

**OFFICE OF THE CITY COUNCIL**

**RESEARCH DIVISION**

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**COMMITTEE OF THE WHOLE HYBRID IN-PERSON AND VIRTUAL MEETING ON**

**ORDINANCES 2021-223 (LOCAL OPTION GAS TAX) AND**

**2021-235 (SEPTIC TANK REMEDIATION CIP PROJECT)**

**Meeting Minutes**

**April 29, 2021**

**9:00 a.m.**

**Location:** Hybrid in-person (City Council Chamber) and virtual (via Zoom platform) meeting

**In attendance:** Council Members Tommy Hazouri (President), Danny Becton, Aaron Bowman, Michael Boylan, Matt Carlucci, Kevin Carrico, LeAnna Cumber, Randy DeFoor, Rory Diamond, Al Ferraro, Terrance Freeman, Reggie Gaffney, Joyce Morgan, Sam Newby, Ju’Coby Pittman, Brenda Priestly Jackson, Ron Salem

**Excused**: Council Members Randy White, Garrett Dennis

**Also**: Kim Taylor, Phillip Peterson – Council Auditor’s Office; Jeff Clements and Yvonne Mitchell – Council Research Division; Cheryl Brown – Council Director/Secretary; Jessica Matthews – Legislative Services Division; Peggy Sidman and Paige Johnston – Office of General Counsel; Jordan Elsbury, Leeann Krieg, Rachel Zimmer – Mayor’s Office; Nat Ford, Pete Hallock, Cleveland Ferguson - JTA

**Meeting Convened**: 9:05 a.m.

President Hazouri convened the meeting and announced the next Committee of the Whole meeting will be on May 12th. The Council May take final action on the proposals as early as the May 25th regular council meeting.

Mayor Lenny Curry gave introductory remarks. He said these proposed ordinances help address decades of long-unfulfilled promises for infrastructure improvements and will create jobs to help stimulate the economy. The City has not invested in infrastructure over the years due to inadequate revenues. His administration has been doing more capital projects recently using funds saved by pension reform, but the backlog of projects and community needs is very substantial. Jobs For Jacksonville is a partnership with JTA to improve transportation citywide in all modes, including a transit system of the future. Leveraging local option gas tax revenue will free up millions of dollars in the City budget to deal with long-standing needs. He said the increase will bring Jacksonville up to the same local option gas tax rate levied by most other counties in the state. The longer we wait, the worse the problems will get and the more expensive it will be to fix them. His team and JTA are ready to answer any questions the Council may have.

President Hazouri said that today is just a committee meeting, as will be the next Committee of the Whole on May 12th, then the Committee will report the bills out to the full Council for final action on third reading at the next regular meeting. The septic tank CIP bill will take a 2/3 majority vote to amend the CIP; the gas tax bill takes a simple majority plus 1 vote per state law. The administration is planning for the 5 at-large area meetings and some council members are planning their own town hall meetings.

2021-235 – CIP amendment for septic tank funding

Jordan Elsbury, Mayor’s Chief of Staff, thanked the council members for helping arrange town hall meetings. He said the Council has 2 policy decisions to consider: authorize a new revenue source via the local option gas tax (LOGT), then decide how to use that new revenue for additional capacity for capital needs, particularly the septic tank issue. The administration has secured nearly $100M for septic tanks already, but it’s a multi-billion dollar issue. The initial step is to allocate $50M in the CIP in the next 2 fiscal years for septic tank remediation. Pete Hallock, JEA’s septic tank remediation project leader, reported on the status of the first four projects on the priority list: Biltmore (55% complete), Beverly Hills West (contract awarded and notice to proceed issued), Beverly Hills East (100% designed, will be bid in about 60 days). The Christobel project is on hold due to the funding issue; JEA will start community outreach seeing neighborhood buy-in in 60 days if the septic tank funding ordinance is approved.

Q&A

Council Member Cumber: why do this now rather than wait for the budget process this summer? Mr. Elsbury said the 2 bills are linked in the sense that there needs to be a funding stream to do the septic tanks, which the LOGT will provide. Ms. Cumber recommended delaying the septic tank bill until the LOGT passes. Ms. Cumber: asked about the Christobel project construction timeline. Mr. Hallock said it is about 60-65 months from start to finish for total project completion. Ms. Cumber asked if approving the CIP funding via the FY21-22 budget rather than now makes any difference in project timing. Mr. Hallock said no; JEA has 6 months to achieve a 70% participation agreement rate among area homeowners to make the project go, so time is not an issue. Mr. Elsbury noted that the City doesn’t borrow money as soon as it is authorized and put it in the bank – funds are borrowed as needed for use.

