



**OFFICE OF THE CITY COUNCIL
RESEARCH DIVISION**

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FINANCE COMMITTEE BUDGET HEARING #4 MINUTES

**August 19, 2022
9:00 a.m.**

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

In attendance: Council Members Aaron Bowman (Chair; dep. 9:58, arr. 12:48), Matt Carlucci, Joyce Morgan, Ju’Coby Pittman, Ron Salem (dep. 11:53), Randy White (arr. 9:29)

Excused: Council Member Kevin Carrico

Also: Council Member Nick Howland; Kim Taylor, Brian Parks, Heather Reber – Council Auditor’s Office; Paige Johnston – Office of General Counsel; Jeff Clements – Council Research Division; Maritza Sanchez – Legislative Services Division; Eric Grantham – Information Support Services; Angela Moyer – Budget Office; Brian Hughes, Charles Moreland, Leeann Krieg, Rachel Zimmer – Mayor’s Office; Joey Greive – Finance and Administration Department

Meeting Convened: 9:03 a.m.

Chairman Bowman convened the meeting and the attendees introduced themselves for the record.

All page references from this point refer to Council Auditor’s Budget Hearing #4 - Independent Agencies handout

JPA

JPA’s CEO Eric Green thanked the City Council for its continued support of and partnership with the authority in being a job and economic impact creator. The harbor deepening project is completed ahead of schedule and under budget, which is extremely rare. The proposed budget reflects intentional business decisions to build a large new facility for Southeast Toyota with state and private funding that will have a short-term negative impact on revenues as tenants are shifted and the new facility is being built out, but great long-term prospects. The authority will be making an announcement in September about a major new contract with an Asian shipping firm that is due to the harbor deepening.

Heather Reber of the Council Auditor’s Office reviewed the authority’s budget.

Motion: on p. 13 approve Auditor’s recommendation #1 to attach Revised Schedule I to increase the “Shared Revenue from Primary Govt” line under “Non-Operating Revenues” by \$21,498 from \$9,589,608 to \$9,611,106 to agree with the amount the City has budgeted to be paid to JPA and to increase the “Debt Service” line under “Non-Operating Expenditures” by \$21,498 from \$15,679,678 to \$15,701,176 in order to balance the revenues and expenditures for JPA’s budget – **approved.**

Motion: on p. 13 approve Auditor’s recommendation #2 to amend JPA’s capital budget and Capital Improvement Plan (CIP) to reflect the updated total cost of \$42,100,000 for the “Power Lines” project and update the funding sources to reflect anticipated funding from the Florida Department of Transportation (\$21,050,000) and JPA financing (\$21,050,000) – **approved.**

Motion: on p. 13 approve Auditor’s recommendation #3 to attach Revised Schedule J (Capital) to reflect the updated total cost and changed funding sources for the project mentioned above, to correct scrivener errors, and include formatting changes for consistency purposes – **approved.**

Council Member Salem noted that JPA does not have an employee incentive plan and that CEO Green is the only employee with an employment contract. He asked about the decision to take the port security function in-house rather than use an outside contractor. Mr. Green explained that the contractor was a small JSEB company that was having difficulty hiring and retaining employees to perform the functions required by JPA and federal regulations. JPA hired all 11 of those employees to continue performing the functions in-house. Council Member Carlucci asked about job creation prospects as a result of the harbor deepening. Mr. Green said the port’s economic impact study estimated creation of 7,500 direct jobs and there would also have been job losses had the dredging not been done due to losing carriers that currently serve the port. JPA is very sensitive to the potential environmental impact of dredging on the river and has worked hard on remediation. Beth McCague, CFO of the authority, said that a 5-year economic impact study of port activities will be conducted next year that will provide hard data on job creation and fiscal impact. Council Member Pittman asked Mr. Green to talk about the recent celebration held at the port to recognize Jaxport as being a leading port in the industry for female employment. At the request of Ms. Pittman, Mr. Green described the authority’s cyber security precautions.

