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FINANCE COMMITTEE BUDGET HEARING #6 MINUTES

**August 25, 2022
9:00 a.m.**

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

In attendance: Council Members Aaron Bowman (Chair), Matt Carlucci (arr. 9:08), Kevin Carrico (arr. 9:02), Joyce Morgan, Ju’Coby Pittman, Ron Salem, Randy White

Also: Council Members; Kim Taylor, Brian Parks – Council Auditor’s Office; Paige Johnston, Mary Staffopoulos – Office of General Counsel; Jeff Clements – Council Research Division; Barbara Hobson, Stephen Libby – Legislative Services Division; Eric Grantham – Information Support Services; 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.

Chairman Bowman convened the meeting and the attendees introduced themselves for the record. The Chairman announced that lunch would be provided to the committee tomorrow so that the final budget hearing can continue without interruption in hopes of being done in the early afternoon.

All page references from this point refer to Council Auditor’s Budget Hearing #6 handout

Mayor’s Office

Brian Hughes said that the budget reflects a reduction of several positions in the office for the final year of the Curry administration as they “clear the decks” for the new mayor to develop their own team next year. Council Member Salem asked for more details on the 6 positions being eliminated which Mr. Hughes provided. At the request of Council Member Pittman, he discussed the transition process to the next administration.

Advisory Boards and Commissions

Chairman Bowman asked if all of these boards and commissions would carry forward to the next administration or would expire at the end of Mayor Curry’s term. Mr. Hughes said that most boards and commissions are established by the Ordinance Code. Council Member Morgan asked for more information about which boards are permanent versus at the discretion of the current mayor.

Employee Services Department

Diane Moser, Director of the Employee Services Department, introduced her management team and said that they are still dealing with impacts of the COVID pandemic and its effects on employees. She noted that this will be the eighth year that employee health insurance premiums have not increased.

Council Member Pittman asked about funding for employee training apart from the tuition reimbursement program. Ms. Moser said that the City is going to more on-line training options rather than in-person. The department does training specific to departmental needs when asked. Chairman Bowman thanked Ms. Moser for her department's excellent service during the Council's hiring process for several management positions. In response to a question from Mr. Bowman, Ms. Moser said that employees utilizing tuition reimbursement must take classes on their own time.

Wellness Fund

Council Member Morgan asked about usage of the program since the change from one wellness program to another and whether a survey was taken of City employees to ask if they had a preference. Ms. Moser said there was no noticeable change in usage level between one program and the other. The current Better You program is somewhat less sophisticated than the former Go365, but the operator of the current program (Florida Blue) is open to making improvements. She noted that the current program costs \$200,000 less than the former program. In response to a question about any plans for a fitness center in City Hall, Brian Hughes said that the current administration has no plans in that regard. Mary DiPerna, Chief of Compensation and Benefits, said that the City has discount membership programs with the YMCA and Bailey's Gym. Mr. Hughes said that the Fire and Rescue Department has dedicated fitness resources for its employees due to the nature of their jobs and that there are liability considerations if the City operates its own facility. Council Member Pittman suggested annual or bi-annual surveys of City employees to ask about their satisfaction with and preferences for various employee benefits. Ms. Moser briefly described the resources available through the Employee Assistance Program.

Group Health

Kim Taylor noted that this will be the third year that the Sheriff's Office and Fire and Rescue Department employees will be covered by a union-operated health insurance plan, which the City subsidizes. The budget contains an allocation of \$7 million in federal American Rescue Plan funds to this budget. Chairman Bowman asked the Auditor's Office for a summary of where all the ARP funding has gone to date. Brian Hughes said the budget was built with ARP funding to subsidize health insurance to keep premiums level, but that can't continue as the plan's reserves have gradually been depleted through the years of no employee cost increases. CFO Joey Greive discussed pending Ordinance 2022-513 that appropriates ARP funds and the major uses of those funds. The Council Auditor's Office will be distributing a summary report tomorrow showing how the first and second tranches of ARP have been and are proposed to be allocated. Chairman Bowman said current council members would appreciate some advice from Employee Services about how to handle the timing of their conversion from City insurance to private insurance when they leave office next year.