President Hazouri said approving the bill now demonstrates a commitment and a promise to get started on more septic tank remediation. He asked if JEA is able to start neighborhood outreach on projects before it has funding lined up, i.e. in the Riverview area that is next on the priority list. Mr. Hallock said technically they can, but it has been the authority’s policy not to do that until money is actually in place and they’re sure the project can go. Kurtis Wilson of JEA said once the Christobel is underway they’re ready to tackle the next project sequentially.

Council Member Becton asked how the $100M figure was selected. Mr. Hallock said $28M is needed for the Christobel project, and another $98-100M for the Riverview area, the next project on the priority list. The Biltmore project is 84% complete, Beverly Hills East and West have 82% property owner participation. It makes sense to start the Riverview outreach process 6 months after the Christobel project starts. That project will need to be done in several phases because the Riverview is so large (1,600+ properties). In response to a question from Mr. Becton about how much it costs to borrow $100M, Mr. Elsbury said approximately $6-7M a year. Mr. Becton said he didn’t understand the urgency to pair the septic tank bill with the LOGT bill when Council was told during the recent Lot J negotiations that there was plenty of borrowing capacity available. Mr. Elsbury said that all this bill does is amend the CIP to add $100M; that gives JEA the authorization to get started with planning so they’re ready to go when the new CIP goes into effect in October.

Council Member Pittman asked how the septic tank remediation priority list was determined. Mr. Elsbury explained that in 2016 the City Council partnered with JEA on a $30M septic tank initiative, based on a multi-criteria matrix adopted at the time taking into consideration neighborhood age, socio-economic issues, water quality, economic development potential, etc. Mr. Hallock said the matrix is updated and filed with Council each year as new data is received. The Health Department identifies health problem areas related to septic tanks, which moves them further up the priority list.

Council Member DeFoor said there needs to be a fair method of determining who pays for remediation to avoid the situation where some neighborhoods pay the cost themselves and others do not. Mr. Hallock said 60% of the matrix points are determined by environmental conditions and 40% on community issues and conditions. Ms. DeFoor asked if all $300M of new revenue is intended to go for septic tank work. Mr. Elsbury said they would like to do that, but need to keep some funds in reserve for other CIP projects that turn out to be more expensive than originally planned.

Council Member Boylan asked if the Basin Management Action Plan (BMAP) constitutes the prioritized list of septic tank projects. Public Works Director John Pappas said the BMAP is a Florida Department of Environmental Protection requirement; this proposed project supports the BMAP’s goal of improving water quality. It is integrated with the septic tank matrix. When a project is funded it comes off the matrix list and is no longer reevaluated. Mr. Boylan said he wants the list locked in so that projects in the top 10 don’t slide down the list over time. He asked how septic tank remediation impacts on other infrastructure. Mr. Hallock said these projects substantially impact the entire right-of-way and utilities where the work is done, with as much as 60% of the project cost in some areas going to restore streets and drainage dug up for the installation of the sewer mains and laterals.

Council Member Ferraro asked about the average cost per lot for the work done thus far. Mr. Hallock said it is about $51,000 per lot, which includes the cost of restoring the ROW dug up for the work. Mr. Ferraro asked if there is a possibility for a public/private partnership to do septic tank remediation. Mr. Hallock said JEA’s sewer technology study is nearly complete and it’s almost certain that the current standard gravity systems won’t be the way to go in the future. There are cheaper technologies being developed. Mr. Ferraro asked about how many septic tanks there are in the city. Mr. Hallock said there are about 22,000+ lots in the 35 listed priority areas. Mr. Ferraro said there is a lack of trust in the community because BJP projects didn’t happen as they were supposed to under the JTA’s management and asked what he could tell the community to help reassure them that the septic tank remediation project will operate more smoothly. Mr. Elsbury said the CIP is a very transparent document and council members are kept up to date on what’s happening with all projects; the new septic tank projects will be the same.

