Erosion Fund

In response to a question from Chairman Carlucci about how the City deals with emergency beach renourishment needs between the regular 5-year renourishment programs, Mr. Pappas said that one-time funds are sought from the state and federal governments along with a City match to deal with the short-term need.

Solid Waste Disposal Fund

Ms. Taylor noted the General Fund loan subsidies to this fund beginning in FY17-18, ranging from $3,058,842 in that year to $6,420,340 in FY19-20. She made the recommendation that the enterprise fund be truly self-supporting either by increasing the solid waste user fee to increase revenues or reducing the operating expenses. She noted that there is also a separate loan of $9 million to Trail Ridge landfill operations in addition to the annual loans for solid waste collection operations.

Council Member Salem noted that revenues from the sale of recyclable materials is continuing to drop and asked about the cost/benefit ratio of recycling and landfill space preservation versus the cost of its operations. Brian Hughes said that recycling has never been profitable and has become even less profitable in recent years as the price of recycled materials has collapsed. Other cities have dealt with that collapse by reducing the number of materials they collect (i.e. no longer collecting glass) and/or reducing the number of curbside collections per month. Council Member DeFoor asked if the City is subsidizing private haulers through its tipping fee rate; Mr. Pappas said that is not the case and that the fees are covering the costs they are supposed to be covering. Ms. DeFoor asked if the call level to the 630-CITY line is artificially high in part because of excessive calls related to solid waste pickup complaints; Mr. Pappas agreed that the call volume related to missed collections is very high. Ms. DeFoor suggested that an extra fee might be charged for recycling because many people are deeply devoted to recycling and would be willing to pay extra to keep that service.

Council Member Morgan said that one reason the recycling system doesn’t work is that the large single-stream containers are counter-productive – it encourages citizens to put too much non-recyclable material into the container and contaminates the recycling stream turning usable materials into garbage. Mr. Pappas agreed that education about what does and does not go into the recycling bins would be helpful to cleaning up the recycling stream. Council Member Salem asked for an overview of the economics of the recycling program – what it costs, what revenue it produces, the value of the landfill space being saved by diversion of materials. John Pappas said the City spends $2.6 million for recycled materials processing and receives $1.1million revenue from sales for a net cost of $1.5 million. He will have to investigate the cost of landfill space savings. Chairman Carlucci said he would appoint a Finance subcommittee after the budget process is completed to explore recycling operations. Council Member Salem offered to take up the issue in the TEU Committee instead. Mr. Carlucci proposed potentially printing stickers to apply to the lids of the recycling bins to inform the public about what materials do and do not belong in the recycling system.

In response to a question from Chairman Carlucci about potentially paying for solid waste out of the General Fund without a user fee, Mr. Hughes said that his understanding was that the fee was adopted to avoid having increases for the service being labeled as a “tax increase” when it could be described as a fee for services being consumed by users. He confirmed that the solid waste fee is the only one of the City’s fees that falls well short of covering its costs. Council Member Salem said the user fee mechanism is the proper way to charge for the service and recommended that the fee be increased gradually over 3 or 4 years to catch up to full cost recovery and avoid a large one-time increase and then increase as needed every year or two thereafter to continue covering costs. Council Member Morgan said the time has come to bite the bullet and generate more revenue now rather than continuing to ignore the problem. Council Member DeFoor said that decision was made long ago to pay for the service with an enterprise fund and a user fee so that is what should be done.

**Motion** (DeFoor): refer the issue of the solid waste user fee to the TEU Committee for study and a recommendation

**Motion** (Morgan): have the issue considered by both the TEU and the Finance Committee -

Chairman Carlucci said that the Finance Committee has a natural role to play in determining the financial future of the enterprise fund because of its fiscal implications. Council Member Salem said that the TEU Committee’s workload is such that it can devote substantial time to studying the subject and can make a recommendation to the Finance Committee thereafter.

