



**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 #5 MINUTES

**August 23, 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, Ju’Coby Pittman (arr. 9:10), Ron Salem, Randy White

Also: Council Member Michael Boylan; Kim Taylor, Brian Parks, Heather Reber – Council Auditor’s Office; Paige Johnston, Mary Staffopoulos – Office of General Counsel; Jeff Clements – Council Research Division; Barbara Hobson – Legislative Services Division; Eric Grantham – Information Support Services; Angela Moyer – Budget Office; Brian Hughes, Leeann Krieg, Rachel Zimmer – Mayor’s Office; Joey Greive, Theresa Eichner – Finance and Administration Department; John Pappas – Public Works Department; Chief Keith Powers – Fire and Rescue Department; Daryl Joseph – Parks, Recreation and Community Services Department

Meeting Convened: 9:00 a.m.

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

Mr. Bowman said that an email was circulated yesterday offering council members a final opportunity to make any enhancement requests for consideration at the end of the hearing process, which he hopes will reflect the Council’s strategic plan and the needs of all the citizens. He noted that the Council Auditor will have recommendations at the Thursday meeting that would utilize about \$800,000 from the Special Council Contingency fund.

Council Member Salem talked about an article in the *Florida Times-Union* over the weekend that discussed legal fees being paid by a JEA insurance policy for two former authority executives related to their defense against federal fraud and conspiracy charges. Chairman Bowman said he would ask JEA representatives to come back to the Friday wrap-up meeting to discuss the payment of these legal fees. Council Member Boylan, the Council’s liaison to JEA, said he will follow up with JEA management as well.

All page references from this point refer to Council Auditor’s Budget Hearing #5 handout

Debt Affordability Study

CFO Joey Greive introduced the Debt Affordability Study which includes the proposed CIP borrowing for FY22-23. He said the City's finances are very strong, including a reduction of outstanding debt by over \$560M during Mayor Curry's administration and about \$290M in debt has been refinanced, saving \$230M in net present value on debt service.

Paul Barrett, City Treasurer, reported that all of the adopted debt ratios are within their target minimum/maximum ranges. There may start to be some pressure on the ratios beginning in FY26/27, but that is based on very conservative projections and there are options to deal with that should it occur. The City's underlying bond rating is AA, and was recently upgraded by Moody's on both its general obligation and revenue bonds because of higher reserve funds, pay-down of existing debt, the strength of City management, and resiliency preparations. Mr. Barrett noted that Jacksonville's millage rate is in the middle of the pack for the 10 largest cities in Florida. The projected debt outstanding as of September 30, 2022 is \$2,068,797,000, comprised of General Government and Enterprise Fund debt of \$1,158,953,000 and Better Jacksonville Plan debt of \$909,844,000. The pattern of paying off more debt than is issued will continue for the next 5 fiscal years. He explained Jacksonville's practice of borrowing only when necessary to reimburse already-expended capital funds over a course of several years.

In response to a question from Council Member Salem, Mr. Barrett said that the targets and ratios were adopted by City Council via ordinance. Mr. Salem asked who is involved in the decision to refinance debt; Mr. Greive said it is decided by the City's internal financial team in consultation with its financial advisor PFM Financial Consultants. In response to a question from Chairman Bowman about how Jacksonville's bond ratings compared to other Florida cities, Mr. Greive said that they would research that and report back but there are very few AAA-rated cities. Council Auditor Kim Taylor said that the debt affordability ratios were codified in 2015 and are to be reviewed and re-adopted every 5 years. That was not done in 2020. Mr. Greive said that the administration does not recommend any changes in the ratios/ranges and will bring that back to the Finance Committee for re-adoption in the next month or two.

Debt Management Fund

Motion: on p. 7 approve Auditor's Recommendation #1 that the removal of excess capacity on schedule B4 for Fleet Replacement be decreased from \$36,945,204 to \$0, JaxPort Dredging (Ord 2020-377-E) be increased from \$28,139,012 to \$30,839,012, and JPA Obligation - JaxPort Dredging (Ord 2020-377-E) be decreased from \$5,000,000 to \$2,300,000; this will require an adjustment to Long Term Debt Issued revenue and Loans expense by a net of \$36,945,204 – **approved**.

