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RESEARCH DIVISION**

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FINANCE COMMITTEE BUDGET HEARING #2 MINUTES

**August 12, 2022
9:00 a.m.**

Location: City Council Chamber, 1st floor, City Hall

In attendance: Council Members Aaron Bowman (Chair), Matt Carlucci, Kevin Carrico, Joyce Morgan, Ron Salem, Randy White

Excused: Council Member Ju'Coby Pittman

Also: Kim Taylor, Brian Parks – Council Auditor's Office; Paige Johnston, Mary Staffopoulos – Office of General Counsel; Jeff Clements – Council Research Division; Merriane Lahmeur, Barbara Hobson – Legislative Services Division; Angela Moyer – Budget Office; Brian Hughes, Leeann Krieg, Rachel Zimmer – Mayor's Office; Joey Greive – Finance and Administration Department

Meeting Convened: 9:00 a.m.

All page references from this point refer to Council Auditor's Budget Hearing #2 handout

State Attorney's Office

Steve Siegel of the State Attorney's Office said that his office, Court Administration, and the Public Defender have reached a Memorandum of Understanding about how to use the technology portion of the court filing fees. Laptop and notebook computer purchases are their major expenditure this year and City ITD is helping to identify a new case management system for the courts to replace a 20-year-old system.

Motion: approve the Auditor's recommendation that the proposed budget be amended to reflect the agreed-upon discretionary amounts based on the MOU reflected on the latest revised budget – **approved**.

Council Member Morgan asked about the State Attorney's workload. Mr. Siegel said they average 60,000-70,000 case referrals per year from a variety of sources. At Ms. Morgan's request, Mr. Siegel explained the need for the technology upgrades and the plans for a much more virtual, paperless case management system. Council Member Salem asked for an update on the progress of the crime gun intelligence center. Mr. Siegel said that the combination of Shot Spotter technology to locate shooting sites and the NIBIN (National Integrated Ballistic Information Network) shell casing identification system has substantially

speeded up the process of connecting guns with a particular shooter. He recommended the Sheriff's Office's purchase of the Pathfinder system (already in use by the State Attorney) that speeds up the processing of huge amounts of data (i.e. cellphone photos, texts, etc.) to assist investigators in doing their work much more quickly. Mr. Salem recommended that these technologies be better publicized so that the public is aware of what is happening.

Council Member Carrico asked about the decision to move ankle and alcohol monitoring from a private vendor to the Sheriff's Office discussed yesterday during the JSO budget. Mr. Siegel said he was not involved in that decision making but discussed in general terms how monitoring is handled in various ways.

Medical Examiner

Tim Crutchfield of the Medical Examiner's Office said they had over 3,300 cases last year and are on track to exceed that this year. They are seeking one additional forensic investigator to help handle that workload and an \$18,000 capital allocation for purchase of a dental X-ray identification system. In response to a question from Council Member Salem, Mr. Crutchfield discussed the timetable for the construction of the Medical Examiner's new facility. Groundbreaking should occur in the first quarter of 2023 and construction should take about 2 years. They will be nearly doubling their space from 30,000 to 50,000 square feet. In response to a question from Council Member Morgan, Mr. Crutchfield said that they anticipate no difficulty hiring for the new investigator position, as they typically receive a large number of applications when those positions are advertised.

Health Department

Antonio Nichols of the Health Department said they are requesting basically level funding with a couple of enhancements, one on-going for primary care services and the other of a one-time nature for pediatric dental services. CAO Brian Hughes said that the \$200,000 request for on-going enhancement for primary care was intended to be \$250,000 and asked for an increase in that line from the committee.

Motion: approve the requested \$50,000 increase to Primary Care services from the Special Council Contingency fund and amend Budget Schedule B6 accordingly

In response to a question from Council Member Salem, Mr. Nichols said the only adult primary care the department offers is through the HIV/AIDS clinic and women's/pediatric clinics. The department partners with Agape Health Care to refer adults to that agency to provide the needed care. The Health Department currently has 9 clinics. They are always analyzing community needs and are meeting newly identified needs via mobile clinics since there is no state funding to construct new buildings. Council Member Carlucci noted the appointment of a City Council special committee to critical quality of life issues and suggested that public health care should be a topic of discussion there.

The motion was approved.

