



## OFFICE OF THE CITY COUNCIL

117 WEST DUVAL STREET, SUITE 425  
4<sup>TH</sup> FLOOR, CITY HALL  
JACKSONVILLE, FLORIDA 32202  
904-255-5137

### FINANCE COMMITTEE BUDGET HEARING #2 MINUTES

**August 11, 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:** Kim Taylor and Brian Parks - Council Auditor’s Office; Mary Staffopoulos and Carla Lopera – Office of General Counsel; Merriane Lahmeur and Barbara Hobson – Legislative Services Division; Eric Grantham – Public Information Division; Mike Weinstein, Angela Moyer – Finance and Administration Department

**Meeting Convened:** 9:00 a.m.

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

**Page references from this point refer to Auditor’s Budget Hearing #2 handout.**

#### Clerk of the Courts

Clerk of the Courts Jody Phillips introduced his senior staff present at the meeting. Council Auditor Kim Taylor reviewed the Clerk’s budget and explained that her review is only for the 36 employees involved in county functions, not those who are performing state functions.

**Motion:** on p. 5, tentatively approve Auditor’s recommendation to reduce internal service allocation from Information Technologies (53101) for computer maintenance and security by \$240,350 to correct the billing amount. This will be offset within the Clerk’s budget with the reduction of the transfer from fund balance by \$240,350. This will be offset within the Information Technologies Fund (53101) with an increase to the transfer from fund balance by \$240,350.

In response to a question from CM Lahnen, Ms. Taylor explained how fund balances accrue in a departmental budget and how the funds are used as needed. CM Carrico asked how the Clerk’s fees are set – locally or by the state. Mr. Phillips said they are set by the state. He noted that this is the 11<sup>th</sup> consecutive year the Clerk of Courts has not requested any City General Fund allocation. CM White asked about maintenance responsibility for the courthouse. Mr. Phillips said the courthouse tenants meet

monthly with the City's Public Buildings Division to talk about various maintenance issues. They report issues but generally get the response that there is no funding for anything more than absolute necessities. He and CM White emphasized the importance of preventive maintenance and general upkeep of the facility and the surrounding landscaping of a major public facility.

**The motion was approved unanimously.**

#### Medical Examiner's Office

Dr. Robert Pietak, District 4 Medical Examiner, introduced his staff present. Ms. Taylor reviewed the department's budget. CM Carrico asked Dr. Pietak to address the public push-back on the proposed new medical examiner location in the Gateway area. Dr. Pietak said he had no update to give on the site rezoning. CFO Mike Weinstein said that discussions are ongoing in the administration and noted that approximately \$10 million has been invested in planning for the current site. Chairman Howland asked if the Medical Examiner adequately charges for the services it provides to other counties. Ms. Taylor said those fees are reviewed annually and are appropriate. They will likely rise when a new facility is constructed and debt service on that facility begins accruing.

#### Health Department

Antonio Nichols, Health Officer for Duval County, described his agency's organizational structure. In response to a question from Chairman Howland, Mr. Nichols expressed his hope for a strong working relationship between the Health Department and the mayor's new Chief Health Officer. He and Dr. Joshi have already met about potential collaborations. He described his expectation that the Chief Health Officer will help enhance and accomplish his department's mission and functions.

#### Jacksonville Public Library

Tim Rogers, Chief Librarian, introduced representatives of various Friends of the Library groups, a Library Board member, and senior staff present. He said the Library Board is very supportive of the budget as proposed and is appreciative of the mayor's commitment to Public Buildings and IT support for the libraries. CM Gaffney asked about the use of libraries in the post-COVID era. Mr. Rogers said attendance is up 17% in the last 8-10 months, measuring discrete users. CM Arias asked how the decision is made to build a new library. Mr. Rogers said that use patterns are tracked, including how far patrons drive to utilize a library, in conjunction with analysis of the city's population growth patterns. They try to plan for 5-10 years in advance to get ahead of growing needs. In response to another question, Mr. Rogers described how libraries are the same and how they differ by their size and type (local vs. regional). Mr. Arias asked about the patterns in the types of materials being checked out. Mr. Rogers said there was a huge growth in electronic materials use during the COVID pandemic, but in the last year the use of hard copy materials has increased as well. There is also tremendous growth in the use of computers and meeting rooms in the libraries and in attendance at library programs. More than 800 library computers will be replaced in the upcoming fiscal year. CM Arias noted a disconnect between the growth in library use and materials check-outs and the 17% reduction in the materials acquisition budget proposed for next year. Mr. Weinstein said that reduction was part of the decision process that went into making decisions on the \$200 million of departmental enhancement requests that he discussed in the introduction session yesterday. Mr. Rogers discussed the increasing cost of licensing electronic materials.

