



OFFICE OF THE CITY COUNCIL

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FINANCE COMMITTEE BUDGET HEARING #1 MINUTES

August 10, 2023
9:00 a.m.

Location: City Council Chamber, City Hall – St. James Building; 117 West Duval Street,
In attendance: Council Members Nick Howland (Chair), Randy White, Raul Arias, Kevin Carrico, Reggie Gaffney Jr., Will Lahnen
Excused: Council Member Ju’Coby Pittman

Also: Council Members Joe Carlucci, Terrance Freeman, Ron Salem, Tyrona Clark-Murray, Michael Boylan, Matt Carlucci, Mike Gay; Kim Taylor, Brian Parks, Phillip Peterson - Council Auditor’s Office; Mary Staffopoulos and Carla Lopera – Office of General Counsel; Merriane Lahmeur and Barbara Hobson – Legislative Services Division; Mike Weinstein, Angela Moyer – Finance and Administration Department

Meeting Convened: 9:01 a.m.

Chairman Howland convened the meeting and made an opening statement about the importance of the budget process in representing the will of the citizens and the importance of the diligent review of the budget by the Finance Committee. The attendees introduced themselves for the record. Council President Salem welcomed the committee to the very important work it will be doing on behalf of the Council.

Chairman Howland described the process by which departmental budget reviews will take place and said he might need to impose time limits on debate if needed to keep the process on track. Public comment will be held at the end of each session, time permitting, with the first 5 submitted cards being recognized to speak about items in the budget.

CFO Mike Weinstein described the administration’s budget development process, which starts early in the calendar year. Departments were instructed by the previous administration to keep service levels the same as the current year and to list desired enhancements, which the new administration considered and approved about half, totaling approximately \$100 million. There is tremendous collaboration between the Budget Office and the Council Auditor’s office to answer questions and prepare for the budget hearings. The Auditor’s Office has later revenue projections from the state than the administration had when it started the process, so some changes in projected revenues will naturally occur.

Page references from this point refer to Auditor’s Budget Hearing #1 handout.

Budget and millage rate overview and budget adoption timeline

Council Auditor Kim Taylor outlined the various ordinances and resolutions comprising the FY23-24 budget and Capital Improvement Plan (CIP) and reviewed the budget hearing and Council budget adoption timeline through final adoption on September 26th. The millage rates will be tentatively adopted at the first Council meeting in September and finally approved at the next meeting. The millage rate can be reduced at any time throughout the process but cannot be increased without new notices being mailed to property owners. She described the Special Council Contingency fund that will be used throughout the hearing process to account for additions to or subtractions from the mayor's proposed budget as a balancing account until the review is completed.

Ms. Taylor discussed the mayor's proposed millage rate, the growth in taxable property values, and the revenue to be generated by the proposed millage. The General Fund comprises \$1.7 billion in expenditures, approximately half of the overall \$3.9 billion City budget (General Fund, special revenue funds, enterprise funds, capital projects, and internal service funds). Increasing property values and new growth have produced 12.93% more tax revenue (\$122 million) for the next fiscal year over the current year. Adoption of the 3 millage ordinances will require a 2/3 vote of Council. The total budget to be approved, City plus independent authorities, but excluding the school system, is \$7.76 billion. The employee cap is proposed to increase by 242 positions (120 in the Fire and Rescue Department, 99 in the Sheriff's Office). Ms. Taylor explained the "lapse factor" that projects the amount of salaries that will not be paid during the year because every position is not filled for every day of the year. That figure is based on historical trends. Chairman Howland asked several questions for clarification of how the lapse factor is calculated and the accuracy of the projections.