Mr. Bowman what happens if a project doesn’t get the required 70% neighborhood participation in identified septic tank problem areas. Mr. Hallock said that when projects were done a few years ago that only got a 50% property owner buy-in rate didn’t generate much remedial environmental impact. They have since redesigned the program for the public funding to pay all costs of installation up to the owner’s building, so it will never be any cheaper than this. In response to a question from Mr. Bowman about what happens if most of a neighborhood opts in but a few individual owners don’t participate, Mr. Hallock said those holdouts will get a monthly JEA bill with a sewer availability charge and can tap in later, but will have to pay the full cost to run a lateral line from the sewer main in the street to the house.

Mr. Bowman said he has heard complaints from constituents about basing the sewer charge on water usage and asked if sewer usage meters could be installed doing these projects.

Council Member Salem said the TEU Committee reviewed the septic tank list and the ranking matrix criteria and felt it was a good system. Any attempt to change the priority listing will generate backlash. He wants to deal with the septic tank problem regardless of whether the LOGT bill passes or not. Mr. Elsbury said theoretically they could be done separately and there is capacity to borrow for the $100M if the gas tax fails, but that’s a policy call for Council to make.

Council Member Carlucci said that in the past one of the difficulties in getting people to participate in septic tank programs has been the cost of the tap-in fee and installation of the lateral on private property, which has been cost-prohibitive for many people. He asked if the process is it getting any easier with the City bearing almost all the cost. Mr. Hallock said it definitely is, as demonstrated by the increase in neighborhood participation rates increasing from 50% a few years ago to 85% for the last couple of projects.

Council Member Newby asked for clarification of the individual opt-out provision. He said it doesn’t seem fair to charge an availability fee when the sewer main goes in and then charge a tap fee later to connect to the system. Mr. Hallock said there is a 1-year window for a property owner to change their mind and opt in and the City will pay the full cost of the connection. Newby suggested that a 2-year option would be better.

President Hazouri asked if a Health Department declaration of a septic tank failure affects whether or not a property owner must connect to a public sewer system. Mr. Hallock said that if such declaration is made, then a property owner must connect to an available sewer line whether they want to or not.

Council Member Priestly Jackson said the Social Justice Committee had heard a presentation on septic tank remediation because it’s a social justice issue. When you have a community health problem then you have a social justice issue. She believes this is something the City must do to meet its past commitments, unlike all the investment it has made into economic development projects that are desirable but aren’t absolutely needed.

Council Member Morgan said she has heard that there are 6,845 septic tanks in Council District 1, so obviously it will take many years to get the tanks removed given the cost of the current projects. Septic tanks are a citywide problem including every district. She asked how quickly other cheaper alternatives for remediation can be identified. Mr. Elsbury said it’s a daunting task to find the billions of dollars needed to deal with tens of thousands of septic tanks citywide, but we have to start somewhere or it will never get any better. The administration will take this $100M commitment to Tallahassee and Washington to leverage state and federal funding. Mr. Hallock said the final draft of the technology alternatives report is about finished and it will tell us what method will work best and what it will cost for each area on the list. This is a huge problem and can’t be solved quickly. There are challenges with engineering and planning capacity, funding, availability of labor, etc.

Council Member Becton asked if there is current fiscal capacity to absorb the $7M annual debt service to borrow $100M? Mr. Elsbury said there is.

Council Member DeFoor noted that Monroe County (Florida Keys) phased out its septic tanks in a much more difficult environment than we have here and asked how they accomplished that feat. Mr. Hallock said they used vacuum rather than gravity systems, and that will be considered in the technology study for use in Jacksonville.

President Hazouri said that health, safety and welfare are the fundamental duties of government, and septic tanks are a prime example of the need to deal with public health.

2021-223 – local option gas tax

Nat Ford, JTA CEO, gave an overview of the uses to which JTA would apply new gas tax revenue:10 complete street projects; purchase of a second ferry vessel; mobility corridor improvements; transit enhancement improvements (bus stops); downtown rail terminal planning; and the Ultimate Urban Circulator (U2C) 10 mile system.