Council Member Morgan asked for information about the JEA power line elevation project over the river at Blount Island. Mr. Green said the JPA and JEA have a good working relationship on this issue. Funding will come 50/50 from the state and JEA (via a line of credit), with possible City participation subject to further discussion. In response to a question from Chairman Bowman, Mr. Green said that both authority boards have approved a Memorandum of Agreement and are ready to move forward. He said that Jaxport currently handles 1.7 million container TEUs and he expects it will reach 2.3-2.4 million in the next 5 years.

JAA

Mark Van Loh, CEO of the Aviation Authority, said that they project 3.26 million enplanements next year, which would be the second most of all time. It’s been a difficult summer for air travel with huge increases in demand, pilot and air traffic controller shortages, and weather difficulties. The JAA’s capital budget contains \$300M for the new Concourse B construction at JIA which should be open in 2025. The TSA checkpoint area at JIA will be completely redesigned and newly equipped next year. There is lots of development taking place at JaxEx at Craig Airport. JAA has a new 5-year contract with the Jacksonville Fire and Rescue Department for firefighting and rescue service at JIA.

Chairman Bowman noted that the state and federal governments are huge contributors to the JAA’s capital projects, which is sometimes overlooked by the general public. He praised Mr. Van Loh for being an outstanding ambassador for the authority and the City of Jacksonville on the recent JaxUSA Partnership business recruiting trip to Great Britain. At the request of Council Member Pittman, Mr. Van

Loh described the Concourse B project which will add 6 new gates and numerous passenger amenities. Ms. Pittman praised JAA's customer service at JIA and thanked the authority for bringing new non-stop service via the addition of Breeze Airways. Council Member Salem praised the design of JAA's employee incentive program. He noted that JFRD now covers the entire jurisdiction of the county with fire and rescue service. Council Member Morgan praised the user-friendliness of JIA. At Ms. Morgan's request, Mr. Van Loh said that the addition of Breeze was the largest single addition of new non-stop service in the authority's history and they are adding non-stop service to Las Vegas and White Plains, NY (suburban New York City) in the very near future. At the request of Council Member Pittman, Mr. Van Loh described the authority's small business program and their cyber security precautions.

Motion: on p. 28 approve Auditor's recommendation to attach a Revised Schedule H which offers more line item detail of FY 2022/23 capital projects – **approved**.

JTA

Greg Hayes, CFO of the JTA, said the authority has a new 5-year strategic plan that was emailed to all council members last week.

In response to a question from Council Member Carlucci about Groundwork Jax and the Emerald Trail project, Mr. Hayes said JTA will have a Memorandum of Understanding finalized next week with the City and Groundworks Jax. The local option gas tax allocation to the Emerald Trail will come from the 6-cent portion of the tax. Heather Reber described the allocation of Emerald Trail funding among various funding sources in both the City and JTA budgets. Mr. Carlucci thanked JTA and the city administration for their commitment to the Emerald Trail project which will be a great asset to Jacksonville. At the request of Council Member Pittman, Mr. Hayes described JTA's efforts to serve Jacksonville's citizens during the COVID pandemic, including the Wellness on Wheels buses that took testing and vaccinations out into the community. In response to another question from Ms. Pittman, Mr. Hayes described the agency's Disadvantaged Business Enterprise program which has experienced great success. He noted that JTA is assessing the future of its fleet to meet the national standard for non-polluting vehicles by 2050 and is in the process of purchasing a number of electric buses to help meet that goal. Mr. Hayes also described the authority's cyber security program.