CM Carrico asked about the \$200,000 reduction in the line item from the current budget for authors and illustrators as part of the Read Jax campaign. Mr. Carrico asked about the process for allocating more funding for library materials and services. Ms. Taylor said one option is to use any funds that may be available at the Day 7 wrap-up session and another option is to utilize federal American Rescue Plan funds which will be discussed at the last Finance Committee meeting in September and then allocate by the City Council on budget night. She noted that \$25 million in funds have been set aside in contingencies for mayoral transition purposes, \$12 million in the budget and another \$13 million in American Rescue

Plan funds. These funds are intended for allocation during the upcoming fiscal year after and the transition teams make their reports to Mayor and then ultimately presented to City Council for approval. Ms. Taylor cautioned that her staff would need to do more research on exactly what ARP funds can be used for in this context, particularly with regard to allocating funds to author speaker fees. The ARP funds are budgeted in Ordinance 2023-513, which is not under discussion today. Mr. Weinstein noted that there is currently more than \$3 million in the Special Council Contingency identified yesterday and he recommended that that be the source of additional funding for the library at the wrap-up session, leaving the mayor's transition team funding intact. Several committee members expressed support for increasing library funding for materials acquisition and the speaker fees later in the budget hearing process.

CM Arias asked about the use of the Main Library Conference Center. Mr. Rogers said half or more of the use is by City departments, and a decision by the Office of General Counsel several years ago has meant that the library cannot charge City agencies for that use. The use for weddings, parties, etc. obviously took a tremendous hit during the COVID pandemic and is slowly recovering. CM Carrico noted that District 4 is the only council district that does not have a library.

#### Finance and Administration Department

Mike Weinstein introduced several of his division chiefs in attendance, noting that various divisions for which he is responsible will be appearing over 3 different budget hearings.

#### Information Technology Division

In response to a question from CM Gaffney Jr., Paul Freeman, Chief of ITD, said the majority of the division's employees are housed in the Ed Ball Building, apart from the radio shop on Superior Street. Chairman Howland noted that ITD's budget is completely funded by departmental internal service charges. Angela Moyer explained how departmental charges are "siloed" to prevent duplication of services. Kim Taylor explained how the internal service charge system works and how departments are billed for the services they use. The internal service charge system provides a true reflection of what departmental services really cost when some portion of their service is dependent on the work of another agency such as ITD or the General Counsel's Office. Angela Moyer said she would distribute information to the committee members on internal service charges from the various providers.

Chairman Howland asked about the interoperability and security of the City's radio system; Mr. Freeman said they are very satisfied with current conditions. CM White asked about preparations for emergency communications in the event of a major hurricane or other disaster. Mr. Freeman and Fire Chief Keith Powers indicated that they have a plan in place and ITD's radio manager meets regularly with all the user agencies to ensure coordination. Chief Powers described connectivity of the radio system with other cities, counties, state agencies and law enforcement agencies statewide. With regard to the computer refresh account, Mr. Freeman described how the account varies by year depending on the replacement cycle for equipment. In response to a question from Chairman Howland, Mr. Weinstein explained that the ITECH 5-year plan has some changes from the previous year's plan in that some large projects were delayed in order for the new administration to have time to review and consider priorities. Chief Powers answered a question about the upgrade to the fire and EMS case management and storage system. Radio Manager Alex Ciprian talked described the encryption upgrade to the Sheriff's Office radio system.