Motion: on p. 7 approve Auditor's Recommendation #2 that the FY 2022/23 Payment on the B4 Schedule for JPA Obligation- JaxPort Dredging (Ord 2020-377-E) be reduced from \$12,006,000 to \$0, to be consistent with the recommendation in meeting 1 to remove the payment since the bridge loan will be paid off in FY 2021/22 – **approved**.

Capital Improvement Plan

Heather Reber of the Council Auditor's Office reviewed the CIP projects and financing. She noted that the CIP book does not contain the required listing of projects not lapsed due to difficulties with the ICloud financial management system, so that requirement is waived by the budget ordinance. All targets and minimums for capital improvement spending set by Ordinance 2015-428 E will be met.

CAO Brian Hughes described the process by which this year's CIP was assembled by the administration, which starts in January of each year for the budget presentation in August. Each department makes presentations to an administrative committee about projects underway and needed in the future and presents estimated costs. The Finance Department and Mayor's Office look at the debt ratios, projected

revenues, etc. to craft a plan to present to the Council in July. The project is methodical and well thought out and is based on a combination of citizen input (via complaints/requests to the CARE system), departmental needs, City Council requests, the CPACs, Ordinance Code requirements, and other sources. Mr. Hughes said that a combination of cost savings from pension reform, prudent management and a booming economy have produced a very robust CIP for next year. Highlights include septic tank phase-outs, roadway and pedestrian infrastructure, public safety (new fire stations), resiliency projects (drainage, bulkheads, etc.), park improvements (both citywide and district-specific), and public buildings improvements.

In response to a question from Council Member Salem about how venue projects are evaluated and added to the CIP, Mr. Hughes said that venues managed by ASM Global are evaluated constantly and they are in constant contact with City officials. Non-ASM facilities (i.e. Florida Theatre) subject to lease agreements are evaluated based on continuing dialogue between the tenant and the City about facility needs and shared funding opportunities to achieve the “best bang for the buck”. Chairman Bowman said that the City’s major infrastructure investments make Jacksonville an attractive economic development prospect because it shows a progressive, forward-thinking city investing in its future. Mr. Bowman asked Mr. Hughes for his perspective on the upcoming mayoral transition in 2023 and how that impacts on future years of the 5-year CIP. Mr. Hughes said he hoped that the CIP development process he described earlier would be seen by the next administration as well thought out and reasonable and worthy of continuation. Good management by the Curry administration has left City finances in good shape for the next mayor to build on.

In response to a question from Council Member Carlucci about a project on Apache Road, Public Works Director John Pappas said that there is a project on the Council District 14 CIP project list. Council Member Pittman asked about an Angel Lakes community project; it will be discussed in the District 8 project list.

Motion: on p. 17 approve Auditor’s recommendation #1 to update the funding source name “Local Option Gas Tax” to “Local Option and Constitutional Gas Taxes” on the 1-year and 5-year schedules – **approved.**

Motion: on p. 17 approve Auditor’s recommendation #2 that the CDBG funding approved by Ordinance 2022-362-E for three projects – Roadway Resurfacing, Cuba Hunter Skateboard Park Replacement, and Main Library 4th Floor Carpet Replacement) be included on the 5-year schedule; this will show the entire funding amount for the project in fiscal year 2022/2023 – **approved.**

Motion: on p. 17 approve Auditor’s recommendation #3 to include the American Rescue Plan Act funds of \$25,000,000 for the Water/Wastewater Fund for septic tank phase out in year one on the 5-year schedule; this will include the project and the funding amount for fiscal year 2022/2023 in the CIP – **approved.**

Motion: on p. 17 approve Auditor’s recommendation #4 to include the FIND Grant projects on year one of the 5-year schedule and change the funding source name to FIND Grants, which include the grant funding and the City’s match amount. The City’s match amount (\$2,070,000) will be appropriated through Schedule B1-C and the grant amount (\$1,725,000) will be approved by MBRC once the grants are awarded to the City – **approved.**

Motion: on p. 18 approve Auditor’s recommendation #5 to remove the Homeland Security Narcotics & Vice Building project from the CIP as the Sheriff’s Office has decided to lease a building instead of constructing a new building and the lease is budgeted in the Sheriff’s Office budget. This will reduce debt funding by \$1,500,000 for fiscal year 2022-23 – **approved.**

