



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

Dr. Keshan Hargrove, Chair

TRUE COMMISSION Meeting Minutes

February 8, 2024

4:00 p.m.

Don Davis Room, 1st floor, City Hall

Attendance: Commissioners Keshan Hargrove, Charles Barr, Ramon Day, Tony Zebouni, Bruce Tyson, Velma Rounsville, Daniel Henry (arr. 4:02), Kim Pryor (arr. 4:06)

Excused: None

Absent: None

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

Chairwoman Hargrove convened the meeting at 4:00 and the attendees introduced themselves for the record.

Approval of minutes

The minutes of the January 4, 2024 commission meeting were **approved unanimously as distributed**.

Public Comment

None

Council Auditor’s Report

Tommy Carter of the Auditor’s Office reported that he had 7 reports to present:

#874: Special Report on Shands Jacksonville (Issued 01/10/24): the report was done at the request of the Council President and is not a formal audit according to generally accepted accounting principles. The report looked at a decrease in Shands Jacksonville’s year-end financial position by \$53M for FY22-23 and the failure of the hospital to meet its required debt coverage ratio in the context of the City’s ownership of the hospital and the contract for indigent care services. The hospital has been leased from the City since 1981 and the current lease expires in 2028, and the City provides an annual appropriation for unreimbursed indigent care services provided. There were several reasons for the decrease in the net position, including workforce pressures, a less-than-favorable private payer ratio, and the provision of indigent care services to City jail and prison farm inmates. Failure to meet the minimum debt coverage ratio for 2 consecutive years could result in a declaration of default on the hospital’s bonds under the terms of the bond covenants. Moody’s Investors Service reduced the hospital’s bond rating to Ba1 with negative outlook; Fitch Ratings kept their BBB rating but added a negative outlook.

UF Health’s Northorthside hospital is operating at break-even now and the opening of their new addition, currently under construction, will help the overall system’s financial picture. Florida has an indigent care

sales surtax but Jacksonville is prohibited from levying it by virtue of being a consolidated city/county. The Florida Legislature would need to change state law to make the city eligible to levy that surtax at 0.5%, which would require approval either by the City Council or by a voter referendum. Hillsborough County is the only county in the state to levy that tax.

The City and UF Health could look at several considerations that impact on the hospital's financial condition including: how much the annual indigent care contribution should be; the value of the hospital's \$1 per year lease and how should that factor into the annual contribution; and what changes could be made in how jail inmate care is provided and funded.

#726C: Follow-up on Municipal Code Compliance Division Revenue Audit (Issued 01/11/24): the original audit identified 12 issues, of which 3 remained after first follow-up and 2 still remain unresolved – lack of segregation of duties and excess computer access rights.

#875: Sheriff's Investigative Fund Fiscal Year 2018/19 (Issued 01/11/24): the report is an attestation, not an audit. One internal control issue was identified which has since been corrected. There is still an issue with funds not being returned within 2 working days after issuance if they have not used as required by the Standard Operating Procedure. The Sheriff's Office said this is not a realistic procedure since sometimes undercover operations take more than 2 days to complete.

#876: Sheriff's Investigative Fund Fiscal Year 2019/20 (Issued 01/11/24)

#877: Sheriff's Investigative Fund Fiscal Year 2020/21 (Issued 01/11/24)

#878: Budget Summary Fiscal Year 2023/24 (Issued 01/22/24): the report contains a great deal of useful information on the original budget proposed by the Mayor and changes made by the Council during the adoption process, including many tables and charts.

#879: Council Auditor's Office Annual Report Fiscal Year 2022/23 (Issued 01/22/24): a report on the audit and special reports done by the office, legislative reviews, and budget-related activities.

Mr. Carter responded to questions raised by Commissioner Henry at the previous meeting regarding expenditures over budgetary authority made by ASM Global, the City's hired public venue operator. He said the expenditures were for a combination of repairs and maintenance to facilities and excess operating expenses due to there having been more events than budgeted (offset by more revenue as well). Contract terms not followed by failing to get the City's pre-approval in writing for those expenditures. The City was aware of what was happening but didn't approve the expenditures in advance. The City administration said they will improve contract oversight of the ASM contract via the Special Events Division. Mr. Henry asked if funds in dedicated enterprise or other segregated accounts get more scrutiny than General Fund expenditures. Mr. Carter said they do in the sense that those funds are supposed to be self-supporting and are specifically tracked for that purpose. The fund in question in this instance had \$3M in excess revenue over budget from the extra events and that was the source of the funds for the extra work. There was no paperwork signed in arrears to document the over-spending. Commissioner Rounsville asked about the lack of checks and balances – who is supposed to be looking out for these over-expenditures? Mr. Carter said there are supposed to be procedures in place to catch that, they don't seem to have been followed.

Mr. Henry said he heard at a Mayor's Budget Review Committee meeting that ASM saw needs for lots of work at all the public venues so it wasn't a surprise that it was spent. Still the process should have been followed, and failure to do so could be considered a breach of their contract. In response to a question about how the City catches these types of over-expenditures if the standard procedures aren't followed,

Mr. Carter said the discrepancy shows up in the quarterly budget summary, so at least it is visible to those who are looking. Commissioner Zebouni asked for a copy of the ASM Global contract to see what it says about how money is handled. Commissioner Pryor said she sees a pattern in City government and the independent authorities of procedures not being followed, work done without approval, and no consequences when it is discovered. There doesn't seem to be much accountability. Maybe the only thing the TRUE Commission can do is to bring attention to the issue and try to make City Council and Mayor aware of it.