Motion: on p. 93 approve Auditor's recommendation #1 to attach Revised Schedules O, P, Q, and R to reflect the following changes:

- a) increase the "Local Option Gas Tax" revenue under Bus on Schedule O by \$1,005,953 from \$14,878,344 to \$15,884,297 to bring JTA's budget in agreement with the City for this revenue stream.
- b) increase the "Net Sales Tax – Operating" revenue under Bus on Schedule O by \$6,349,975 from \$89,500,560 to \$95,850,535 to bring JTA's budget in agreement with the City for this revenue stream.
- c) increase the "Contingency" expenditure line under Bus on Schedule P by \$7,355,928 from \$1,203,713 to \$8,559,641 to balance JTA's revenues and expenditures.
- d) decrease the "City of Jacksonville (Paratransit Contribution)" revenue under Connexion on Schedule O by \$78,179 from \$1,735,395 to \$1,657,216 and increase the "Federal, State, & Local Grants" revenue under Connexion on Schedule O by \$78,179 from \$1,760,175 to \$1,838,354 to bring JTA's budget in agreement with the City for this revenue stream and balance JTA's revenues and expenditures.
- e) increase the "Local Match (JTA)" revenue line under Bus on Schedule Q by \$1,096,448, from \$2,106,552 to \$3,203,000 and increase the "Ultimate Urban Circulator (U2C), Planning" expenditure line under Bus on Schedule R by \$1,096,448 from \$3,457,104 to \$4,553,552 to balance JTA's Capital Budget under the Bus Division.

- f) increase the “Local Match (JTA)” revenue line under General Fund on Schedule Q by \$280,342 from \$12,553,111 to \$12,833,453 and increase the “Miscellaneous Construction Projects” expenditure line under General Fund on Schedule R by \$280,342 from \$12,553,111 to \$12,833,453 to balance JTA’s Capital Budget under the General Fund.

The motion was approved.

Motion: on p. 93 approve Auditor’s recommendation #2 to amend the Budget Ordinance language related to JTA to reflect revised schedules and a revised sales tax revenue budget amount of \$98,850,535 – **approved.**

In response to a question from Council Member Salem, Mr. Hayes said their employee incentive program is the same as last year. Mr. Salem asked when the new second Mayport ferry will come online. Mr. Hayes said a feasibility study about what kind of vessel is needed will start next year. The current ferry will be hauled out this winter for its Coast Guard-mandated periodic inspection.

Council Member Morgan asked about the future of the Skyway. Mr. Hayes said the JTA is investing what is needed to keep it running for now until the Ultimate Urban Circulator (U2C) opens. Phase 1 of the Skyway replacement will happen when U2C opens by 2025; Phase 2 to retrofit the Skyway guideway structure for autonomous vehicles is in planning. The Skyway’s annual operating cost is \$5.3 million for next year, which includes purchases to stockpile needed replacement and maintenance parts. The system has been fare-free for a number of years. Council Member Pittman asked about what is planned for Jaguars games. Mr. Hayes said the Jaguar Express shuttles will be scaled back somewhat because of all the construction in the stadium area and will ramp up again to full service next season. In response to another question from Ms. Pittman asked about grants received, Mr. Hayes said JTA has been very successful in getting federal discretionary grants for vehicles and service expansion. He noted JTA has just hosted one and will soon be hosting a second international conference on the future of transportation technology

Council Member Morgan said that JTA’s employee incentive program appears very detailed. Mr. Hayes said that JTA is fairly unique in the transit industry in having a portion of employee pay be based on performance and safety metrics which were negotiated with the three unions rather than uniform salaries based on position classification.

JEA

JEA’s Chief Operating Officer Raynetta Marshall gave opening remarks about the authority’s budget highlights. The authority’s bond ratings have recently been upgraded and their J.D. Power customer satisfaction ratings have improved. The septic tank phase-out project is moving along nicely with some projects underway and others in the planning stage. Ms. Marshall introduced management team members in attendance.