Motion: on p. 18 approve Auditor’s recommendation #6 to remove the AIPP allocation for the Homeland Security & Vice Building in the amount of \$11,250 and increase the AIPP allocation for the Brentwood Branch Replacement by \$61,417 and the Oceanway Center – Oceanway Library Replacement by \$28,125 for a net increase of \$78,292 as a result of removing the Homeland Security & Vice Building project from the CIP and the other two projects inadvertently not being including as part of the calculation. This will increase the Transfer-in from the General Fund/GSD and have a negative impact to special council contingency of \$78,292 – **approved.**

Motion: on p. 18 approve Auditor’s recommendation #7 to correct the project names for several projects on the 1-year schedule, 5-year schedule and project information sheets in the CIP book as follows:

Current Project Name in CIP	Recommended Name
Northbank, Liberty St. Basin	Liberty Street Marina
Cuba Hunter	Cuba Hunter Skateboard Replacement
Thomas Creek	Thomas Creek Trailhead
Exchange Club Park	Exchange Island - Dev Design

The motion was approved.

Motion: on p. 18 approve Auditor’s recommendation #8 to correcting the project numbers for the following projects: Fire Station #36; Bowden Road Bicycle Lane; Fire Points Project – Improvements; Exchange Club Park – **approved.**

Motion: on p. 19 approve Auditor’s recommendation #9 to correct the appropriation amount for the project Sidewalk – Curb Construction and Repair; reduce amount from the General Capital Projects fund by \$12 going from \$211,151 to \$211,139 and keep the total project funding at \$6,000,000; increase the Debt Management Fund by \$12 – **approved.**

Motion: on p. 19 approve Auditor’s recommendation #10 to correct the appropriation amount for the project Cecil Field Master Plan – Phase II by reducing the amount from the Park Maintenance and Improvement fund by \$98 going from \$78,500 to \$78,402 and to keep the total project funding at \$500,000 by increasing the Debt Management Fund by \$98 – **approved.**

Motion: on p. 19 approve Auditor’s recommendation #11 to correct the project information sheets in the CIP book to update Council Districts for some projects and project numbers as shown on pp. 19-23 of the Auditor’s Handout – **approved.**

Motion: on p. 23 approve Auditor’s recommendation #12 to removing three projects - College Street Bicycle Boulevard, Southside Blvd-Belfort Rd-JTB Trans Impr, and Traffic Signalization – Enhancements from the 5-year schedule as there is no funding included on the 5-year schedule for those projects

In response to a question from Council Member Morgan about the lack of funding for these three projects, Theresa Eichner explained that one project was already completed, another was accidentally listed twice, and the other was funded via another project.

The motion was approved.

Motion: on p. 23 approve Auditor’s recommendation #13 to correct the Previous Funding amounts on the 5-year General Capital schedule, the 5-year Stormwater schedule, and the project information sheets in the CIP book to reflect the correct total cost for each project – **approved.**

Motion: on p. 23 approve Auditor’s recommendation #14 that actual revenues earned in previous years be appropriated where applicable instead of using Transfers from Fund Balance – **approved.**

Motion: on p. 24 approve Auditor’s recommendation #15 to include explanations for project delays or substantial changes in the CIP book for 13 projects listed on p. 24 of the Auditor’s Handout – **approved.**

Motion: on p. 24 approve Auditor’s recommendation #16 that the First Coast High School Pool Project be reflected in the Capital Improvement Plan since funding of \$3,550,910 is being moved from a contingency into Other Construction costs and being added to \$500,000 that was appropriated in FY 2021/22; also approve the administration’s request to show the remaining funding of \$4,449,089 needed for the project in FY 23/24 of the Capital Improvement Plan – **approved.**

Motion: on p. 24 approve Auditor’s recommendation #17 to authorize the Auditor’s Office and the administration to adjust project names, project numbers, and prior years funding amounts for schedule presentation purposes as necessary for continuity – **approved.**

In response to a question from Council Member Carlucci regarding the \$50M in resilience projects over the next 5 years, Anne Coglianese, the City’s Chief Resilience Officer, said that several studies are underway that will determine how those funds will be spent on a well thought out, comprehensive strategy based on solid research and data to identify the most important needs.

