



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

Daniel Henry, Chair

TRUE COMMISSION Preliminary Meeting Minutes

The minutes of this meeting are not official until reviewed and approved by the commissioners at a future meeting.

June 8, 2023

4:00 p.m.

Henry Cook Room, 1st floor, City Hall

Attendance: Commissioners Dr. Keshan (Chambliss) Hargrove, Velma Rounsville, Carter Jones, Charles Barr, Ramon Day, Bruce Tyson, Daniel Henry

Excused: None

Absent: None

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

The meeting was convened at 4:00 p.m. by Chairwoman Hargrove and the attendees introduced themselves for the record.

Approval of minutes

The minutes of the May 4, 2023 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 5 new reports since the last commission meeting.

#868: Quarterly Summary for the Six Months Ended March 31, 2023 - Issued 05/12/23

JEA is projecting a balanced budget; fuel expenses are under budget by \$90M; JEA needs a budget amendment of \$40M to reflect Plant Votgle payments made from the fuel reserve account.

JTA is projecting a \$6.5M surplus due to higher local option gas and sales tax; an \$8.5M contingency is absorbing overruns in other areas; the authority’s FY21-22 budget has not yet been amended to reflect actual expenditures in excess of budgetary authority.

JPA projects a balanced budget, with a \$6.7M surplus deriving from strong cruise ship revenues, higher investment income and lower debt service costs.

JAA projects a balanced budget; it has a \$31M surplus in operating capital due to expenditures not made due to construction delays.

The City's General Fund projects to a \$53.3M favorable balance, with a \$23.3M favorable balance from state-shared sales tax, investment earnings, and ad valorem revenues from higher property values and a \$26M favorable variance on expenses largely due to JSO position vacancies and lower fuel costs. The Solid Waste fund projects a \$2M favorable balance but that will go down by year end because some increased costs are not yet reflected.

Bruce Tyson asked about the JEA surplus and what it would be used for. Daniel Henry asked about the deficit in the ASM City Venues account and the use of ARP funds. Mr. Carter said it would appear differently in the next report after the ARP Funds are applied, which will change the budget projection for the year-end. Mr. Henry asked about JEA's need for a budget amendment for FY21-22. Ramon Day asked for clarification of the City's favorable and unfavorable variances and the reasons for those variances. He asked if excess revenues are automatically put into reserve funds; Mr. Carter said they are not, they just go in the General Fund revenue account. City Council could appropriate them later in the year. Favorable expenditure variances are used at year-end to balance funds with negative balances elsewhere in the General Fund. Mr. Day asked if JSO provides regular reports to the Council on its mid-year variances; Mr. Carter said not to his knowledge. Mr. Henry asked when the current year budget closes out and when the amounts available for the next year are identified. Mr. Carter said the new budget is put together using current year actuals to date and prior year trends, estimated conservatively. He said he is not knowledgeable about how carry-over revenues are projected for use in the next fiscal year. The new budget is based on revenues to be received in that fiscal year; carry-overs from the current year are a separate issue. In response to a question from Mr. Day, Mr. Carter said the budget is done on an annual basis, not month-by-month.

#848A: Follow-up on Fleet Management Audit - Issued 05/19/23

There were 5 outstanding issues from the original audit and all were cleared so the audit is closed.

#826A: Follow-up on Metropolitan Parking Solutions (MPS) Redevelopment Agreement Audit - Issued 06/05/23

The original audit had 7 issues and all were cleared by this follow-up. The follow-up was different from the usual format because so much had changed since the original audit was conducted – a mediated settlement agreement between the City and MPS went into effect and DIA took over management of the parking operations with the same third party operator. Jeff Clements explained the background of the MPS-City dispute, lawsuit, and mediated settlement.

#869: Public Works Construction-Related Vendors Audit (issued 06/06/23) and #763C: Follow-up on JTA Payroll Audit (issued 06/07/23) have not been presented to the Finance Committee yet, so will be reviewed at the next TRUE Commission meeting.