#### Fleet Management Division

Division Chief Cris Tongol gave a brief overview of his division's responsibilities. Kim Taylor said that the Fleet Management budget is in the process of being collapsed from 3 down to 2 funds – one for operations and one for vehicle replacements – since a third fund for debt service is no longer needed because all vehicles are purchased on a pay-as-you-go basis. CM Lehnan asked if the proposed budget reflects the cost of vehicle repairs as supplemented by the recently passed ordinance providing nearly \$1 million additional to that fund. CM Arias asked if there's more focus on repair and maintenance since the

cost of new vehicles is so high. Mr. Tongol said they replace vehicles based on mileage thresholds and repair costs so new vehicle costs don't really factor into that decision. Angela Moyer said that the difficulty in getting delivery of new vehicles once ordered from a dealer means that vehicles have to be repaired and maintained longer until delivery actually happens. Chairman Howland asked how fuel costs are estimated, given geo-political uncertainties. Ms. Moyer said they use federal government estimates for future fuel costs (taking the most conservative estimate) and if there is a substantial price shock during the year then funds will be reallocated from other sources to cover the shortfall. CM White asked about the history of the change in the way vehicles are purchased, from a cash basis to borrowing and back again to the current cash policy. Ms. Moyer said that the Ordinance Code has been amended to prohibit the purchase of vehicles with borrowed funds, but Mr. Weinstein noted that 10 votes by a future council can undo that policy. Ms. Taylor said the City had accumulated a \$70M vehicle replacement fund some years ago but a previous council swept that fund to use as a funding source in a difficult budget year rather than raise taxes or cut services. That led to the need to borrow for vehicle purchases thereafter.

**The hearing was in recess from 11:08 to 11:30 a.m.**

#### Copy Center

Dustin Freeman, Chief of the Procurement Division, introduced his staff and briefly described the division's functions. CM Arias asked if there is a way to opt out of receiving paper handouts that he doesn't need to receive. Chairman Howland suggested discussing that preference with Council Secretary/Director Peggy Sidman to stop getting paper documents.

#### General Employees' Pension Plan

Andrew Robinson, pension plan administrator, described the office's functions.

**Motion:** on p. 45, tentatively approve Auditor's recommendation to remove funding for expenses related to the Direct Contribution General Employee Survivor and Disability Plan (\$17,898) and the Direct Contribution Public Safety Survivor and Disability Plan (\$11,252) from the General Employees' Pension Fund and place them in those respective funds. This reduction in professional services of \$29,150 will be offset with a reduction in budgeted Employer Contribution City of Jacksonville to balance this fund. Also tentatively approve corresponding entries in the Direct Contribution General Employee Survivor and Disability Plan (\$17,898) and the Direct Contribution Public Safety Survivor and Disability Plan (\$11,252) to appropriate the Employer Contribution City of Jacksonville line and the Professional Services line by the respective amounts in each fund.

CM Carrico asked for a brief overview of the City's various pension plans and who administers them. Mr. Robinson explained that his office administers the GEPP defined benefit plan (now closed) while the Employee Services Department manages the replacement defined contribution plan. Ms. Taylor said that the Better Jacksonville Plan sales tax was approved by voters to be extended for use to pay down accrued unfunded pension liability when BJP bonds are paid off. That is now expected to happen at the end of 2026, much earlier than in 2030 as originally projected. Mr. Weinstein said the sales tax revenue will be distributed among the 3 pension plans based on their percentage of the overall unfunded liability. Chairman Howland asked about the role of the portfolio consultant. Mr. Robinson said they advise the board on investment strategies which are then delegated to the two dozen or so money managers to implement. Mr. Howland asked about a recent audit of the Police and Fire Pension Fund. Brian Parks said that audit looked at the reasonableness of money manager fees.