Council Member Morgan asked about the future of the nuclear Plant Vogtle as part of JEA’s generating options. Ms. Marshall said they are hopeful that the plant will come online next year and increase JEA’s non-carbon generating portfolio. Joe Orfano, Vice President for Finance, said the authority was excited to hear that fueling of Unit 3 has been approved to begin later this year, possibly as early as October, which means that energy production could begin as early as next spring. In response to a question from Ms. Morgan about the impact on JEA customer bills, Mr. Orfano said that the Plant Vogtle costs are baked into the planned rate increase for next year. Given the current high cost of natural gas, nuclear power should be competitively priced when the plant begins generating.

Council Member Salem noted that Mr. Stowe is the only JEA employee with an employment contract. He noted that JEA is adding a lot of new employees and asked how many of those are replacing current contract employees. Ms. Marshall said a portion of them are replacing contract employees and the others are staffing up the water and sewer operations due to new facilities being added and the need to grow staff to keep up with service demands. Mr. Salem asked for more detail on total true new employees being added versus reduction in contract employees. Mr. Salem asked about the \$25 million in the CIP for septic tank phase-out work. Ms. Marshall said that amount will fund the projects currently underway in the next year. Mr. Salem asked about any City participation in litigation against MEAG, the owner of Plant Vogtle. Jody Brooks, Chief Administrative Officer, said that was settled a couple of years ago so JEA is not in litigation. Other MEAG parties are litigating against each other. Ms. Brooks revised her earlier statement to say that the City is involved in some minor litigation.

Council Member Pittman asked about the new JEA headquarters and what will happen to the current headquarters buildings. Ms. Marshall said they anticipate moving into the new building in the last quarter of this year. There will be a combination of permanent offices and open reservable spaces to accommodate different employee working styles. The board is analyzing what to do with the 2 existing buildings. Ms. Pittman asked how JEA is preparing for greater use of solar power. Ms. Marshall said the authority has been working for the last 9 months on their Electric Integrated Resource Plan to determine JEA's future energy generation needs. That will be finished by next March and determine what the energy portfolio for the next 30 years looks like. It will be updated every 5 years or so thereafter. Ms. Pittman asked how inflation is affecting the septic tank remediation project. Ms. Marshall said supply chain and price inflation are problems as they are for any kind of project, so they're looking for possible less expensive alternatives such as vacuum systems.

Ms. Pittman asked about JEA's cyber security precautions. Ms. Marshall said they have a team that works on that and they also use outside consultants. In response to a question from Ms. Pittman about JEA's use of JSEB companies, Ms. Marshall said they include a JSEB component in all project documents and reach out to the minority business world to recruit participants. They will be holding a JSEB conference in 2 weeks to introduce JEA procurement opportunities and have implemented computer software to collect and analyze JSEB availability in the marketplace to better identify and connect with JSEBs. Council Member Carlucci said he hears from constituents about the desire for different billing options. Mr. Orfano said they offer 12 month rolling average bills that don't vary so much month by month. Ms. Pittman asked if JEA could publicize the Clerk of the Courts' property fraud prevention web site in JEA bill stuffers to inform the public about the availability.

All page references from this point refer to Council Auditor's Budget Hearing #4 handout

Downtown Vision Inc.

Jake Gordon, CEO of DVI, said the investments the City and DIA have been making in downtown over the past several years are leading to great improvements. DVI is working on its new headquarters project in the City Hall/Main Library parking garage. The assessed value of covered downtown properties is down fractionally from last year.

In response to a question from Council Member Pittman, Mr. Gordon talked about the impact of the expansion of DVI's boundaries and the expansion of the ambassador program to new areas in LaVilla and Brooklyn which has been very successful to date. They are constantly talking to constituents about how they can serve their needs. Ms. Pittman commended the organization on doing its own fundraising. Mr. Gordon said downtown stakeholders have been very generous in sponsoring events.

The committee was in recess from 11:53 a.m. to 12:48 p.m.