General Fund GSD Schedule of Revenues

Motion: on p. 24, approve Auditor's recommendations #1, 2, 3 and 4 as follows:

- 1 Recommend a decrease of \$651,875 in Debt Funding: Debt Management Fund. This connects the timing of when JPA will begin paying back the loan. This will be offset with a reduction in debt service payments within the General Fund/GSD and corresponding adjustments in the Debt Management Fund and Debt Management Fund Schedule (B4).
- 2 Recommend an increase of \$1,065,507 in Sales Tax - County Revenue Sharing Program revenues to align with the actual revenues received by the City starting July 2023. This revenue stream is paid in equal amounts each month through June 2024 when it will change in July 2024. This will have a positive impact to Special Council Contingency of \$1,065,507.
- 3 Recommend an increase of \$2,856,220 in Sales Tax - Municipal Revenue Sharing Fund revenues to align with the actual revenues received by the City starting July 2023. This revenue stream is paid in equal amounts each month through June 2024 when it will change in July 2024. This will have a positive impact to Special Council Contingency of \$2,856,220.
- 4 Recommend an decrease of \$617,800 in Fuel Tax - Municipal Revenue Sharing Fund revenues to align with the actual revenues received by the City starting July 2023. This revenue stream is paid in equal amounts each month through June 2024 when it will change in July 2024. This will have a negative impact to Special Council Contingency of \$617,800

Motion approved unanimously.

CM Boylan asked a question about how state grant funds are budgeted. Ms. Taylor said they generally are handled via separate legislation, except for grant match funds. CM Lahnen asked about the 95.5% assumed collection rate on property taxes; Ms. Taylor said that reflects the City's recent historical experience.

General Fund GSD Schedule of Expenditures

Chairman Howland asked for clarification of why some economic development grants are listed separately and others are grouped together in a single line item. Budget Officer Angela Moyer said that it results from the ability of the new 1Cloud financial management system to report the items separately rather than as a lump sum in a single line as was provided by the previous financial management system. CM Lahnen asked about the future of indigent care funding and whether the recent increases will continue. CFO Mike Weinstein said that it will likely remain at \$40 million in the near future; that figure is a result of negotiations with UF Health Jacksonville which has requested even more funding for the indigent care services it provides.

In response to a question from CM Carrico, Mr. Weinstein said that the administration will not be ready to provide more detail on the \$12 million contingency dollars set aside “below the line” for the mayor’s new initiatives as the transition teams are not yet finished with their work and have not made programming recommendations. CM Freeman asked about whether those contingency funds would be restricted to transition team and administration recommendations or could be used for any purpose. He cautioned that leaving the funds unallocated could set up future debates in the Council that might take some time to accomplish and potentially hamstringing the Kids Hope Alliance with the funds pending. Ms. Taylor said that contingency funds can be allocated by the Council for any purpose. Mr. Weinstein said the administration will be providing a package of recommendations when the transition teams complete their work. Chairman Howland asked how definitively the \$12 million contingency for the Mayor’s Task Force recommendations would be restricted for their purposes. Ms. Taylor said it will be restricted in the budget and financial system for that purpose, but Council can change that allocation at its discretion.

CM Clark-Murray asked about funding for Confederate monument removal. Ms. Moyer said it is budgeted in the current FY22-23 budget and is available for expenditure now. CM Howland noted that the Auditor’s Office has researched how the City Council’s strategic priorities (\$7.5 million) mesh with the mayor’s proposals and whether they may already be covered in the proposed budget. Ms. Taylor said her office believes that there may be \$200,000 that could be freed up from the Council’s strategic priorities because of allocations already made in the proposed budget for similar items. In response to a question from CM Boylan, Ms. Taylor described the various funding streams that go to Jacksonville Area Legal Aid, which total \$1 million altogether. Chairman Howland asked about the budgeting of the mayor’s \$64M in pay-as-you-go funding; Ms. Taylor said \$30M is in a non-departmental capital projects line, the rest relates to gas tax projects. In response to a question from CM Carrico, Ms. Taylor said that there is no apparent funding in the budget for First Coach Fire Watch, at least in the same way as it was budgeted in previous years.

Public Service Grants

Motion: on p. 35, tentatively approve Auditor’s recommendation that the Schedule of Public Service Grants (Schedule A2) be updated to remove the Public Service Grant Council funding from the schedule since the funding is appropriated in Ordinance 2023-509 – **approved unanimously**.

CM Freeman suggested asking the Public Service Grant Council to consider allocating \$200,000 from its funds for training and capacity building for small agencies. In response to a question from Chairman Howland, Ms. Taylor confirmed that once the City Council approves the lump sum allocations to Public Service and Cultural Service Grant councils, it has no further role in deciding how the funds are allocated to recipients.