Mr. Ford said the Skyway is outdated and needs to be revamped for the future. A Skyway Advisory Committee was appointed in 2015 which held 6 public meetings and 2 public forums, commissioned studies, surveys, and an engineering analysis, and held an industry forum on future technologies. All of that study led the JTA Board to the decision to keep, expand and modernize the system. The future of public transit lies in automated vehicles (AVs) and JTA has looked at 7 types of vehicles over 4 different platforms. Many local partnerships have been formed to make the U2C the best system possible. It will use the current 2.5 mile guideway as the basis for the expansion of the system to 10 miles. The U2C accounts for half of the job creation projected from the LOGT. Mr. Ford said he is currently the Vice Chair of the Transportation Research Board of the National Academy of Sciences, which guides cutting edge research in transportation technology, and will be the Board Chair next year. That puts him in a unique position to see first-hand the latest innovations and trends in transportation. JTA is in a position to dictate to the AV industry what it wants in a vehicle, not just take what they may want to offer. Many AV projects are happening around the state and the nation. Phase 1 of the Bay Street Corridor project is fully funded and will be underway soon. He recommended visiting the Downtown Investment Authority’s newly refreshed web site to see all that’s going on in downtown Jacksonville that JTA wants to serve. Jacksonville is uniquely positioned to be a leader in the new transit technologies.

Council Member Bowman said he does not support the full 6 cent gas tax increase and suggested holding a referendum to ask the public whether they’re supportive or not. He has heard nothing but opposition from constituents and no support. Mr. Elsbury said the mayor campaigned on improving infrastructure and finding the needed resources and that’s what he is proposing. The administration is out in the community selling the project. Mr. Bowman said public trust in government is very low. He urged looking at what Oklahoma City did with its Metropolitan Area Projects (MAPS) initiative that got the public involved in determining what they wanted the future of their city to be. The public has voted to to renew a local option sales tax several times for specific lists of projects because the public believed in them and helped plan them.

Council Member Ferraro said he’s met many times with JTA about Better Jacksonville Plan and new LOGT projects in his district that have been very disappointing in terms of timely production and the quality of the end product. The public has no trust that JTA can complete projects as promised. Mr. Ford said the JTA got handed a list of very problematic road projects from the BJP and used its own funding to finish the list when it could have stopped after spending the $100M to which it had committed. The authority was required to do the projects in the order listed by City Council so couldn’t get to Alta Drive project any sooner because it was at the bottom of the list. He cautioned that the longer we wait, the more expensive everything becomes, so time is of the essence.

Council Member Boylan asked if JTA had looked at the fiscal impact of the increased gas tax on businesses that have numerous vehicles and will therefore pay lots of gas tax and probably have to raise their prices to cover that expense. Mr. Ford said Jacksonville’s neighboring counties already charge the full 12 cents allowable by the state and in some cases have gas prices lower than in Jacksonville. Mr. Elsbury said that gas prices are very dependent on market forces that vary from place to place. The mayor and the city council hear constantly from constituents about the poor quality of the city’s infrastructure, so there has got to be some revenue stream to do the work needed to deal with those complaints. Mr. Boylan asked if the administration would change its position based on what is heard at the upcoming town halls meetings. Mr. Elsbury said it is a decision for council to decide how to address what the public wants.

Council Member DeFoor asked why the BJP road program has not been completed and why it isn’t being completed with the revenue from the current LOGT rather than giving those funds to JTA. Public Works Director John Pappas said the BJP road program consisted of 72 projects, some with multiple segments. Of those, 15 remain uncompleted (4 with JTA, 11 with the City). Eight of the City’s 11 projects are active, the other 3 will be started as the others are completed. Nat Ford said the JTA swapped its sales tax for the City’s gas tax in the 1980s so the City could bond against a more stable revenue source. Council Auditor Kim Taylor said the JTA should be finished with its road projects by 2036, but it uses the LOGT for transit operations as well. Whether to continue that arrangement past 2036 is up to Council and JTA to decide. Mr. Ford said JTA will use the LOGT beyond 2036 for transit operations as it’s done up to now. Mr. Elsbury said JTA needs the 3 cents of gas tax to run a good quality transit system into the future.

Council Member Carlucci asked to have sample AVs at the upcoming town hall meetings for the public to see what’s being proposed, to which Mr. Ford agreed. Mr. Carlucci said the U2C will go more places than the Skyway and be a better system. He believes JTA needs to be ready to make a compelling case to the public for its proposal.

Council Member Newby asked for a description of the U2C expansion proposal. Mr. Ford said it will extend to 10 miles, reaching the UF Health downtown campus, Brooklyn and Riverside, San Marco, and the stadium complex.