Motion (Day): the TRUE Commission Chair shall appoint a committee to review City contract violations that have been brought to its attention through various Council Auditor reports and draft a report of its findings for the commission's consideration.

Mr. Zebouni said the commission should do a study first and invite affected parties to come to a meeting and discuss the findings before issuing any reports. He recommended starting with the ASM contract specifically. Depending on what is found, the results could be reported to the Mayor, the Council Auditor and/or the Inspector General. He said he has seen these types of issues happening for years through multiple mayoral administrations. Ms. Pryor said there is no need to tiptoe around issues – it's time to be direct and issue reports stating the truth and let the chips fall where they may.

The Day motion failed for lack of a second, but the Chair said she would create such a committee, chaired by Commissioner Zebouni with Mr. Henry and Ms. Pryor as members. Mr. Henry said a lot of the problems seem to come back to a lack of sufficient contract management. He is interested in how the administration responds to these continual findings of failure of contract management beyond just promising to do better in the future.

Mr. Zebouni requested a copy of the ASM Global contract and copies of email or other correspondence between ASM and the City regarding the use of funds for public venues above amounts appropriated. He will send a specific request to staff to be forwarded to the appropriate party.

Legislative Tracking Committee

None

Audit Committee

Commissioner Barr reported that the committee had reviewed the audits which Mr. Carter had just covered in his Auditor's Report.

Chair's Comments

None

Old Business

None

New Business

2024 Commission work plan: Commissioner Henry suggested taking all the presentations made to the commission in the last year, pulling out common themes, and making a report about that.

Commissioner Day said he met yesterday with a Fraternal Order of Police union leader and gotten a copy of a report they union has prepared in preparation for upcoming union negotiations which occur this year. He asked staff to send the report via email to the commission members. He discussed a chart showing that Jacksonville pays a lower starting salary than other jurisdictions – 19% below the average of all the cities and counties surveyed. That plays a part in JSO losing a substantial number of employees once they

become trained and certified to other jurisdictions that pay more and participate in the Florida Retirement System rather than a defined contribution plan. He believes it's time for a comprehensive study of the Sheriff's Office on staffing and salaries. Mr. Zebouni said, based on his experience with collective bargaining with the OGC, that he recommended that the TRUE Commission not become an advocate for one side or the other in the collective bargaining process. Chair Hargrove said she knows JSO officers who have told her the same story – they get trained and certified in Jacksonville but then go to other jurisdictions where the pay and pension are better. Mr. Day said these factors threaten the future of JSO and its ability to provide the most basic City service – public safety. Mr. Henry said if the commission goes down the road of looking at JSO salaries, it should also look at all City employee salaries. He fears that a lot of institutional knowledge is reaching retirement age and the City may face a tremendous loss of experience and knowledge that it can't readily replace, which will hurt operations in the future. Mr. Day noted with regard to the FOP salary study that the court bailiffs are woefully underpaid, being paid a starting salary less than can be earned at a Buc-ees truck stop, WalMart, Landstar, or St. Johns County school crossing guards.

Commissioner Henry asked if a market study would be done comparing COJ's wages with those of the private sector and surrounding governments. Jeff Clements said he understood that that was a standard procedure for the City administration to gather its data for the collective bargaining process. Mr. Day noted that JSO's police academy has capacity for 40 recruits per class; only 15 people have applied to be in the latest class. Mr. Henry said the City's collective bargaining negotiating team faces a daunting task in negotiating salaries in the context of some tremendous upcoming expenses such as a stadium renovation, a new jail, relocation of the Police Memorial Building, major park projects, etc.

Work plan: ASM facilities over-spending post-mortem; collective bargaining for City employees, done sequentially with collective bargaining going first.

Collective bargaining study committee: Day (Chair), Barr, Rounsville, Hargrove (*ex officio*)

ASM Global study committee: Zebouni (Chair), Henry, Tyson, Pryor

TRUE Commission annual report: Staff will follow the usual practice and compile a draft report based on the minutes of the previous year's meetings for the commission's consideration.

Future commission meeting topics

March - FOP and IAFF representatives – collective bargaining

April - Utility Contractors Association - impact of Procurement Code revisions

May - ASM Global and City contract manager

June – Dustin Freeman – Procurement Manual drafting update

Commissioner Day asked about commissioner availability for committee meetings; he prefers early morning. Chair Hargrove said she prefers afternoons. Staff will poll members about availability to meet and Day will choose a good time. Commissioner Zebouni suggested meeting at a restaurant with a reservable meeting room that would be more convenient to members than coming to City Hall. Mr. Clements said the guidance to Council staff from the Ethics Office has been that all meetings must be held in a public building – preferably City Hall meeting rooms that are set up for audio recording, or possibly a public library meeting room. Meeting in private businesses such as a restaurant was prohibited. Mr. Zebouni disagreed with that strict interpretation of the Government in the Sunshine Law and said that a restaurant open to the public should be sufficient to meet the requirements. Mr. Clements said he would inquire of the Ethics Office about the current instructions on where meetings can be held.

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 – March 7, 2024 – FOP and IAFF representatives

The meeting was adjourned at 5:19: p.m.

Jeff Clements, City Council Research Division

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Posted 3.13.24 10:30 a.m.