

**OFFICE OF THE CITY COUNCIL**

**RESEARCH DIVISION**

117 WEST DUVAL STREET, SUITE 425

4TH FLOOR, CITY HALL

JACKSONVILLE, FLORIDA 32202

904-255-5137

**FINANCE COMMITTEE BUDGET HEARING #1 MINUTES**

 **August 12, 2021**

**9:00 a.m.**

**Location:** City Council Chamber

**In attendance:** Committee members Ron Salem (Chair), Danny Becton, Michael Boylan, Reggie Gaffney, Matt Carlucci, Terrance Freeman

**Excused**: Committee member Ju’Coby Pittman

**Also**: Kim Taylor and Brian Parks – Council Auditor’s Office; Jeff Clements– Council Research Division; Jessica Matthews, Bernadette Smith, Jessica Smith – Legislative Services Division; Brian Hughes, Stephanie Burch, Jordan Elsbury, Leeann Krieg – Mayor’s Office; Angela Moyer, Teresa Eichner, Randall Barnes – Finance and Administration Department; Eric Grantham, Steve Cassada and Yvonne Mitchell – Information Support Services

**Meeting Convened**: 9:01 a.m.

Budget Introduction: Chief Administrative Officer Brian Hughes gave introductory remarks about the Mayor’s proposed budget which reflects his priorities – public safety, infrastructure, City employees. He and his staff are available at any time to answer Council Member questions. The budget contains appropriations of the federal American Rescue Plan funds (2021-516).

**All page references from this point refer to Council Auditor’s Budget Hearing #1 handout**

Council Auditor Kim Taylor briefly reviewed the 17 budget-related ordinances and resolutions – 2021-500 through 2021-516 – and the timetable for their adoption. Pending Ordinance 2021-381 would amend the Ordinance Code to change the timing of the Mayor’s presentation of the proposed budget to remove a specific date and require it be presented before the first Council meeting in July. She reviewed the calculation of ad valorem taxes based on the millage rates that are unchanged from the current year. Increased value of pre-existing property will produce new revenue of $37.6M and new construction will produce an additional $19.9M in new revenue. Total net ad valorem revenue is estimated at $796M. The City’s total budget is $3.5B, the independent agency budgets total $3.1B for a total Council budgetary approval of $6.6B. The mayor proposes to add 112 positions to the overall employee cap, 105 in the General Fund and 7 in Special Revenue Funds, for a total of 7,751.

Employee salaries are increasing by $28.6M from the current year, with $13.7M being in overtime (primarily Fire and Rescue and Sheriff’s Office), $6.2M in regular salaries, $4.1M in leave sellbacks, and $1.9M in terminal leave. The City’s required pension contribution is increasing in part because of the reduction in sales tax collections due to the COVID pandemic, which produced less net present value for the pension reform plan funding calculation and increased the needed employer contribution. Ms. Taylor described the calculation methodology for the salary lapse which represents savings from recognition that all employee positions are not filled every day of the fiscal year. She reviewed a table of non-departmental revenues; departmental revenues will be covered in future meetings as each department is discussed. There is a $4.25M transfer from fund balance to help balance the overall General Fund budget. She noted that over the last 6 fiscal years the Solid Waste Enterprise Fund has required a total of $29.5M in loans from the General Fund to cover its operating costs; this will require further discussion during the Solid Waste Division’s budget hearing. State shared revenues are budgeted to increase by $28.4M over the current year, almost all in the form of sales tax revenue increases.

Council Member Boylan asked if projected year-end balances from the current year are budgeted as a revenue source for the next year; Ms. Taylor said they are, and the Auditor’s Office has several more months of data to work with after the mayor’s proposed budget was submitted, so they may have slightly revised estimates to recommend later in the process.

Ms. Taylor reviewed and discussed budgeted expenditures, particularly non-departmental expenditures that will not be discussed again after today, and highlighted any substantial changes.

**General Fund – General Services District revenues**

**Motion**: on p. 28 approve Auditor’s recommendation #1 that the proposed amount contributed by the City to Downtown Vision, Inc. be decreased by $151,283 to reflect what the City should be paying in shared cost. The budgeted amount would be $661,898 and would align with the Downtown Vision Inc. budgeted revenue from the City. This would have a positive impact on Special Council Contingency of $151,283 – **approved**.