Chairman Bowman proposed an amendment to the budget ordinance (2022-504) in the Miscellaneous Provisions section providing that the City Council will determine the future use of the \$500,000 in the CIP listed as “Confederate Monument Removal” after a period of community engagement, and to change the name of that project in the CIP to “Confederate Monument Removal, Relocation, Remaining, or Renaming Determined by Council Following a Period of Community Engagement”. In response to a question from Council Member Carrico about what would happen to the funds should the Council decide that the monuments would stay in place, Ms. Taylor said that the funds are proposed to be borrowed and if the project does not proceed then no borrowing will take place.

Motion (Salem): approve the Bowman proposed amendment as distributed – **approved 6-1** (Carlucci opposed).

Council Member Salem asked about the allocation of funds for multiple library roof replacements in FY26-27. Public Works Director John Pappas explained the process of evaluating roof conditions and remaining lifespans and budgeting for replacement when the need is expected. Council Member Morgan said she would be reporting a potential problem with the Regency Square Regional Library roof that she learned about at a town hall meeting last night. Chairman Bowman introduced Ken Babby, owner of the Jacksonville Jumbo Shrimp, to discuss the CIP project for a \$10M program of improvements planned for 121 Financial Ballpark. Mr. Babby explained that the Jumbo Shrimp have a lease through 2040 and have a long-term agreement to be the AAA affiliate of the Miami Marlins. The stadium will be 25 years old next season and a detailed study, done in conjunction with Major League Baseball, identified a set of mandatory improvements needed to meet MLB standards for a Triple A ballpark. In response to a question from Council Member Carrico, Jumbo Shrimp General Manager Harold Craw said that the stadium hosts 75 home games per year and plus another 20-30 non-baseball events.

The committee was in recess from 11:01 to 11:15 a.m.

Council Member Carlucci distributed a handout with a proposal for addressing deferred maintenance issues at the Jacksonville Performing Arts Center, starting with replacing the 25-year-old roof and older HVAC system and the fire alarm system, to be paid for with debt financing. Brian Hughes said the administration prioritizes all the potential uses of CIP funds and works hard to develop a fiscally responsible plan that meets the most important needs. He said the Jacksonville Symphony is the primary tenant of the building and controls the use of all the facilities in the building. The City and the Symphony Association currently have a lease that gives the symphony the right to develop and keep revenues for naming rights for internal facilities, while the City retains the rights to naming for the exterior of the building. Since that lease took effect in January 2022, the City has yet to receive financial information required by that lease regarding the symphony's naming rights agreements and is reluctant to undertake a large-scale renovation project without having better cooperation and potentially a financial contribution from the lead tenant. The City recognizes the maintenance needs at the Performing Arts Center and is addressing them appropriately pending a better resolution with the symphony over how to proceed jointly to address a permanent solution.

Mr. Carlucci said that the building has a leaking roof and internal systems from the early 1960s that need to be brought up to modern standards to protect the City's investment in the building and provide a good experience for event attendees. Mr. Hughes said that the City would never allow the public to use an unsafe building and maintenance items are dealt with as they arise. The administration is fully supportive of making the needed upgrades at the Performing Arts Center but wants to do so in the context of a sensible partnership deal with the Symphony Association and a naming rights agreement in a fiscally responsible way that protects the taxpayers. Council Member Salem cautioned against setting a precedent for making major changes in the CIP during the budget hearing process and said the council can amend the CIP to approve the needed work at any time. He recommended that the Council urge the administration and the symphony to resolve their differences and bring a mutually agreeable proposal to the council. Mr. Carlucci reiterated that his concern is about protecting a valuable City-owned asset, regardless of the current state of relations with the tenant. Chairman Bowman said he has had discussions with several symphony board members and urged them to meet with the City and resolve the differences so that needed work can move forward. Mr. Bowman questioned why the City Council has to pay rent to utilize the facility for the City Council installation ceremony.