In response to a question from Council Member Priestly Jackson about how many jobs will be created by the gas tax program, Mr. Ford said 7,640, half of which will be associated with the U2C. Ms. Priestly Jackson said that the combination of the school capital improvements sales tax and the LOGT has the potential to be a huge job and economic engine for Jacksonville. People will continue to buy gas regardless of cost as shown by what happens after hurricanes, international oil shocks, etc. She said the poorest Jacksonville residents probably don’t have cars and aren’t buying gas, so the LOGT does not disproportionately impact them.

Council Member Morgan asked how the LOGT could propel Jacksonville forward in all areas of transit, aside from the U2C that focuses on downtown. Her constituents don’t seem necessarily opposed to levying the gas tax, but rather to how it might be used. Mr. Ford said JTA has added more and more diverse and responsive services over the past few years to meet public needs with a wide portfolio of options, including the largest bus rapid transit system in the Southeast, ReadiRide, Go Tuk’n, Beach Buggy, etc.

Council Member Pittman said Jacksonville has an opportunity to make its name as a visionary transit community. The city needs to create more innovative job opportunities to keep our young people in town and building their futures here.

Council Member Carrico asked if there is a plan for extending the U2C to Council District 4. Mr. Ford said that in addition to the initial 10 mile system in and around downtown, AVs have great potential for use around the city in a variety of settings. Bernard Schmidt, JTA’s VP for Automation, said there is a planned extension on the Southside that could reach his district.

Council Member Cumber agreed with Mr. Bowman that there should be a voter referendum. She noted media reports that there will be a gasoline shortage this summer which will drive u prices. She said the gas tax is regressive – the poorer you are, the greater percentage of your income you spend on gas, particularly if you drive farther to a job with a less efficient vehicle. She asked Assistant Council Auditor Phillip Peterson about questions he’s posed to JTA. Mr. Peterson said his office has asked 11 or 12 questions that JTA will be answering shortly. Ms. Cumber asked if the Bay Street Corridor is fully funded. Mr. Ford said JTA is expecting to raise $7.5M in private investment but could cover that amount themselves if need be.

Council Member Gaffney said he supports the LOGT proposal. He asked how many of the 7,600 projected new jobs would be for skilled vs. unskilled labor. He asked if consideration was given to levying a 3 cent gas tax for a longer term rather than 6 cents for 30 years. Mr. Elsbury said state law provides that counties can only levy the LOGT for 30 years at a time. The gas tax will be a diminishing revenue source in the future as electric vehicles replace gas engines. He said the LOGT has always been adopted and extended by Council without a voter referendum. Mr. Ford said a majority of the jobs will be in construction fields.

Council Member Freeman said the public doesn’t understand how the money will be spent and doesn’t want a tax increase. If the questions went to a referendum it would be likely to fail. The community wants to know what assurance there would be that if there was a tax increase, it would go to projects in the right places. As an at-large council member he has not had any input into the town hall meeting process. Mr. Elsbury said the administration they will do whatever he wants for the meeting in his residence area. Mr. Freeman asked if the 2 bills could be split. Mr. Elsbury said they could, but it would be better if they were considered together to make it easier to track revenues and expenditures for transparency. The Mayor’s Office prefers that they not be split.

Council Member Becton said it takes a long time to do big projects and there’s only so fast that the City can spend money on big infrastructure projects. He asked if the City has the capacity to bond $100M with current revenues; Mr. Elsbury said it does. Mr. Becton asked if the feasibility study calculated how many jobs would be lost due to the tax increase. Mr. Ford said it did, but the return on investment calculation is very positive.

President Hazouri said that what is regressive is a city that doesn’t collect enough revenue to meet its fundamental responsibilities. Jacksonville has neglected its infrastructure for years and projects will only get more and more expensive as years go by. A lot of Jacksonville’s former peer cities (Charlotte, Nashville, Tampa) have passed us by and we need to become competitive again.

Mr. Elsbury thanked the Council for their questions and said the administration is ready and willing to come and talk to any group where they are invited.

President Hazouri announced that the next Committee of the Whole will be on May 12th at 2 p.m.

**Meeting adjourned:** 11:33 a.m.

Minutes: Jeff Clements, Council Research Division

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4.30.20 Posted 5:00 p.m.