**Motion**: on p. 28 approve Auditor’s recommendation #2 that the proposed amount to reimburse the Fair for a scheduling conflict caused by the FL/GA game be decreased by $80,000 because funds are not needed. This will have a positive impact on Special Council Contingency of $80,000 – **approved**.

Council Member Becton asked if there would be a conflict this year between the Florida/Georgia game and a Jaguars home game; Ms. Taylor said there would not.

**Debt Service**

Council Member Becton asked for clarification of the scope of the debt service figure of $215.5M on page 29 of the handout. Ms. Taylor explained that it represents next year’s debt service on all borrowing prior to the proposed new budget, which will be budgeted in future years. Mr. Becton asked for a summary of all outstanding debt; $2.1B is currently outstanding, approximately half in Better Jacksonville Fund borrowing and half in other borrowing. CAO Brian Hughes said that total outstanding debt has been paid down by $400M since Mayor Curry took office, which is one of his priorities. City Treasurer Randall Barnes said that the debt level has been paid down from $2.47B to $2.1B over the last 6 years. Chairman Salem encouraged committee members to meet with CFO Joey Greive for an in-depth conversation on debt use and repayments.

**Schedule of Capital Outlay Projects Not Lapsed**

**Motion**: on p. 30 approve Auditor’s recommendation that Schedule AF be revised to: 1) adjust the carryforward amounts listed above to the amounts in the recommended column to account for expenditures, encumbrances, and other adjustments that have occurred since the budget was presented; and 2) to be consistent with the proposed Budget Ordinance, change the title of Schedule AF to "Schedule of Capital Outlay Expenditures Not Lapsed." – **approved**.

**Public Service Grant Funding**

Public Service Grant (PSG) funding is being increased by $206,000 (7%) from the current year, and the Cultural Service Grant funding is being increased by $883,614 (28.98%).

**Motion**: on p. 31, approve Auditor’s recommendation that the Schedule of Public Service Grants be updated to: 1) include the amount designated for Art in Public Places through the Cultural Council of Greater Jacksonville, Inc., and 2) remove Public Service Grant Council funding from the schedule since the funding is appropriated in Ordinance 2021-509 –

Council Member Becton noted that the PSG numbers shown do not include the 21 direct contracts included in the budget and asked for a total year-to-year comparison of funding for non-profit agencies. Ms. Taylor said the direct contracts are increasing by approximately $4M year over year. Mr. Hughes said that over recent years there have been substantial increases in support for non-profit and community service entities, including in the form of PSG’s, direct contracts, Kids Hope Alliance grants, and others. Council Member Carlucci noted that some very excellent community agencies that provide valuable services don’t get funded each year because the competition for limited competitive funds is so great. He advocated for even greater funding to deal with community needs. Council Member Gaffney agreed that PSGs are under-funded in relation to the amount of need. Brian Hughes said the administration would be very amenable to eliminating all direct contracting with social service agencies and allocating all those funds to the PSG process for competitive allocation via the Public Service Grant Commission. Chairman Salem said that the City needs to challenge the private sector to step up and contribute to meeting community needs in addition to what the government can do.

**The motion was approved.**

The committee was in recess from 10:28 to 10:38 a.m.

**Municipal Code Waivers**

Ms. Taylor reviewed all of the Ordinance Code waivers contained in the budget ordinance, both continuation waivers from previous budgets, addition of new waivers this year, and removal of previous years’ waivers.

**Motion**: on p. 46 approve Auditor’s recommendation that clarifying language be added to the Budget Ordinance that this waiver is for the FY 2021/22 Budget submission and that it should be included with the next budget submission – **approved**.

Ms. Taylor said that the section of the Ordinance Code dealing with annual fee reviews and the determination of 85% cost coverage requirement may need to be revisited for additional clarity. Mr. Hughes said the administration is happy to have that discussion after the budget process is completed.

Council Member Becton asked if there were any waivers that seem to be so persistent that the Council Auditor would recommend that the Ordinance Code could be changed to reflect a new policy. Ms. Taylor said there are several that have been included in budgets for many years and probably could reflect new policy decisions. Chairman Salem asked Ms. Taylor to make a list of those persistent waivers and the Finance Committee will discuss them after the completion of the budget process.