Jacksonville Public Library

Tim Rogers, Library Director, said this year's budget proposal builds on the work started last year and is fully supported by the Library Board and the Friends of the Library. Kim Taylor said the library is requesting a one-time enhancement of \$1.5 million for purchase of additional library books and materials and a \$100,000 allocation in professional and contractual services to expand the Read Jax program to assist the Jax Book Fest.

In response to a question from Chairman Salem about Sunday library hours, Mr. Rogers said they don't do surveys but take comments and input from users and have heard little to no interest in Sunday hours. They looked at library usage from when there were Sunday hours and discovered that the usage was very

small and reflected a very small pool of users. Sunday hours were provided by employees working mandatory overtime, which is not conducive to employee satisfaction and retention. They will continue looking at the demand and feasibility of Sunday hours. Electronic materials access is increasing steadily. Council Member Carlucci suggested considering the possibility of closing some libraries during their least used hours on weekdays and using those hours to open some libraries on Sunday afternoons. Council Member Morgan asked about the success of the branches that stay open until later in the evening, Mr. Rogers said they are the larger regional libraries that are already busier than the other branches. Their data shows that physical visitation to neighborhood libraries drops off substantially later in the evening but electronic access rises substantially. Foot traffic in the smaller libraries has fallen off since the COVID pandemic as electronic access has increased. A full-blown survey of library user preferences might be useful to determine what they want in the post-COVID world. Council Member Salem said that opening the Main Library on Sundays might be the best option if Sunday hours are desired. In response to a question from Chairman Bowman about the new Oceanway branch, Mr. Rogers said they have signed a contract for design work which should take a year or so and hope to have construction complete by 2025.

Kim Taylor suggested that the Board of Library Trustees Trust Fund 11521 be folded into the General Fund as there is no particular reason to have it listed separately. Mr. Rogers and Mr. Hughes agreed to that suggestion. Mr. Bowman set that topic for discussion at the wrap-up meeting after staff determines what steps are needed to accomplish that change.

Library Conference Facility Trust Fund

Ms. Taylor pointed out that this is the first year that a General Fund subsidy of \$178,721 will be needed to balance the conference center budget. Mr. Rogers said that paid usage has begun increasing in the last 6 months as post-COVID bookings recover. He noted that the Office of General Counsel has ruled that the Library cannot charge City agencies for use of that space which are a substantial use of the facility. The current ratio is approximately 80% non-paid use to 20% paid use. Mr. Rogers said that they have considered the possibility of contracting with a promotions company to market the availability of the space to increase paying uses. Chairman Bowman asked Mr. Rogers to schedule a meeting with Visit Jacksonville to discuss ways to promote use of the conference space to out-of-town users.

The committee was in recess from 10:26 to 10:33 a.m.

Finance and Administration Department

CFO Joey Greive said his department has 7 divisions, the largest of which is the Information Technology Division. Huge investments have been made in recent years in security to keep the City's network and hardware as safe as possible.

Information Technology Division

In response to a question from Chairman Bowman, ITD Chief Ken Lathrop said that a change in the City's time and attendance system will allow remote access via a phone app when the next 1Cloud module is rolled out. With regard to the schedule for refreshing computers, Mr. Lathrop said they are replaced every 5 years except for public safety departments, which are refreshed every 3 years. In response to a question from Council Member Carrico, Mr. Lathrop said that replaced computers have the hard drives removed and shredded and the remainder is declared surplus and sold via auction. Joey Greive noted that federal ARP funds have been allocated in the current year and next year for a widespread radio refresh program, which is part of the overall technology security program.

Motion: on p. 19 approve Auditor's recommendation that the capital outlay carryforward request of \$684,754 be removed from Schedule AF since these funds have already been encumbered – **approved.**

IT Systems Development

Motion: on p. 24 approve Auditor's recommendation that schedule A4 in the Budget Ordinance be amended to reflect the proper previously authorized amount – **approved.**

Fleet Management

Kim Taylor noted that the employee cap is proposed to decrease by 8 from 106 to 98 by the elimination of vacant positions. In response to a question from Council Member Carlucci, Division Chief Chris Tongol said that parts are beginning to come in a little more quickly as the supply chain difficulties begin to ease a bit. In response to another question Mr. Tongol said they use a combination of original equipment and after-market parts depending on who is paying for the parts; if the parts are needed for work as a result of an accident being paid for by an insurance company, then original equipment is used. Regarding fuel prices, Mr. Greive said he has talked to the independent authorities about the potential for joint purchasing of fuel. The fuel budget is based on the Energy Information Agency's projections of fuel prices for the coming year.