Shannon Eller of the Office of General Counsel explained the state’s requirements for changing the non-ad valorem special assessment which include: 1) adoption (by the end of this calendar year) of a resolution of intent to use the non-ad valorem special assessment mechanism for the next calendar year; 2) adoption of a preliminary rate ordinance establishing the revised fee; and 3) enacting a final ordinance adopting the revised fee after holding a public hearing and mailing notices to all property owners if the current fee is being increased. The process must be completed in time to be included in the budget process for the following fiscal year and for placement on the fall tax notice. In response to a question from Council Member Salem about the process for implementing a multi-year rate increase, Ms. Eller said that the full process would need to be repeated each year that the fee is changed unless the first increase ordinance provides for a regular multi-year increase that would only need mailed notices for the first adoption. Notices would need to be mailed each year to new properties coming onto the tax rolls for the first time or being reclassified during each year. In response to a question from Council Member Cumber, Ms. Sidman said it would cost approximately $250,000 to mail the notice to all property owners. In response to a question from Council Member DeFoor, Ms. Eller said that the timing does not work out for including the required mailing in the annual TRIM notice mailing to save mailing costs. Ms. Sidman asked that the committee studying this issue work with the General Counsel’s Office to consider introducing the initial resolution of intent in a timely manner to be passed before the end of the year.

Chairman Carlucci felt that this matter should remain in the Finance Committee since it deals with City finances. Council Member Morgan noted that 3 of the Finance Committee members are also members of the TEU Committee. Council Member Cumber advocated for a multi-committee consideration by both the Finance and the TEU Committee because of the variety of issues involved.

**Motion** (Salem): call the question and vote on the Morgan motion – **approved.**

**The Morgan motion was approved 5-2 (Carlucci and Wilson opposed).**

Council Member Morgan suggested that the two committees schedule joint meetings to discuss the solid waste user fee. Chairmen Carlucci of Finance and Salem of TEU were agreeable to meeting jointly and Mr. Carlucci said that he would consult with Council President Hazouri about how to proceed with that concept. Brian Hughes asked about the status of the fee study waiver in this year’s budget ordinance. Kim Taylor advocated for doing the fee reviews for all fees except the solid waste fee, since the administration has said that all other fees adequately cover their operational expenses. Peggy Sidman said that the waiver either needed to continue in the budget ordinance or the Ordinance Code would need to be amended to do otherwise to comply with the state regulations. The committee will take up a discussion of the fee study waiver in tomorrow’s wrap-up session.

In response to a question from Council Member Morgan about the residential waste haulers, Will Williams of the Solid Waste Division said that 99.8% of solid waste service complaints received are about the hauler serving her council district (Southland Waste Service). The department is preparing an RFP to find a replacement hauler, which should be issued next month. Tiffiny Pinkstaff of the Office of General Counsel said that the company’s contract expires next September and explained the contract’s provisions regarding non-performance and the procedures that must be followed to terminate the contract and hire another waste hauler, which includes giving the company an opportunity to cure its default and ultimately holding a public hearing before terminating the contract. Mr. Williams said that he will be delivering a default letter to the company tomorrow and will be issuing an RFP to find a new hauler next month. Getting a new hauler in place and providing service will take approximately one year for trucks to be purchased and employees hired.

**The committee was in recess from 3:57 to 4:17 p.m.**

Stormwater Services Fund

Kim Taylor reviewed the proposed budget.

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**Motion**: approve Auditor’s recommendation that Section 9.5 (Approval of Non-ad Valorem Assessment for Stormwater Management Service) of the budget bill (ORD-2020-504) be amended by replacing $30,501,252 with $31,501,252 to reflect anticipated stormwater fee revenue included in the Mayor’s Proposed Budget. The title of the bill should also be amended to reflect the same. (This has no impact to Special Council Contingency) – **approved 6-0**.

Public Buildings

Council Member Morgan asked about the schedule for general maintenance and particularly exterior maintenance of public buildings. John Pappas said maintenance schedules vary widely based on the age and use of various buildings. This year’s budget contains funding for emergency generators for several buildings and elevator upgrades for the St. James City Hall is scheduled for next year. He noted that the heavy rains this summer have made grass mowing a challenge around public buildings.

Ms. Taylor noted that the special council contingency stands at $82,074 to the positive. Tomorrow is the wrap-up session for the budget.

**Meeting adjourned:** 4:35 p.m.

Minutes: Jeff Clements, Council Research Division

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8.20.20 Posted 6:00 p.m.