**Direct Contracts – General Fund Non-Departmental Expenditures**

Ms. Taylor reviewed all of the direct contracts for the year, some of which will be approved via the budget ordinance and other via stand-alone ordinances because of council member voting conflict purposes.

**Motion**: on p. 54 under Edward Waters University – New Town Success Zone, approve Auditor’s recommendation to attach revised Exhibit 5 to correct scrivener’s errors in program narrative and budget schedule – **approved**.

**Motion**: on p. 54 under United Way of Northeast Florida – 2-1-1, approve Auditor’s recommendation to attach revised Exhibit 7 to correct scrivener’s error on budget schedule – **approved**.

**Motion**: on p. 54 under Agape Community Health Center, approve Auditor’s recommendation to attach revised Exhibit 8 to clarify in program narrative that the City funds will be paid to the State as an intergovernmental transfer – **approved**.

**Motion**: on p. 55 under I.M. Sulzbacher Center for the Homeless, approve Auditor’s recommendation to correct a scrivener’s error in the budget ordinance – **approved**.

**Motion**: on p. 55 under Goodwill Industries of Northeast Florida – A-STEP program, approve Auditor’s recommendation to clarify that City funding will also be used for a program manager – **approved**.

**Motion**: on p. 55 under Cure Violence Program, approve Auditor’s recommendation to correct total funding amount from $1,795,000 to $2,730,000, correct number of contractors from four to five, include authorization to execute contract with The Potter’s House Community Development Empowering Center for $800,000, correct funding amount for Reintegration Solutions d/b/a Noah’s Ark Project from $725,000 to $800,000, and correct funding amount for Family Foundations from $120,000 to $180,000 – **approved**.

**Motion**: on p. 56 under Jacksonville Local Support Corporation (LISC), approve Auditor’s recommendations to a) correct purpose of funding to salaries, benefits, and re-grants in the budget ordinance and b) clarify Ch. 118 requirements apply to re-grant recipients in Exhibit 13 – **approved.**

**Motion**: on p. 56 under Volunteers in Medicine, approve Auditor’s recommendation to correct scrivener’s error and correct purpose of funding to salaries, occupancy expenses, office expenses, and client medical expenses in the budget ordinance – **approved**.

**Motion**: on p. 56 under Fire Watch, approve Auditor’s recommendations to a) correct purpose of funding to salaries, printing and advertising, outreach, digital and social media, micro-grants, payroll and accounting services, and parking and tools in the budget ordinance and b) attach revised Exhibit 15 to include additional detail on program budget schedule – **approved**.

**Motion**: on p. 56 under The Pollock Group, LLC/Florida Black Expo, approve Auditor’s recommendations to a) correct purpose of funding to salaries, benefits, facility rental, and expo related event costs in the budget ordinance, and b) Attach revised Exhibit 16 to update the fiscal year and date of event to 2022 – **approved**.

Kirk Wendland of the Office of Economic Development requested an amendment regarding the Feeding Northeast Florida Farmer’s Market and Resource Center contract to increase the funding for that project by adding $200,000 from the NWJEDF (for a total of $1.2M).

**Motion** (Becton): allocate an additional $200,000 from the Northwest Jacksonville Economic Development Fund (for a total of $1.2M) to the Feeding Northeast Florida Farmer’s Market and Resource Center direct contract and revise the contract documents accordingly – **approved**.

**Property Appraiser’s Office**

Council Member Boylan asked about the increase in the internal service allocation for computer services. Ms. Taylor said it results from the allocation of costs of the new 1Cloud financial management system, which will show up in all departmental budgets. The total cost of that system will be discussed tomorrow during the Information Technology Division review.

**Fire and Rescue Department**

Ms. Taylor reported that the department added 60 positions in the current year budget and is proposing 85 new positions be added for next year, mostly to staff the 3 new fire stations that will go into operation (22 per station or 66 total). The full cost of new vehicle purchases does not show up in the JFRD budget; the purchases are budgeted in Fleet Management and JFRD only budgets the annual vehicle replacement fund assessment. The Auditor’s review this year includes a listing of continuation grants the department receives annually, which will all be approved and appropriated via the budget ordinance to eliminate the need for numerous separate pieces of legislation.

