



Taxation, Revenue, and Utilization of Expenditures (TRUE) Commission

Daniel Henry, Chair

TRUE COMMISSION Meeting Minutes

September 8, 2022

4:00 p.m.

Don Davis Room

1st floor, City Hall

Attendance: Commissioners Daniel Henry, Ramon Day, Dr. Keshan Chambliss, Bruce Tyson

Excused: Commissioners John Roberts, Velma Rounsville

Absent: None

Also: Jeff Clements – City Council Research; Tommy Carter – Council Auditor’s Office

The meeting was convened at 4:05 p.m. by Chairman Henry and the attendees introduced themselves for the record.

Approval of minutes

The minutes of the August 4, 2022 commission meeting were approved unanimously as distributed.

Public Comment

None

Council Auditor’s Report

Tommy Carter of the Auditor’s Office reported that the office has released one new reports since the last commission meeting - #860 Independent Agency Quarterly Summary for the Nine Months Ended June 30, 2022. Once again the quarterly report covered only the independent authorities and did not include a report on the City budget. The Finance and Administration Department is concentrating its efforts on completing the FY21-22 independent audit and hopes to resume issuing quarterly reports following the next quarter.

JEA projects a balanced budget by year-end but expects to exceed budgetary authority because of high fuel prices and inflation and more customer revenue; the authority will need a budget amendment to amend the FY21-22 budget to reconcile budgeted and actual figures. Moody’s recently upgraded some of JEA’s bond ratings for the water and sewer system and the district energy system.

JTA expects a favorable variance of \$11.6 million by year-end due to strong sales tax collections, surplus land sales and federal ARP revenue. JTA will need a budget amendment to increase its budgetary authority for the fiscal year. JTA has been awarded \$134.2 million in federal COVID funding.

Jaxport is expecting year-end net income of \$14 million due to breakbulk and cruise revenue and expense management, of which \$8 million will be transferred to operating capital leaving a surplus of \$6 million. JPA has been awarded \$17.7 million in federal COVID funding.

JAA is expecting an overall \$22 million surplus by year-end due to increasing passenger activity leading to higher parking and concession revenues and landing fees. JAA also needs a budget amendment to true-up its budgeted and actual figures. JAA has been awarded \$43.5 million in federal COVID funding.

Commissioner Day asked about the City's current cost of borrowing, its pledged revenue sources and the length of bond issues. Jeff Clements explained that the City borrows on a blended basis to match the terms of bonds with the expected life of the capital items being procured. The City has not issued general obligation bonds in many years and some years ago switched from a practice of pledging particular revenue streams (i.e. sales tax or user fee revenue) to particular bonds to a general covenant pledge which pledges all of the City's available revenues (specifically excluding ad valorem taxes) to repayment of its debt. Debt service is paid annually out of the General Fund from the pool of all revenues. For several years the City had been doing much of its borrowing via short term commercial paper while interest rates were at historically low levels. When interest rates began to rise the City began converting variable rate commercial paper to fixed rate bonds.

Chairman Henry noted that the Ordinance Code (Sec. 106.421) requires that quarterly budget reports be provided to the City Council by the City's Director of Finance and Administration and asked if that requirement had been waived by action of the City Council over the last two years when those reports were not provided. Mr. Clements and Mr. Carter were unaware of any formal action by the Council to waive the requirement. The group discussed methods for requesting an explanation from an appropriate authority about the lack of a waiver of the Code that would permit the requirement to be suspended.

Motion (Day): the TRUE Commission authorizes Chairman Henry to send a letter to the City's Chief Financial Officer (with a copy to the Council Auditor) requesting an explanation of whether a request has been made to the City Council to waive the Ordinance Code requirement that quarterly budget reports be produced and disseminated and, if so, on what basis the waiver was requested – **approved unanimously**.

Commissioner Henry referenced a discussion had by the Finance Committee at a recent budget hearing regarding the uses of the federal American Rescue Plan Act funding. He requested a list of all the public and private agencies that got allocation of ARP funding in the first and second tranches and a copy of whatever contract or document those recipients may have signed regarding their use of the funds.

Mr. Carter reported on a question posed by the commission at its last meeting about whether the Council Auditor's Office was aware during the course of its audits in the last year that the City's Information Technology Division was planning to conduct an inventory of computer access rights by all City employees. Mr. Carter said he had spoken with the audit manager and was informed that the office was not aware that such an inventory was planned. He noted that audits are backward rather than forward looking, so plans for a future inventory might not be mentioned within the scope of an audit, although an audited agency can include a mention of relevant future plans in its response to the audit findings.

Audit Committee Report

None

Legislative Tracking Committee:

None

Chair's Comments

Chairman Henry asked for clarification of whether the TRUE Commission had asked at the last meeting for a report from the Information Technology Division on the audit of computer access rights. The meeting minutes indicated that a report was requested for the February 2023 meeting.

Old Business

Public safety staffing proposal: the members reviewed and commented on the draft resolution prepared by staff, making several corrections of scrivener's errors and proposing several additions of wording to better reflect the commission's intent.

Motion: approve the Sheriff's Office Staffing resolution as amended – **approved unanimously.**

Staff will send the revised version to all commissioners and Chairman Henry will sign it for distribution to the City Council.

New Business

The commissioners discussed ideas for the next research project. In response to a question from Commissioner Day about whether the Council Auditor's Office might have suggestions for a timely topic, Mr. Carter said that the Council Auditor's management team performs a risk assessment that determines what topics are scheduled for audits. Since he is not part of the audit team he is unaware of what topics might be on that list.

Commissioner Day suggested looking at the efficiency/effectiveness of the Public Works Department. Mr. Clements suggested that the work of Mayor Curry's transition team from 2015 might be instructive since subject matter committees were appointed in numerous areas to study existing conditions and practices and provide the new mayor with advice on structure and policy for his administration.

Commissioner Tyson suggested looking at City contract management practices, as City projects notoriously come in late and often over budget. There should be standard contract management practices to ensure proper oversight and some transparency so the public can monitor easily progress from a web site. Mr. Carter noted that the TRUE Commission had done work on the subject of contract management a number of years ago, which might be reviewed as a starting point. In response to a question from Chairman Henry, Mr. Tyson described the City's procurement process for goods and services and the relationship between a user department and the Procurement Division. Commissioner Day inquired about how the decision is made to undertake a project in-house versus contracting out.

Commissioner Chambliss suggested fairness in service/infrastructure distribution among neighborhoods as a topic. While some neighborhoods deal with the problems of delayed projects, other neighborhoods get few or no projects to meet their needs.

Chairman Henry said the City needs to have a Public Works project information dashboard like the JTA has for its local option gas tax projects and the School Board has for its sales tax for capital projects to allow the public to easily see what is proposed for their neighborhoods and to track project progress from beginning to end. He also recommended that a City financial dashboard be developed to make City finances more open, transparent and easily understandable.

The commission will discuss these ideas and choose its next research project at the next meeting.

Commissioner Comments

None

Next meetings

Audit Committee – at the call of the Chair as needed when new audits/reports are released

Legislative Tracking Committee – at the call of the Chair as needed

Full commission – October 6, 2022.

The meeting was adjourned at 5:27 p.m.

Jeff Clements, City Council Research Division

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Posted 10.12.22 10:00 a.m.