Motion: on p. 12 approve Auditor's recommendation to reduce the employer premium for health by \$10 million and the employee premium for health by \$5 million to better align with actual revenue collections since there will not be an increase in contributions in FY 2022/23; this will be offset with a reduction of \$5 million in claims paid to better align with actual costs and a transfer from fund balance of \$10 million – **approved.**

Planning and Development Department

Bill Killingsworth, department director, said that department experienced a 20% increase in plan reviews from 2005-2020, a 27% increase in 2021, and another 27% increase thus far in 2022 with only a small increase in staff. Electronic filing and plan reviews have substantially changed the way the work gets

handled and substantially improved productivity. He meets monthly with representatives of the development industry to discuss issues and solutions.

In response to a question from Council Member Pittman about whether the City has considered creating a strategic plan and an implementation plan for revitalizing neighborhoods, Mr. Killingsworth said that has traditionally been done via hiring consultants to perform area studies. He said that with the boom in development the City and industry have little capacity to do much long-range planning with the pressure to process current development plans; he believes the best time to do that type of planning is during economic downturns which will likely be coming in the future as the Federal Reserve raises interest rates to dampen inflation. He noted that an ordinance was introduced yesterday that proposes numerous amendments to the 2030 Comprehensive Plan and one of the amendments will require periodic reviews and updates of neighborhood plans.

Council Member Salem said he hears from developers that they would be amenable to paying more for a permit review if they could get their permits approved more quickly. Mr. Killingsworth said the major problem is finding and then keeping qualified employees, which is a problem both for the City and for the industry. There is little capacity and qualified employees are in very high demand and command high salaries. Council Member White said he understands that President Freeman will continue the Special Committee to Assess City Development and Permitting Processes in some form which will continue studying these issues. He said the Planning Department has been very cooperative in making changes to accommodate the development industry's needs.

Council Member Carlucci inquired about educational efforts the department may be undertaking to publicize and educate the public about what resilience is and why it is important. Anne Coglianesse, the City's Chief Resiliency Officer, said that public education materials are being developed by consultants and will be rolling out shortly.

Chairman Bowman thanked Mr. Killingsworth and his team for their great work on the council redistricting process.

Building Inspection Fund

Council Member Morgan asked about the inspection processes involved with storefront churches, from which she receives periodic complaints. Mr. Killingsworth said he suspects that the complaints the council member is receiving have to do with the required annual inspections of commercial premises by the Fire Marshal's Office, which may uncover other issues that trigger more inspections by other agencies. He described the consultation process the department offers to small businesses to help them navigate the building, zoning and permitting processes so they can make informed decisions when looking at sites to legally establish their business. Council Member Pittman said she is very interested in continuing efforts to make retention ponds safer to prevent drownings.

The committee was in recess from 10:41 to 10:51 a.m.

State, Federal and Other Grants

Motion: on p. 22 approve Auditor's recommendation #1 that the Highway Safety Grants for DUI Enforcement (\$120,000) and Speed and Aggressive Driving (\$90,000) be removed from the Schedule of Continuation Grants / Programs with no City Match (B1-a) due to the grants not being continuation grants because they were not previously approved by City Council – **approved**.

Motion: on p. 22 approve Auditor's recommendation #2 that Section 1.3(e)(2) be amended to add the below underlined language that is included for grants with no match: There is also appropriated from and

to such accounts, for the purposes stated herein, any additional grant funds, to the extent the same becomes available during the term of the grant, and during any permissible extension of the grant term. – **approved.**

Kids Hope Alliance

Mike Weinstein, CEO of the KHA, said the KHA is getting a substantial increase in the proposed budget after 4 years of no increases. KHA touches about 23,000 young people via about 90 non-profit agencies offering over 200 programs in 5 categories of programming – early learning, special needs, pre-teens/teens, juvenile justice, and out-of-school time. Workforce development is vital to the city’s economic future so that is a focus in the pre-teen/teen category, and the KHA has a great working relationship with Duval County Schools. A majority of the funding goes to the out-of-school category for after-school and summer programming. KHA is working with JTA on overcoming transportation barriers to participation in programming and services. Mr. Weinstein highlighted the importance of children reading at grade level, which is a major problem in Jacksonville. He said that the KHA is considering moving to a more goals-based system rather than being focused on discrete categories. Better case management and the development of more holistic service centers will be a focus in the future.