Mr. Carter noted that the General Fund/GSD year-end recapture memo for FY21-22 was recently released. The Council Auditor's Office reviews the reasonableness of the Finance Department's calculation of the recapture amounts and the proposed uses of those funds. \$6.9M in recaptured funds is going into operating reserves.

Audit Committee Report

None. Charles Barr asked how the standing committees operated when they were active, and Mr. Henry explained that they met monthly and made reports to the full commission. Mr. Barr volunteered to meet with Tommy Carter and discuss how audit reviews could work.

Legislative Tracking Committee:

None. Mr. Day explained the City Council’s legislative cycle and how TRUE Commission has had little impact in the past in this area due to the timing of the Council’s and the Commission’s meeting cycles. Carter Jones volunteered to assist Mr. Day on the committee and review new legislation separately and comment at full commission meetings.

Chair’s Comments

Chair Hargrove thanked staff for sending out several emails in the past few weeks with information about the ongoing controversy over the liquor store opening near a KIPP school in the Brentwood area. Mr. Tyson asked about the statute of limitations issue and how that impacts what is happening. Mr. Clements said he will seek clarification. Mr. Henry said the Planning Commission’s minutes and videos can be hard to find on the City website.

Old Business

- Capital Improvement Plan discussion - none.

New Business

- TRUE Commission Annual Report
Motion (Day/ 2nd Rounsville): approve the FY22-23 annual report as distributed – **approved unanimously with correction of a typographical error on p. 1 under the Meetings heading.**
- By-laws revision proposal
Commissioner Day reviewed the Commission’s existing by-laws and proposed a number of primarily grammatical and stylistic changes. He said the only substantive change he proposed was in Article VI – Officers – wherein he proposed that two Vice Chair positions be created – a Vice Chair for Taxation and Revenues and a Vice Chair for Utilization of Expenditures - to direct activities in those two areas. He asked for consideration of the proposed amendments at the commission’s next meeting as provided in the by-laws.

Motion (Day, 2nd Barr) – approve the proposed by-laws amendments as distributed.

Mr. Tyson asked how the Commission could go about getting grant funding as provided in Article 5 of the by-laws. Mr. Day said that language is in the Ordinance Code and the Commission could explore options. He suggested that the commission ask for an appropriation in the upcoming City budget and noted that the commission’s Ordinance Code authorization provides that the commission is to be staffed by the Office of City Council. He recommended talking to the Council President about the possibility of providing a full-time staff person to staff the commission and its work when it gets up to its full complement of 18 members, which he anticipates after Mayor-elect Deegan takes office. The Chair directed staff to draft 2 letters for her signature to the Mayor and Council President making the request.

Velma Rounsville said the changes proposed to the by-laws may also impact on the policies and procedures manual and recommended that they be reviewed as well. Mr. Day said he and Ms. Rounsville will work on a review of the policies and procedures. Staff was requested to send a copy of the policies and procedures manual to everyone for discussion at the next meeting. Mr. Henry said the by-laws change on p. 1 in Article III(B) changing “12 members” to “all members” may not be appropriate given the Ordinance Code requirements.

- July meeting hiatus
The commission determined to follow the City Council summer hiatus and meet again in August.

Commissioner Comments

Commissioner Henry referred back to the handout from the last meeting about the inventory of employee computer access rights. Mr. Clements said he understood from the Information Technologies Division that they started the inventory process with one department (Employee Services) and found the task to be much bigger and more complex than they had expected, so is taking more time than expected.

Commissioner Day recognized Kim Pryor in the audience who is the Urban Core CPAC's nominee to the TRUE Commission and will be appointed at the next Council meeting.

Ms. Pryor asked why JEA doubled the base service charge if they are projecting a \$90M positive variance for the year and why did JTA overspent its budget without prior authorization and what needs to be done to prevent that. She asked if the TRUE Commission has any role in reviewing settlement agreements – she was told they do not. Mr. Henry said the commission could do so if asked by the Council or Mayor, but they have not asked. Mr. Day said the TRUE Commission has not had much communication with the mayor or City Council in recent years.

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 – August 3rd.

The meeting was adjourned at 5:22 p.m.

Jeff Clements, City Council Research Division

jeffc@coj.net 904-255-5137

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