Motion (Carlucci): approve an amendment to the CIP to allocate \$9,785,000 in debt proceeds to Jacksonville Performing Arts Center critical needs (roof replacement/waterproofing - \$5.5M; HVAC - \$3.72M; fire system - \$565,000) – **the motion died for lack of a second.**

The committee was in recess from 11:59 a.m. to 12:48 p.m.

In response to a question from Chairman Bowman, Mr. Hughes confirmed that the \$5M CIP contribution to the Jacksonville Zoo is a dollar-for-dollar match of funds raised by the zoo.

Public Works Director John Pappas introduced his management team members in attendance. He noted that the stormwater utility CIP list includes a new stormwater project for Pottsburg Creek and funds drainage system rehab for work citywide. The solid waste CIP list includes construction of a new cell at the Trail Ridge Landfill which is just underway and a new leachate evaporator system that will reduce the costs of trucking and disposal of collected leachate. In response to a question from Mr. Bowman, Mr. Pappas said that Trail Ridge has probably 30 years of useful life left.

Fire Chief Keith Powers described how the department determines where to locate new fire stations, which is largely based on a consultant study done every 5 years to analyze population growth patterns,

run volume, response time and ISO ratings. The next new stations will be on Lannie Road and New Berlin Road. The number of 9-1-1 calls is increasing by 4-5% per year.

Ms. Reber reviewed the CIP project lists for each of the 14 council districts, noting any project additions or subtractions and changes in project years and amounts.

District 4

In response to a question from Council Member Carrico, Parks and Recreation Director Daryl Joseph said that the Pottsburg Creek boat ramp project shows \$660,000 for design work next year funded by a FIND grant; construction will likely take place the next year. Mr. Carrico asked for details on the Belfort Road widening project which John Pappas provided.

District 7

In response to a question from Chairman Bowman about the Bay Street Technology Corridor, Brian Hughes said the project is driven by the JTA. The City's only real participation is related to right-of-way issues. Lori Boyer, CEO of the Downtown Investment Authority noted that the City got a grant for installation of automated flood sensors and is also installing a substantial amount of dark fiber along Bay Street. Mr. Hughes said that the Hart Bridge Expressway project included installation of conduit for fiber optics that will serve the Technology Corridor project in the Sports Complex area. Council Member Morgan asked for additional information at the wrap-up meeting to distinguish District 7 CIP projects that benefit large institutions and downtown investors versus those that benefit the residents of the district.

District 8

Mr. Hughes said that the \$6M allocation in the Beyond 5 Years category for an Angel Lakes sidewalks and drainage project is a very speculative project that needs more work to flesh out and develop a full scope of work and cost estimate. A road resurfacing project planned for the area should help to determine what is needed in that area and develop a more realistic cost.

District 10

In response to a question from Council Member Salem, Mr. Joseph described the Jacksonville Heights Elementary School project which involves playground improvements at a school which has a joint use agreement with the City.

Wrap-up

Chairman Bowman reviewed the schedule for the remaining hearings on Thursday and Friday. Friday's meeting will consist of a wrap-up of any outstanding items followed by the discussion of enhancement requests for use of the Special Council Contingency.

Public Comment

Pat Geer expressed satisfaction with the renaming of the Confederate Monument Removal project in the CIP. He brought pictures from a 1991 report on what Springfield Park used to look like in its heyday and said it has the potential to be restored to its glory. He advocated for leaving the Monument to the Women of the Southland in place and for maintaining all parks to an acceptable level.

Blake Harper thanked the committee for changing the name of the Confederate Monument Removal project and for keeping open the path for considering the future of Confederate monuments, including keeping and re-contextualizing monuments rather than removing them. Two mayoral study commissions have recommended that option.

Carnell Oliver said that the Mayor should follow through on his commitment to remove Confederate monuments. The CIP is all about economic development. Jacksonville's growth is straining public

services. He advocated for creating tax increment districts that would capture a portion of tax dollars in generated in specific geographic areas to address localized problems. There is not enough equity in infrastructure in Jacksonville.

The Special Council Contingency stands at \$5,383,794 to the positive at meeting's end.

Meeting adjourned: 1:50 p.m.

Minutes: Jeff Clements, Council Research Division

jeffc@coj.net 904-255-5137

8.23.22 Posted 5:00 p.m.