Direct Contracts

CM Freeman asked if several of the direct contract items being removed from the budget ordinance would reappear as part of the \$12M mayor's contingency allocation. Mr. Weinstein said that several of them likely would.

Motion: on pp. 50, tentatively approve Auditor's recommendation that a provision be added regarding direct contracts to limit administrative changes to +/- 10% within any line item; and

On pp. 50-51 tentatively approve Auditor's recommendations as follows:

1. Gateway Community Services – Project Save Lives: Attach revised Exhibit 1 (Term Sheet) to Budget Ordinance Exhibit 1 to update budget schedules based on revised request sent by grantee and to include budget schedule.
2. United Way of Northeast Florida – 2-1-1: Attach revised Exhibit 2 (Term Sheet) to Budget Ordinance Exhibit 2 to correct budget schedules.
3. AGAPE Community Health Center – Health Care Services: in Budget Ordinance Section 12.3, correct appropriation amount to \$153,603; In Budget Ordinance Exhibit 3, attach revised Exhibit 3 (Term Sheet) to correct appropriation amount and to include budget schedule.
4. I.M. Sulzbacher Center for the Homeless – Homelessness Continuum of Care/Urban Rest Stop: In Budget Ordinance Exhibit 4, attach revised Exhibit 4 (Term Sheet) to correct budget schedules.
5. Cure Violence: Added language to reflect that agreements must comply with Chapter 118, Parts 1-5, except for Section 118.301(3)(iv) and Section 118.301(3)(x). Also, corrected Scrivener's. Attached revised Exhibit 5 (Term Sheet) to reflect adherence with Chapter 118, Parts 1-5, excluding Section 118.301(3)(iv) and Section 118.301(3)(x), update schedules based on revised budgets provided by grantees and to include budget schedules for all grantees
6. Volunteers in Medicine: Attach revised Exhibit 6 (Term Sheet) to include budget schedule.

Motion (White): amend the original motion by adding an additional item to authorize the Auditor's Office to handle the Cure Violence initiative with a direct contract for the first quarter of FY23-24 instead of a full year and to amend the term sheet accordingly.

Mike Weinstein said that the administration has been working with the Auditor's Office to determine the best way for the Cure Violence program to continue as-is for 3 more months until the Mayor's task forces report and make recommendations. They have recommended continuing a direct contract for the next quarter at a fixed dollar amount while an RFP procurement process for similar services takes place this fall. Budget Officer Angela Moyer said that it is the administration's intent to bring a comprehensive package of proposals to allocate the \$12M mayor's contingency for her priorities.

The motion for the Auditor's recommendations plus the CM White additional amendment was approved unanimously.

Property Appraiser

Property Appraiser Joyce Morgan introduced her division chiefs in attendance. She said the TRIM notice will go out to property owners tomorrow, ahead of schedule. They are in the process of hiring several additional employees to fill their cap of 113 positions and are finding hiring to be somewhat difficult. Total liens billed for 2023 (as of July) were \$1,319,251 for exemption claims that were not valid. Ms. Taylor noted that the Council had previously approved a tentative Property Appraiser budget to meet the state's budget submission deadline. CM Joe Carlucci said he has a great deal of interaction with the Property Appraiser's Office in the course of his job and has always found them very helpful and accommodating.

The committee was in recess from 11:23 a.m. to 12:30 p.m.

Fire and Rescue Department

Fire Chief Keith Powers introduced his division chiefs in attendance. CM Boylan asked how much of the increase in the department's overtime budget is related to increasing salaries due to negotiated salary increases versus how much is an increase in overtime hours being worked. Ms. Taylor said 4.25% is due to the negotiated salary increases. Chief Powers said that there is sufficient funding in the budget for amounts to be reallocated at year-end to balance out salary and overtime needs. CMs Boylan and Salem asked about the need for purchasing bullet proof vests for firefighters, which the Chief said is in response to the increase in the number of mass shooting events nationwide to which emergency personnel have to respond. The department already has such vests, this is a purchase of additional vests for more personnel. In response to a question from Chairman Howland, Chief Powers commented on the drastic rise in the cost of fire trucks in recent years and the length of time it takes to get a unit delivered once it's been ordered.