Council Member Salem lauded the emphasis on goals and accountability and the partnership with the School Board to utilize their data to measure program effectiveness. In response to a question from Mr. Salem about KHA programming related to violence prevention, Mr. Weinstein said they have several programs that provide services to youth identified by the schools or other agencies as showing signs of having violent tendencies. They also fund 70 school mental health counselors. Mr. Hughes talked about the development of the criminal justice diversion program operated by the KHA which formerly was at the State Attorney’s Office. Council Member Morgan asked for a list of the organizations that have utilized the Youth Travel Trust to pay for out-of-town trips. Council Member Pittman asked about feeding programs and Mr. Weinstein described the contract with Boys and Girls Club to do the meal programs at any location that is not served by the school system. In response to a question from Ms. Pittman about mental health programs that particularly deal with issues of children who witness violence, Mr. Weinstein said that KHA invests a substantial amount in training child care workers, program administrators, teachers, etc. to be “trauma aware” and know what signs to look for in children who may have problems.

Chairman Bowman asked about the integration of children of military families into the community and said that he would like to work with Mr. Weinstein on early identification of military children and finding ways to introduce them to the Jacksonville community and the variety of services available to them.

The committee was in recess from 11:50 a.m. to 12:48 p.m.

Public Works Department

Brian Hughes announced that Public Works Director John Pappas will be retiring shortly from the City to take another job and the administration will be nominating Steve Long, the department’s Operations Director, as his replacement as the Department Director. Mr. Hughes and the committee members thanked Mr. Pappas for his years of dedicated service. Mr. Pappas introduced his management team and gave a brief overview of the department and its 7 divisions and the huge list of assets for which the department is responsible. He noted that many budget lines have increased due to higher fuel costs and the overall inflation rate affecting materials. The volume of tonnage disposed at the Trail Ridge Landfill is increasing and therefore the tipping fee revenue as well. Revenue from sale of recycling materials is increasing and has recovered to a point where it is net neutral in the new budget. Several recycling educational and promotional efforts are funded and will kick off in the new fiscal year. The budget includes enhancements for downtown area maintenance (mowing, flower beds, etc.) and for employee recognition efforts.

General Fund/GSD

Motion: on p. 41 approve Auditor's recommendation #1 to correct an IT billing allocation error for the Real Estate Management System by revising billing of \$218,768 related to the new Real Estate Management System to the IT System Development Fund (Fund 53106) instead of the Real Estate Division, resulting in a decrease in the Computer System Maintenance and Security expense account of \$218,768 in the Real Estate Division in the Public Works Department of the General Fund/GSD (Fund 00111). Also, change the expense line-item from capital professional services to capital internal service charges in the IT System Development Fund (Fund 53106), which will also require a change to schedule A4 (IT System Development Program) in the Budget Ordinance the project number – **approved**.

Motion: on p. 41 approve Auditor's recommendation #2 to add the language in the table on p. 41 as the explanation for the food and beverage of \$120 on Attachment A to the Budget Ordinance – **approved**.

Beach Erosion/Local Fund

Motion: on p. 43 approve Auditor's recommendation to reduce the proposed cash carryover by \$1,250,000, reducing prior cash carryover all year balance by \$3,246,357, appropriating \$1,570,283 in miscellaneous services and charges, and appropriating \$74,581 in refunds these funds will be added to trust fund authorization to fund the beach renourishment project cost \$6,141,221 – **approved**.

Solid Waste Disposal

Kim Taylor repeated the Auditor's Office's continuing concern that the enterprise fund does not have a balanced budget and requires an annual loan from the General Fund for the sixth consecutive year. She also cautioned that the proposed budget does not incorporate the results of the on-going rate review underway with 2 of the 3 contract haulers which may impact on the contract cost when the review is complete and rates are revised. The administration is proposing to utilize ARP funding to cover any additional impact. Brian Hughes said that the only way to make the enterprise fund fully self-supporting is to substantially increase the residential user fee, which the administration was not interested in doing. The fund is assisted by the General Fund every year by means of an internal loan within the City (not outside borrowing), which is necessitated by the terms of the City's intergovernmental agreements with the 3 Beaches cities regarding county services and millage rates. He also noted that planning for development of a solid waste transfer station is continuing.