**Motion**: on p. 128 approve Auditor’s recommendation #1 to increase the revenue for fire operations that the Department provides to the Jacksonville Aviation Authority (JAA) at the Jacksonville International Airport (JIA) by $19,253 to match the budgeted costs – **approved**

**Motion**: on p. 128, approve the administration’s request to increase the existing proposed transfer from fund balance for the General Fund/GSD of $4,254,846 by the sum of the cost of the various other one-time expenditures that are proposed in the General Fund/GSD budget and total $1,196,112, allowing the funds proposed for those one-time uses to be used for the SAFER grant FY20 match – **approved**.

Council Member Boylan asked about the department’s usage of General Counsel services, the amount they are being budgeted in the current and next year, and whether the swings are typical. Ms. Taylor said it s not uncommon for internal service charges (General Counsel, information technology, etc.) to vary substantially from year to year depending on unusual circumstances in the using agency and on what expenses the charging agency needs to cover. Mr. Boylan asked Fire Chief Powers about the department’s progress toward meeting the National Fire Protection Association engine staffing standard. The Chief said the SAFER grants are allowing the department to gradually make progress toward the 4-per-engine goal. He discussed the location of the new stations (E-Town on the far Southside, Dunn Avenue, Wilson Boulevard and Lenox Avenue) and the needs they will be addressing.

In response to a question from Council Member Becton, Chief Powers described the addition of vehicle enhancements. Chief Powers said a new fire academy class was just hired so the department is close to being fully staffed, given the natural vacancy rate that will always exist. The administration is working with the fire unions on keeping Jacksonville’s compensation package competitive to attract quality employees. In response to a question from Mr. Becton, Chief Powers said the department’s overtime usage is very high in part because of employees’ use of emergency compensatory leave time accrued during the COVID pandemic, which requires other employees to work overtime to meet minimum staffing levels. Council Member Freeman asked about the progress of the teen apprenticeship program that Council approved several years ago. Chief Powers said that the program has 214 participants and is seeing a 42% completion rate, which is good considering the personal challenges many of the participants face. The department has hired 32 graduates of the program, which has greatly helped with the department’s diversity numbers. He considers the program a tremendous success for the department. Mr. Freeman asked about the sufficiency of staffing for fire inspections and plan reviews. Chief Powers said this budget includes a new position for a plan reviewer to help deal with the growth in plan submissions.

Council Member Salem asked about COVID impacts. Chief Powers said there are 90 personnel currently in quarantine (some infected, some from contact tracing). Mr. Salem asked about future station needs. The Chief said there are still areas of the city, mostly in the rural areas, that are rated Class 10 for insurance purposes and need new stations to fill in coverage gaps. The department will be requesting several new fire stations in years to come to address those needs. Council Member Boylan asked about the needs of the Emergency Preparedness Division. Director Steve Woodard said that they are appropriately staffed and equipped, and bring in temporary contract employees as needed to deal with emergency situations.

The committee was in recess from 12:07 to 1:16 p.m.

**Sheriff’s Office**

Ms. Taylor reviewed the structure and the basic personnel, vehicle and budget numbers for the department. With regard to school guardian officers, the City will be fully reimbursed by the School Board for JSO overtime costs incurred up to a total cap of 60 officers per day working in schools (40 in DCPS schools and 20 in charter schools). That is projected to produce $1,256,184 in revenue to the City. Federal American Rescue Plan funds will replace General Fund dollars in the amount of $2,282,036 for the radio equipment refresh project.

**Motion**: on p. 143 approve Auditor’s recommendation #1 to reduce Interfund Service Charges by $5,594 in the Police Services Department from $1,634,328 to $1,628,734 to match the amount budgeted in the 911Emergency User Fee fund (10701) for JSO’s portion of the reimbursement of 911 call takers’ salaries – **approved**.