Downtown Investment Authority

Lori Boyer, CEO of the DIA, gave an overview of the authority's operations and budget. Over 56% of the DIA's budget is paid by the downtown CRA tax increment district revenues. Downtown is seeing more parking utilization as the COVID pandemic eases and people return to downtown both for work and for recreation. Public Parking is purchasing handheld license tag readers for parking enforcement officers and handheld devices for taking credit card payments at parking garages. Reimbursement draws have begun on the River's Edge project and \$3.3M has been paid out of the \$23M total City obligation. The MPS garage settlement has provided a \$3M savings to the City in the proposed budget.

Council Member Carlucci asked about the timing of the payout of DIA incentive commitments; Ms. Boyer said the payments are triggered by the completion of construction. Council Member Pittman asked if DIA has considered the development of an aquarium as a downtown attraction. Ms. Boyer said they DIA board recognizes the desirability of downtown attractions but has been concentrating initially on public park improvements and the relocation of the MOSH to the Northbank. To date they have not seen an aquarium proposal that projects to be financially self-sustaining. Chairman Bowman suggested the need to calculate the return on investment that downtown projects generate in comparison to the amount of incentives paid out. He asked Ms. Boyer to think about ways to show the benefits that are generated by the incentives being provided. In response to a question from Council Member Pittman, Ms. Boyer said the scooter project is not an activity of DIA but she knows that an RFP for operators has been issued.

Public Parking

Chairman Bowman said he will be requesting a budget enhancement of \$400,000 to continue the parking discount for City employees in City facilities due to the current inflationary period. Ms. Boyer said that the employee discount poses difficulties for DIA's attempt to use variable demand pricing to influence employees to shift their parking to under-utilized garages from high-demand garages where there are waiting lists for spaces by full-paying users.

Tax Increment Districts

Downtown Northbank

Motion: on p. 12 approve Auditor's recommendation #1 to correct the authorizing language for the Vista Brooklyn REV grant from 2012-703 to 2017-101 as amended by 2021-311 – **approved**.

Motion: on p. 12 approve Auditor's recommendation #2 to decrease MPS Garage Revenue by a total of \$850,000 (\$300,000 Sports Complex, \$250,000 Adams Street, \$275,000 Courthouse); offset by a reduction in expenditures of \$850,000 (\$325,000 Sports Complex, \$200,000 Adams Street, \$350,000 Courthouse) – **approved**.

Chairman Bowman asked about the expiration dates of the downtown CRAs; Ms. Boyer said 2041 (Southbank and Northbank West) and 2045 (Northbank East). In response to a question from Council Member Carlucci, Ms. Boyer said that she had recently met with the owner of the Laura Street Trio properties who said he has just acquired a funding commitment for a slightly revised project which should be coming to DIA for review and incentive revisions later this year.

Downtown Southbank

Motion: on p. 15 approve Auditor's recommendation to update Schedule V to properly reflect the Southbank Apartment Venture as a REV Grant, authorized by Ord. 2018-658-E – **approved**.

In response to a question from Council Member Morgan, Ms. Boyer provided details on the development of the River's Edge public improvements which are well underway. It appears that CRA revenues will provide sufficient funding to pay developer draw requests for the next couple of years. In response to a

question from Chairman Bowman about the River City Brewing replacement project, Ms. Boyer said that it has been determined that the City needs to replace the river bulkhead in that area before the vertical building construction begins.

JIA CRA

Kirk Wendland of the Office of Economic Development noted that this is the last year of this CRA, which expires in September of 2023.

Motion: on p. 19 approve Auditor's recommendation #1 that the funding for Farm Share, Inc. (\$260,984) be moved to Unallocated Plan Authorized Expenditures; separate legislation will be introduced to enter into an agreement with Farm Share, Inc. that will include a budget transfer from Unallocated Plan Authorized Expenditures – **approved.**

Motion: on p. 19 approve Auditor's recommendation #2 to remove the First Coast High School Pool Project since it does not fall within the boundaries of the CRA; this will be offset with an increase to the Unallocated Plan Authorized Expenditures – **approved.**

In response to a question from Council Member Pittman, Mr. Wendland said that the \$260,000 is for a year's rent for Farm Share. To the best of his knowledge the organization is no longer seeking to acquire a new building.