Chairman Bowman lauded the policy of paying for all vehicles with cash rather than borrowing over the last few years. In response to a question from Council Member Salem, Mr. Greive described how departments are billed annually for vehicle replacement to build a replacement fund so that there is cash on hand for a new vehicle when the useful life of the old vehicle is reached. In response to a question from Chairman Bowman, Mr. Greive said that the City is self-insured for automotive liability.

General Employees Pension Fund

Mr. Greive explained that the office manages both the General Employees and the Correctional Officer pension funds. The plans have had a very good 10 year stretch in the investment markets until the last year and the City is in the top quartile of all cities for asset performance, averaging a 7.6% return per year. The assumed rate of return has been steadily reduced to 6.625% over the years to be very conservative. Pension reform was enacted in 2017 and has been very effective to date. The City has a very good defined contribution retirement plan compared to the private sector because employee salaries are somewhat lower.

Mr. Greive said that pension reform has been an important factor in the City's good bond ratings in recent years. The current funding ratio of 79.54% (which includes the net present value of the Better Jacksonville Plan sales tax when it shifts to pension liability) assumes the BJP use runs through 2030. Because sales tax revenue has been strong and the City is paying off some BJP bonds early, they should be able to convert the sales tax from BJP to pension liability use perhaps by 2027 and the funded ratio will be even higher than the 79%. Making the conversion earlier gets the funded ratio up faster and shortens the ultimate life of the sales tax by reaching the full funding status more quickly, possibly 5-7 years earlier than the 2050 originally projected when the pension reform plan was adopted.

Police and Fire Pension Fund Administration

Tim Johnson, Executive Director of the PFPF, said the fund has approximately \$2.5B in invested assets and the money managers are paid a percentage of those assets so costs increase as the assets increase – about \$150,000 additional this year. The third floor of their building is currently vacant and they are going to take that 12,000 sq. ft. and build out four 3,000 sq. ft. suites to make them easier to rent out. In response to a question from Chairman Bowman, Mr. Johnson said that the fund gets an appraisal of the building each year to determine the cost/benefit of retaining versus selling the building and relocating the offices. To date the decision has been made to hold the building. Council Member Morgan suggested marketing the new third-floor suites to small businesses. Mr. Johnson said that they have hired a real estate broker to market the space and have approached Downtown Vision Inc. about the possibilities for incentive programs to attract tenants.

In response to a question, Mr. Johnson said the fund has done 4 things successfully in recent years: 1) good relations with City Council, Mayor, and other stakeholders; 2) adopt pension reform in 2017; 3) successfully implement the pension reform changes; 4) develop a lean and efficient operation of the fund. Several committee members congratulated and thanked Mr. Johnson for his outstanding work over the last 6 years in rebuilding public confidence in the work of the fund.

Motion: on p. 47 approve Auditor's recommendations 1a, 1b and 1c as follows:

- a. increase "Personnel" by \$126,353 on Schedule AC in order to accurately reflect the pension costs and employee provided benefits costs as determined by the budget office; offset by increasing "Trust Fund Revenues" by \$126,353 on Revised Schedule AB in order to balance the budget.
- b. increase "Operating Expenses" by \$114,098 on Schedule AC in order to accurately reflect the internal service allocations as determined by the budget office; offset by increasing the "Trust Fund Revenues" by \$114,098 on Revised Schedule AB in order to balance the budget.
- c. remove the "Adopted FY 22" amounts from the schedule; add a subtotal for administrative costs and other formatting changes as depicted on Revised Schedule AB and AC based on all of these recommendations.

The motion was approved.

The committee was in recess from 11:54 a.m. to 12:46 p.m.

Human Rights Commission

Wendy Byndloss, Executive Director of the Human Rights Commission, described the staffing and functions of her office. She said that the commission receives hundreds of inquiries a year, not all of which result in investigations or formal complaints. There are currently 26 pending investigations of employment complaints by City employees. In response to a question from Council Member Morgan, Ms. Byndloss said it is possible that both the Human Rights Commission and the Inspector General's Office could be investigating the same situation without knowing of each other's involvement since IG investigations have a high level of confidentiality due to whistleblower regulations. Chairman Bowman said he would be making inquiries after the completion of the budget process about any changes in the number and types of issues in the commission's caseload as a result of the adoption of the human rights ordinance several years ago.