**Motion**: on p. 143 approve Auditor’s recommendation #2 to reduce Interfund Service Charges by $358 in the Patrol & Enforcement Department from $358,332 to $357,974 to match the budgeted cost of providing the Mayor’s security detail within JSO; this will be offset with a reduction in the Mayor’s Office – **approved**.

**Motion**: on p. 143 approve Auditor’s recommendation #3 to remove from Schedule B1a the Law Enforcement Based Victim Service sand Project Safe Neighborhoods grants because JSO was either unable to apply for the funds or was not funded for the project – **approved**.

**Motion**: on p. 143 approve Auditor’s recommendation #4 that Schedule B1b be corrected to reduce the COPS grant Federal award amount to $0 and the total match requested to $739,712 to match the grant award and required match for year 2 and to add a note to Schedule B1b to make clear the year 2 portion of the grant award is $1,707,089 – **approved**.

Council Member Carlucci asked about the cause of the negative claims experience that caused an increase in the JSO’s liability insurance premium. Council Member Becton asked about the JSO’s policy regarding purchase of equipment for the SWAT team, as a council member had recently proposed an appropriation to provide for purchases currently being made by SWAT team members out of their own pockets. Bill Clement, the JSO’s budget officer, said the department generally covers all of the equipment and supply costs; he will need to research the issue with Council Member Cumber who proposed that bill. Mr. Becton asked about employee complement and vacancies. Undersheriff Ivey said they currently stand at 146 total vacancies – 1 police, 87 corrections, and 58 civilians. The department typically loses 5 sworn officers a month or about 60 per year. They hire in classes of 30 from the police academy, so vacancies build up to between 30 and 40, then a class is hired and the rate drops back to single digits again. He said city police departments average 2.4 officers per 1,000 residents, county sheriff’s departments average 2.9 per 1,000, Jacksonville (which is both city and county) is at about 1.7 per 1,000. JSO does have challenges in recruiting and finding enough people with sufficient military or law enforcement experience to meet the City’s hiring requirements. The department is using bonus programs for both academy enrollees who successfully complete the course and are hired and for JSO employees who refer candidates who enroll in the academy.

Council Member Boylan, who co-chairs the Safer Together Workshops with Council Member Morgan, asked if JSO leadership has been informed by Director Bruno about the workshop’s discussions. Undersheriff Ivey said he had not, but assumed that Director Bruno was communicating with Sheriff Williams. Mr. Boylan asked about how much JSO spends on community engagement and urged that it be clearly delineated in the budget so the community can readily understand what is being done and how much is being spent on that function. Mr. Boylan asked about how many co-responders the JSO has to help officers respond to non-criminal crisis incidents; Undersheriff Ivey said they currently they have 1 and are applying for a grant for a second co-responder. He described the continuing training required of JSO officers by the Florida Department of Law Enforcement to maintain certification, which includes training in dealing with persons with mental health and other behavioral issues. Mr. Boylan urged the Undersheriff and JSO to get ahead of the community perception issue because there are so many challenges.

Chairman Salem said that Ordinance 2021-512 was submitted to appropriate the JSO health care budget because he has a conflict of interest by way of his consulting contract with the company that holds the contract with JSO for inmate health care. Mr. Salem asked what is being done to recruit correctional officers to fill the many vacancies. The Undersheriff said they recruit heavily, including via social media and recruiting at colleges, and this year hired a number of correctional officers from Georgia who were being displaced by the closure of a correctional facility there. Mr. Salem asked about the change in the school guardian program. Budget Officer Bill Clement said the budget reflects the Sheriff’s decision to allocate only 40 officers to Duval County Public Schools and 20 officers to charter schools for the coming year, and to be reimbursed by either DCPS or the individual charter school for the officers’ overtime cost. Undersheriff Ivey talked about the difficulties involved in implementing the state law that was passed and implemented in a very short time in the summer of 2018 after a tragic school shooting in South Florida. The Sheriff has made it clear to the School Superintendent that the school district must step up and assume full responsibility for providing all of the necessary school guardians in the next 2 years, when the JSO intends to be out of the guardian function entirely. Council Member Carlucci speculated that the adoption of the sales tax for schools might free up funds in the School District budget to address school guardians. Undersheriff Ivey said that JSO had been doing its best to work with the school district over the last several years to accomplish the job that needs to be done, but has made it clear that the district must take full responsibility for this mandate.