**The motion was approved unanimously.**

### Police and Fire Pension Fund

Tim Johnson, Executive Director of the PFPF, described the various components of this fund which include the administrative operating expenses, building operations, and parking garage operations. Kim Taylor reviewed the proposed budget. Chairman Howland noted that the PFPF has a large pool of managed assets but lower money management costs than the GEPP. CM Carrico asked for an overview of the fund's assets and investment returns. Mr. Johnson said the sales surtax revenue will begin paying down the unfunded liability sooner than originally anticipated. Because of the stock market run-up in the last year the PFPF has seen its assets return 16.7% thus far this year. CM Lehnan asked about the fund's goal for its funding ratio; Mr. Johnson said 80% is an industry standard considered to be healthy funding, and the sales surtax authorization legislation provided for funding up to 100%. Mr. Weinstein said that since the fund was closed to new members in 2017, its funding ratio calculations are very different than for any other operating pension fund.

**Motion:** on p. 50, tentatively approve Auditor's multi-part recommendation #1 as follows:

- a. Increase "Personnel" by \$101,585 on Schedule AC in order to accurately reflect the pension costs and employee provided benefits costs as determined by the budget office. This will be offset by increasing "Trust Fund Revenues" by \$101,585 on Revised Schedule AB in order to balance the budget.
- b. Increase "Operating Expenses" by \$130,715 on Schedule AC in order to accurately reflect the internal service allocations as determined by the budget office. This will be offset by increasing the "Trust Fund Revenues" by \$130,715 on Revised Schedule AB in order to balance the budget.
- c. Remove the "Adopted FY 23" amounts from the schedule, adding a subtotal for administrative costs and making other formatting changes as depicted on Revised Schedule AB and AC based on all of the recommendations.

**The motion was approved unanimously.**

### Human Rights Commission

Wendy Ahmed, outgoing Executive Director of the JHRC, introduced the incoming director, Dr. Rudolph Jamison, and briefly described the commission's charge and operations. CM Carrico asked about the difference between the missions of the JHRC and the mayor's newly created Diversity, Equity and Inclusion Office. At Mr. Carrico's request, Ms. Ahmed stated that the City's workforce largely mirrors the city's population with regard to Black percentage, and is somewhat underrepresented in Asian Americans and with regard to women in some job fields that tend to be heavily male. Dr. Jamison discussed the new Diversity Manager position in the JHRC. Several committee members stated that they need more information about what the mayor's new diversity and equity positions are intended to do in relation to the JHRC.

### Ethics, Compliance and Oversight Office

Kirby Oberdorfer, City Ethics Officer, described the various functions of the ECO Office. Kim Taylor reviewed the proposed budget.

### Office of Inspector General

Matthew Lascell, Inspector General, described the functions of the office. Kim Taylor reviewed the proposed budget.

### Emergency Reserve Fund

Kim Taylor said the City has 2 reserve funds – Operating and Emergency – which have grown very substantially in the last 8 years. The goal for each is 5-7% of the General Fund operating budget. The

Emergency Reserve is intended for true serious emergency use. She noted that in any type of emergency situation the City will have to pay for its expenses out-of-pocket as needed to address immediate needs and then seek reimbursement from FEMA, which takes years to be processed and funds eventually received. The Operating Reserve is currently over \$300 million and is not specifically budgeted as a line item unlike the Emergency Reserve. Chairman Howland suggested the possibility of using some of this year's ad valorem tax growth to build the Operating Reserve as a cushion against economic downturns in future years or as a source to address future initiatives. Ms. Taylor said that would be best accomplished by allocating it to a specifically designated contingency fund or to a carry-over line into the next fiscal year. Mr. Weinstein noted that the combination of the Emergency and Operating Reserves totaled over \$400 million as of the end of FY21-22 and will certainly be larger by the end of the current fiscal year given budget trends to date. He said the City is in very good financial shape at the moment, and there are sufficient building permits already in the pipeline that development growth should continue for another 2 or 3 years. There are several big-ticket items looming on the horizon (e.g. stadium reconstruction and a replacement jail) that will require major financial commitments in the next few years if pursued.

**Meeting adjourned:** 12:40 p.m.

Jeff Clements - Council Research Division

[jeffc@coj.net](mailto:jeffc@coj.net) 904-255-5137

Posted 8.14.23 2:30 p.m.