King-Soutel CRA

In response to a question from Council Member Pittman, Mr. Wendland said that there will not be new revenue coming to this account from the new hotel currently under construction in the CRA until the building is completed and occupied.

Renew Arlington CRA

Council Member Morgan thanked the OED for their hard work on making improvements in the Arlington area.

Office of Economic Development

Mr. Wendland said projects completed during Mayor Curry's term have created 11,500 direct jobs and \$2.8B in direct capital investment, with a high leverage ratio of 18:1 private/public dollars. The OED has awarded 66 façade grants totaling \$425,000 as well as granted \$624,000 to small business septic tank phase-outs. Council Member Morgan asked if the façade grant program could be geographically expanded. Mr. Wendland said that they had not thought about expansion but will need to be asking for additional funding because the fund is just about fully expended.

Cecil Commerce Center Fund

Mr. Wendland said that this activity is funded via property sale revenues and a participation agreement with Hillwood Properties which manages the area; it has never sought General Fund resources.

The committee was in recess from 1:57 to 2:09 p.m.

Neighborhoods Department

Chiquita Moore, Operations Director of the Neighborhoods Department, said that Jacksonville was one of the few jurisdictions in Florida to receive second round funding for the federal COVID Emergency Rent Assistance Program because of the speed and efficiency with which the initial funding was expended. The department was a lead agency in the City's effort to deal with the COVID pandemic.

In response to a question from Council Member Pittman, Ms. Moore said there are more people in the queue requesting hurricane-related home repairs than there is funding to meet those needs. Ms. Pittman said she would provide contact information for the Northeast Florida Builders Council which has a program to provide assistance to repair such damage.

Mosquito Control – State

Randy Wishard, Chief of Mosquito Control, said the mosquito situation is very heavily dependent on rainfall. Lots of rain means lots of complaint calls which must be addressed which then puts regular prevention activities behind schedule.

Council Member Morgan said that it's important for the Council and the general public to recognize the good work that City employees, such as in the Neighborhoods Department, do every day. They are vital to the functioning of the City and everyone should recognize and honor that work.

Spay and Neuter Trust Fund

Ms. Moore said that Animal Care and Control is seeing a substantial increase in the number of animals being turned in to the shelter as a result of the combined effects of the COVID pandemic and the current high inflation rate. Jennifer Walters, Chief of Animal Care and Control, said that the City's contract with the Jacksonville Humane Society is invaluable in helping the City to maintain its shelter as a "no kill" facility by them taking the animals that the City doesn't have space to house.

Housing Finance Authority

Tom Daly of the Neighborhoods Department briefly described the work of the authority and described the cost increases in the budget, which are due to loan payoffs.

Motion: on p. 44 approve Auditor's recommendations #1 and 2 to: 1) adjust the note on the bottom of schedule N to reflect the new salary allocation percentages mentioned in the proposed budget ordinance of 20% of the Chief of Housing position, 25% of the Director of Finance position, and 55% of the Finance and Compliance Manager Position, and 2) authorize staff to correct account names on the schedule – **approve**.

Wrap-up

Chairman Bowman reviewed the hearing schedule for next week. There will be a hearing on Tuesday because the Council meeting will be moved to Wednesday due to the state primary election on Tuesday. He urged the members to review the CIP documentation and be prepared for a long and robust discussion.

Public Comment

Carnell Oliver said that the \$73 million of federal ARP funding being set aside for the next mayor's discretion could be used for affordable housing purposes now. He has sent an email to all council members urging that something be done about affordable housing. More people in good housing will generate more tax dollars for the City.

Meeting adjourned: 2:40 p.m.

Minutes: Jeff Clements, Council Research Division

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8.19.22 Posted 5:00 p.m.