Council Member Freeman asked about JSO’s plans for keeping up with the City’s rapid population growth and law enforcement needs. Undersheriff Ivey described the types of workload analysis and projections that are used to determine workforce needs. The JSO has contracted with the International Association of Chiefs of Police to do a comprehensive study of workload and workforce needs. In response to a question from Mr. Freeman, Undersheriff Ivey described the department’s minority recruiting efforts, including at historically black colleges and universities, to diversify the department’s workforce. Mr. Freeman thanked the JSO for the many positive relationships they have throughout the community in areas including reading programs, mentoring efforts, the PAL program, Sheriff’s Advisory Committees, and other activities that connect officers with citizens. Undersheriff Ivey said he and Sheriff Williams meet regularly with critics of the department to understand their concerns and try to develop mutual understanding

**City Council**

**Motion**: on p. 148 approve Auditor’s recommendation to reduce miscellaneous revenue for VAB by $31,148, due to an incorrect amount being used to calculate the revenue – **approved**.

**Tourist Development Council**

Assistant Council Auditor Phillip Peterson reviewed the TDC budget and the all-years TDC contingency and development accounts.

**Motion**: on p. 152 approve Auditor’s recommendations #1 - #8:

|  |
| --- |
| 1. Decrease Transfer from Fund Balance in the Tourist Development Fund by $447,123 to $367,600.
 |
| 1. Decrease Trust Fund Authorized Expenditures in the Tourist Development Fund by a total of $1,039,628, consisting of the following adjustments to plan components: decrease of $82,700 in Destination Services, decrease of $57,950 in Marketing, decrease of $109,350 in Convention Sales, and a decrease of $789,628 in Unallocated/Remaining to be spent.
 |
| 1. Increase Transfers to Other Funds in the Tourist Development Fund by $592,505 and the transfer into the TDC Special Revenue Fund by a corresponding amount to budget the revenue and expenditures approved by TDC.
 |
| 1. Decrease Miscellaneous Revenue in the Tourist Development Special Revenue Fund to zero as these dollars are self-appropriated as they are received for Tourist Development activities. This revenue is not a component of the TDC operating budget shown in the schedule above.
 |
| 1. Decrease Investment Pool/Interest Earnings in the Tourist Development Special Revenue Fund to zero to agree with the TDC approved budget. This revenue is not a component of the TDC operating budget shown in the schedule above.
 |
| 1. Decrease Trust Fund Authorized Expenditures in the Tourist Development Special Revenue Fund by $232,495 to $92,505 to include funding of $17,505 for promotion of the Equestrian Center in accordance with the minimum funding requirement per Ordinance Code Section666.108 and funding of $75,000 for Convention grants.
 |
| 1. Increase Contingencies in the Tourist Development Special Revenue Fund to $500,000 to include $250,000 for the Development plan component and $250,000 for the Contingency plan component to agree with the TDC approved budget.
 |
| 1. We recommend that Schedule W of the Budget Ordinance be revised to reflect the changes shown on page 153 of Handout #1.

TDC Executive Director Lillian Graning indicated her agreement with all of the Auditor’s recommendations.**The motion was approved.** **Office of General Counsel**Chairman Salem asked about the difference in budgeting for outside counsel in the current year versus next year. Interim General Counsel Jason Teal noted that the FY20-21 budget included considerable extra funding for the JEA Special Investigatory Committee for one-time expenditures. There is a certain amount of guesswork involved in budgeting for outside counsel and contractual professional services since the issues in play and the office’s workload can vary widely from year to year. Mr. Teal said that the office has had considerable turnover in the last year for a variety of reasons and is continually hiring replacements, which is becoming more challenging as the national economy recovers from the COVID pandemic and hiring competition with other governments and private industry increases. He noted that the office has a professional services account that is used to hire outside expertise as needed. |

**Wrapup**

Kim Taylor reported that the Special Council Contingency Account stands a positive $223,231 at the end of day one.

**Meeting adjourned:** 2:49 p.m.

Minutes: Jeff Clements, Council Research Division

jeffc@coj.net 904-255-5137

8.12.21 Posted 5:30 p.m.