In response to a question from Council Member Salem, Mr. Hughes said that papers and metals are the categories of recyclables that are generating more revenue in recent months. He said that the recycling education programs will roll out in the last quarter of this year and Mr. Pappas said that the audits of individual homeowner recycle bin contents will start in January of 2023.

Council Member Carlucci asked what the end game is for the solid waste enterprise fund loan. Kim Taylor said that the options are raising the fee or utilizing the General Fund, possibly with some reconsideration of the interlocal agreements. Mr. Hughes agreed that those are the two options – increase the fee to cover the full cost (over a period of years to avoid steep increases in a year or two) or eliminate the fee and make solid waste a General Fund service like police and fire service and parks, which would require reopening the interlocal agreements with the Beaches. He cautioned that reopening the interlocal agreements could lead to negotiations over a wide range of issues that the Beaches might raise that have the potential to have much broader impacts than just the solid waste issue. Mr. Hughes noted that this budget, like all of those in years past, accomplishes the necessary functions of collecting the garbage and paying for it. Changing the structure of solid waste accounting and financing is a policy decision at the discretion of the Council. Council Member Salem noted that if the solid waste user fee is eliminated, \$40M in revenue will be eliminated as well. He thinks an enterprise fund is a good idea for accountability reasons and advocated for a gradual increase in the fee until it covers costs. Mr. Carlucci explained that the user fee was adopted in 2008 at a time when the Florida Legislature mandated reductions in millage

rates and the City was seeking ways to diversify its revenue sources in ways that could not be similarly impacted by the Legislature.

Motion: on p. 47 approve Auditor's recommendation to increase the fuel expense for the waste hauler contracts by \$1,038,172 in the contract garbage and recycling account to match the fuel rate budget with the fuel rate used by the Fleet Management Division; this will increase the loan from the General Fund/GSD by the same amount – **approved**.

Stormwater Services

Motion: on p. 57 approve Auditor's recommendation to eliminate the cash carryover of \$995,229 and instead using the funds to reduce borrowing for the Drainage System Rehabilitation – DSR General Capital project by a corresponding amount. This will require these funds be transferred the Stormwater Services - Capital Projects (fund 44102) and a portion of the Drainage System Rehabilitation – DSR General Capital project be moved to that fund as well. This will have no impact to special council contingency but will reduce borrowing by \$995,229 – **approved**.

In response to a question from Council Member Pittman about JSEB participation in City capital projects, Mr. Pappas said that all projects have JSEB components determined by the Procurement Division based on the type of job and market availability of contractors. Since funding has been specifically allocated toward annual maintenance of major stormwater outfall ditches in the last couple of years, that work has specifically been directed to JSEB contractors.

All of the committee members praised Mr. Pappas and his team for their great work and service to the Council and to the citizens of Jacksonville.

Wrap-up

At the end of the hearing the Special Council Contingency stood at \$4,564,390 to the positive. The committee will take a short break at 10 a.m. tomorrow while newly-elected District 9 City Council Member Tyrone Clark-Murray is sworn in.

Mr. Bowman said he has asked the administration to review the enhancement request list to ensure that requested items are not covered elsewhere in the budget and are legal. He will review and prioritize the latest revised list according to the Council's strategic plan priorities and value to the city as a whole. He intends to review all of the projects on the list then have each committee member rank their top 3 priorities to determine which projects are taken up first. He will not proceed down the list in chronological order so that all projects get a fair chance at consideration. In response to a question from Council Member Carrico, the Chair said that representatives of organizations on whose behalf enhancement requests have been made will be allowed to speak very briefly (90 seconds) about their programs.

Public Comment

Carnell Oliver praised Mr. Pappas for his department's good work on behalf of the people. He said the new mayor and council will have to make the decision on how to handle the solid waste enterprise fund and user fee. His top priorities are health care, keeping kids out of trouble, education, and workforce development.

Meeting adjourned: 2:29 p.m.

Minutes: Jeff Clements, Council Research Division

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8.25.22 Posted 5:00 p.m.