In response to another question, the Chief talked about several new fire stations that should be opening in the next year. New stations are being built both in rural/suburban areas without stations and in more developed areas as infills between existing stations where call volumes are so great that response times are too slow. Chairman Howland asked if it is possible to use opioid settlement funds for things like new fire stations or personnel. Chief Powers said the use of those funds is very restrictive but they are exploring possibilities. President Salem said 40% of opioid settlement funds are being used directly for opioid-related grant programs and the remainder is going to other allowable uses largely in the Fire and Rescue Department. Chief Powers answered a question from CM Gaffney Jr. about the progress of hiring to fill vacancies.

Motion: on p. 110, tentatively approve Auditor's recommendation that the B1b Schedule of Continuation Grants with a City Match be amended to add in the JFRD – Emergency Preparedness FEMA grant for the Hazard Mitigation Grant – Safe Room. The estimated award is \$6,500,000 with a City match of \$650,000, which is already programmed into the budget – **approved unanimously**.

Opioid Settlement Fund

Motion: on p. 112, tentatively approve Auditor's recommendation to move the 2 positions, 1,320 part-time hours, and related personnel and operating costs (\$305,645) from the General Fund/GSD to the Opioid Settlement Special Revenue Fund – **approved unanimously**.

Sheriff's Office

Sheriff T.K. Waters introduced his management staff present. He said that the addition of new officers will help the department deal with the tremendous growth in the city's population and thanked the Mayor and Council for this support of the department. Ms. Taylor reviewed basic statistics on the department's personnel, vehicles, jail population, and vacant positions. She noted that a recent change in state law gives the Sheriff unlimited authority to transfer funds within his budget without any council action.

CM Clark-Murray asked where the Police Athletic League is shown in the budget. JSO Budget Division Chief Bill Clement said that PAL is in the Patrol Division budget at a level that doesn't show in the overall budget document. President Salem asked about the reported reduction in the jail's average occupancy rate. Mr. Salem also asked about correctional officer vacancies. Chief Paul Restivo of the Corrections Division said that JSO is offering \$10,000 hiring bonuses and is beginning to see a positive response via more applicants. They have hired a consultant to lead a social marketing initiative. Mr. Salem asked about the Sheriff's ability to transfer funds. Kim Taylor said that although transfers no longer go through the MBRC process, they are processed through the city's financial management system so they can be tracked.

Chief Clement described the confusion that arose last year when the JSO absorbed ankle monitoring programs from several providers and said that the programs are all under JSO's control now and operating well. CM Gay asked about how to increase retention of officers. Director of Personnel and Professional Standards Brian Kee said that the retention rate is going up as a generation of older officers has largely retired and a younger generation are some years off from retirement. They are seeing only about 3 retirements per month, in part because morale is improving. Some officers who left JSO have returned to the department. Community service officer slots are full and patrol officer slots are mostly full, while correctional and communications officers are more difficult to hire and keep. Chairman Howland mentioned a study done by the TRUE Commission about the need to hire more officers to get the department up to a number of police officers per 1,000 citizens that is closer to the state average. Sheriff Waters said the department intends to ask for more officers every year and to seek out federal COPS grants to partially fund those positions. CM Boylan asked about the development of the mental health co-responder program; Chief Jennifer Short of the Patrol Division said the program has been successful thus far and will likely be expanded in the future, but there are no fixed plans yet.

In response to a question from Clark-Murray asked about jail health service, Sheriff Waters said a new service provider has just been hired. CM Clark-Murray asked about funding for more Shot Spotter technology; Department of Investigations and Homeland Security Director Mark Romano said the technology currently covers 5 square miles and the department doesn't have any current plans for expansion because of the cost. CM Joe Carlucci asked how many patrol officers have been added this year. Director Kee said they typically have 50-60 officer vacancies at any time as new hires are offset by retirements and other departures. The proposed funding will steadily reduce that number of vacancies. CM Joe Carlucci asked about jail occupancy and capacity. Prisons Division Chief Joshua Benoit said the building's original capacity of 2,197 has been expanded to about 3,000 with the use of triple bunks.