Office of Ethics Office

Kirby Oberdorfer, City Ethics Officer, described her office's 4 main functions: 1) training; 2) advising on ethics issues; 3) ruling on potential conflicts of interest; 4) staffing the Ethics Commission. Council Member Carlucci talked about the importance of the Ethics Office and asked Ms. Oberdorfer to extend his congratulations to the staff and the Ethics Commission members for the important but unsung work they do.

Inspector General's Office

Inspector General Matthew Lascell described his first 5 months in the position and the employee turnover that has taken place, including the Director of Investigations. Several long-lingering investigations have been closed out. When he was hired, he pledged to make substantial efforts in outreach and communications and has devoted considerable time in his first few months to that. He intends to concentrate proactively on looking at grants and contracts as potential areas for fraud. In reference to the earlier discussion during the Human Rights Commission budget he said that when the IG begins investigating an issue and it appears to be something more appropriate for the HRC's jurisdiction, they refer that item to the HRC and discontinue their activity so there are not duplicate investigations going on.

Ms. Taylor and Mr. Lascell discussed the former funding stream received by the Office of Inspector General from the independent authorities to fund its activities in those authorities. Since the interlocal agreements with the authorities for those funding contributions have expired and not been renewed, there is no revenue in this year's budget from that source. The Auditor's Office recommends eliminating the \$145,000 contribution from the authorities from the budget and taking the funding from the Special Council Contingency account. Mr. Lascell said he feels that it is somewhat of a conflict of interest for the Inspector General to be requesting funding from the authorities that he then may be investigating. Council Member Salem advocated for making the contributions from the authorities mandatory so that there is no need for annual requests. Council Member Morgan said it especially is not appropriate for the IG's Office to be soliciting funds from the authorities for its own budget. Deputy CAO Charles Moreland asked the committee for time for the administration to speak with all of the authorities and reach a resolution to this issue, to be discussed later in the budget process. Council Member Salem requested negotiation of a multi-year agreement with the authorities with an annual inflation escalator.

Motion: on p. 55 table the Auditor's recommendation regarding the change in funding source for the \$145,000 from contributions from local units to Special Council Contingency – **approved**.

Military Affairs and Veterans Service

Bill Spann, Director of the Military Affairs and Veterans Services Department, said they serve 10-15,000 veterans per year and they help leverage tens of millions of dollars in Veterans Administration assistance for those veterans to which they are entitled. The department also files federal income tax returns for veterans and works with getting homeless veterans into permanent housing among other assistance programs. Council Member Carlucci requested a meeting with Mr. Spann to discuss the history of the Veteran's Memorial Wall. Council Member Morgan congratulated the office on the quality of the Memorial Day commemoration every year. Council Member White asked if the department has any role in helping to prevent veterans' suicides; Mr. Spann said veterans are referred to other service providers who are experts in that field.

Emergency Reserve Fund

Joey Greive said the City's goal is to build its reserve funds to healthy levels to meet potential future challenges and great progress is being made. Overall reserves have nearly tripled during Mayor Curry's term in office. The budgeted amount this year will bring the City's emergency reserve to 6% of the General Fund budget, up from 5% in recent years and at the midpoint of the adopted goal range of 5-7%. In response to a question from the Chair, Mr. Greive described the intended uses of the emergency reserve, which requires a 2/3 vote by City Council.

Jacksonville Public Library

Ms. Taylor said that after some discussion during the lunch break, it is an easy fix to shift the Board of Library Trustees Trust Fund to the General Fund.

Motion: approve the Auditor's recommendation to move the Board of Library Trustees Trust Fund 11521 to the General Fund – **approved**.

At the end of Budget Hearing 2 the Special Council Reserve stands at \$2,594,525 plus the \$3 million accounted for separately for a total of \$5,594,525.

Public Comment

Carnell Oliver said the Health Department needs to operate more primary care clinics, particularly with more state funding for more brick-and-mortar locations. Reading is extremely important. He recommends the City transform its fleet to electric vehicles. Many citizens are facing a housing crisis and that could be

addressed by tapping some of the \$200+ million City reserves to meet that emergency need. The government could step in to fill the gap to meet the needs of its citizens.

Meeting adjourned: 1:57 p.m.

Minutes: Jeff Clements, Council Research Division

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8.12.22 Posted 4:00 p.m.