Motion: on p. 127, tentatively approve Auditor's recommendation that the Grantor name be corrected to Florida Department of Transportation for both the Speed and Aggressive Driving Enforcement grant and the DUI Enforcement Project grant on Schedule B1a – **approved unanimously.**

911 Emergency User Fee

Motion: on p. 129, tentatively approve Auditor's recommendation to add additional funding for text-to-911 statistical software that was inadvertently left out of the proposed budget. This results in an increase of \$170,815 in the hardware-software maintenance and licenses expense account which could be offset with an increase of \$170,815 in the transfer from fund balance – **approved unanimously.**

In response to a question from CM Gaffney Jr., Sheriff Waters said response time to 911 calls varies by call volume, time of day and weather conditions. Their goal is to be under 5 minutes for Priority 1 calls.

City Council

Peggy Sidman, Council Secretary/Director, introduced her management team present.

Motion: on p. 132, tentatively approve Auditor's recommendation to reduce computer system maintenance and security for Council Staff Services by \$40,320, due to the computer tablets for the Council Chambers being purchased in FY 2022/23. This will result in corresponding adjustments in the Information Technologies Fund (53101) and will have a positive impact of \$40,320 on Special Council Contingency – **approved unanimously.**

CM Joe Carlucci thanked Ms. Sidman and her staff for facilitating such a smooth integration process for the new council members.

Tourist Development Council

TDC Executive Director Carol Brock introduced her staff and Michael Corrigan, President of Visit Jacksonville Inc., the TDC's contractual service provider. Assistant Council Auditor Phillip Peterson reviewed the TDC budget and briefly described the TDC plan components.

In response to a question from Chairman Howland, Ms. Brock explained that the TDC has earmarked \$1M for marketing expenses if Jacksonville International Airport is able to attract non-stop service to London.

Motion: on p. 135, tentatively approve Auditor's recommendation that Budget Ordinance Schedule W be revised to correct the Interest Earnings amount from \$148,458 to \$254,519 and expenditures for the Remaining to Be Spent In Accordance With Any Tourist Development Plan Component from \$947,759 to \$1,053,820 to align the schedule with the amounts in the budget – **approved unanimously**.

Office of General Counsel

Acting General Counsel Bob Rhodes introduced his management team in attendance. Mr. Rhodes discussed a request to increase the classification of three attorneys from Attorney I to Attorney IV and to assign those attorneys to serve JEA's needs. The cost of \$262,107 for the reclassifications will be covered entirely by JEA. The 3 additional attorneys will bring JEA's complement to 5 in-house OGC attorneys. Jay Stowe, CEO of JEA, said their request was for a total of 7 attorneys but they will work with 5 for now and see how things go. Mr. Rhodes said that all 5 of the attorneys will be housed at JEA and report to the JEA CEO and to the General Counsel. Mr. Stowe clarified that the JEA is a client and the attorneys do not report to him, but to the General Counsel. Regina Ross, the Chief Legal Counsel for JEA, clarified that she is an OGC employee who oversees the other OGC employee at the authority and said she meets with and reports weekly to the General Counsel.

Outgoing General Counsel Jason Teal said only JEA and the School Board have embedded OGC attorneys. The other authorities may have non-OGC attorneys on their staff who do some preliminary legal work, but that work must be overseen and finalized by an OGC attorney. President Salem asked who sets the General Counsel's salary; Mr. Teal said the mayor does. CFO Mike Weinstein said that any changes in the OGC's employee cap must be approved by the Council. He also reiterated that the JEA pays the full cost of the attorneys assigned to serve the authority. CM Clark-Murray said it would seem the way to get the best legal service for JEA would be to promote attorneys from within the OGC as is being proposed and get them the training they need to develop the particular expertise needed for JEA's work.

Motion: Approve Administrations request to increase that funding for three new General Counsel Positions due to changing classifications from Attorney I to IV positions. Increase cost of \$262,107 for Salary and benefits offset with an increase in contributions from JEA since the positions will be fully paid for by JEA – **approved unanimously**.

Special Council Contingency Fund

The fund stands at +\$3,344,247 at the end of day 1.

Meeting adjourned: 2:31 p.m.

Jeff Clements - Council Research Division

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Posted 8.14.23 2:30 p.m.