



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

Dr. Keshan Hargrove, Chair

TRUE COMMISSION PRELIMINARY MINUTES

*(Note – these minutes are unofficial until reviewed and approved
by the TRUE Commission at a future meeting)*

June 6, 2024

4:00 p.m.

Conference Room C, 3rd floor, City Hall

Attendance: Commissioners Dr. Keshan Hargrove (Chair), Charles Barr, Alexander Hoffman, Bruce Tyson, Tony Zebouni, Andrea Letizia (dep. 5:37), Kim Pryor (arr. 4:11), Daniel Henry (arr. 4:16)

Excused: Commissioners Ramon Day, Velma Rounsville

Absent: None

Also: Jeff Clements and Eamon Webb – City Council Research; Tommy Carter – Council Auditor’s Office; see sign-in sheet for additional attendees

Commission Chair Dr. Keshan Hargrove convened the meeting at 4:00 p.m. and the attendees introduced themselves for the record.

Approval of minutes

The minutes of the May 9, 2024 commission meeting were **approved unanimously as distributed**.

Public Comment

Invited Speaker – Karin Tucker, Florida’s First Coast Chapter – Associated Builders and Contractors re: Procurement Code rewrite

Karin Tucker Hoffman, President and CEO of the local chapter of Associated Builders and Contractors (ABC) introduced Dave Yencarelli, 2nd Vice Chair of the ABC board, to discuss unintended consequences of the recent re-write of the City’s Procurement Code. Mr. Yencarelli said the “Buy American” requirement (Sec. 126.703(c) is problematic because it increases costs by up to 30% for some materials if purchased domestically and asked that the construction industry be exempted from this provision. He also said that local preference requirements are inherently antithetical to ABC’s “merit shop” philosophy. In 2021 ABC was successful in getting the state to prohibit local preference requirements in any projects utilizing state funds and he would like to see a similar prohibition for locally funded projects. He said ABC vehemently opposes any local preference requirements, including the requirement for non-local contractors who win City contracts to use local businesses to perform at least 40% of the work based on contract value.

Cindy Regs with ABC posed a number of questions for clarification of the intent of the ordinance revisions. The City currently has 3 project award committees - will the new Jacksonville Procurement Awards Committee (JPAC) fully replace the existing 3 (CSPEC, PSEC, GGAC) and will it speed up the currently slow process? Contractors can't wait for months for a change order to be approved by the City, so they perform the work now at their own risk in hopes of getting the change order approved later and that can be costly and unfair. She said the policy for the City directly buying materials for a project isn't really clear about what is covered. Does the \$100,00 threshold cost apply on a per unit basis or on total cost? She questioned whether the City is set up to do that much purchasing in a timely manner; if not then that requirement will delay projects.

Ms. Regs said ABC opposes the ex-offender Form A hiring consideration requirement because it is hard to comply, requiring too much reporting on every project every month. She asked if the City has enough personnel to review all these reports being filed. Sheh also noted that those required forms make ex-offenders' identity common knowledge among lots of people on the company and City level. Many entities (i.e. banks and schools) have very strict security requirements and won't allow ex-offenders to be used on their projects which just adds more complication. Companies are willing to hire ex-offenders but don't like the mandate that they have to. This will especially be a big burden on small companies that don't have large workforces where ex-offenders could be projects where their presence would not be problematic. She questions what the City is going to do with all this information and said the City shouldn't be intruding on what's best for the companies. Mr. Yencarelli said the requirement is very problematic for projects in schools or in peoples' homes where it will subject the company to unnecessary liability. This will hurt the companies that do hire ex-offenders and give an advantage to others that don't. He urged exemptions for the construction industry from the local preference and ex-offender requirements.

Mr. Yencarelli said Buy American requirements increase overall project costs because there are few or no American manufacturers for many products. Local preference requirements can be gamed by big companies that can afford to set up offices in lots of counties and become "local" for preference purposes, and that disadvantages small local companies. ABC got the state to prohibit local preference on any state-funded projects and they hope Jacksonville will do the same. Commissioner Zebouni said the state requires Buy American on some projects but has exemptions if it is not feasible. Ms. Regs said any amendment to a City contract requires CSPEC approval so they try to bundle all changes into 1 big amendment to save time and effort and often use a project's contingency fund to pay for things that must be done immediately until the City eventually catches up and approves the change order. All Northeast Florida counties have their own local preference requirements and none of them extend reciprocity to Jacksonville, so adopting it here would be extremely restrictive. Adopting it will cause a compliance nightmare because people know how to game the system and fake a local presence.

Ms. Regs said the ex-offender requirement really burdens smaller companies trying to get a \$200,000+ job. The paperwork is burdensome and gives job applicants a means to challenge their non-hiring. Government shouldn't be telling businesses how to run their company. The regulations would tie companies' hands with regard to moving employees from one job to another. Mr. Yencarelli said his company has one corporate handbook that has to apply to all employees and all jobs – they can't have a separate policy for city jobs to accommodate these extra requirements. He described the liability and insurance coverage problems the presence of ex-offenders imposes on companies.

Commissioner Zebouni suggested that ABC do a "redline" version of the ordinance with their preferences indicated for the TRUE Commission to consider.

Commissioner Henry asked how companies evaluate the severity of criminal records and the time frames in which offenses occurred as part of their hiring process. Mr. Yencarelli said there's a difference between

a past history of misdemeanors versus felonies and more recent occurrences versus longer ago, all of which makes a difference. Ms. Regs said the current policy puts a paperwork burden on the companies and generates lots of failed job applications to companies that get contracts but already have all the workers they need. The requirement to identify ex-offenders publicizes them to an excessive degree. Commissioner Pryor said the policy is overly intrusive and the City has no business imposing that requirement on private companies. When that documentation gets into the City's hands it becomes a public record and can do more harm than good to the applicant. Commissioner Barr said the \$200,000 threshold seems far too low. Commissioner Pryor said that this will be a huge burden on JSEBs who would have to hire an ex-offender into a small workforce.

Commissioner Zebouni explained the rationale for the ex-offender requirement to try to give a helping hand to them, and said government often pays more for projects to achieve broader social goods. Ms. Regs said companies need workers desperately and will hire anyone who fits their profile, including ex-offenders, but don't want it to be mandated and add a paperwork burden. Mr. Zebouni invited ABC to submit a list of bullet points to the TRUE Commission which will forward it to the Procurement Division and Office of General Counsel for their information. He urged them to directly contact the Chief of Procurement and City Council members to express their concerns.

Commissioner Hoffman said he knows of out-of-town companies already setting up offices in Jacksonville in order to qualify for work on the stadium renovation project.

Commissioner Tyson said rebuilt reputations can be destroyed by the disclosure of a previous felony conviction and that will happen if this information gets to be a public record. Commissioner Henry asked ABC to develop a prioritized list of their concerns.

Invited Speaker – Anna Brosche, Chief Financial Officer, re: indigent care contract monitoring

CFO Anna Brosche said the previous failure to adequately monitor the City's indigent care funding contract with UF Health Jacksonville stemmed partly from employee turnover in the Finance Department and a failure to properly train other employees in that function when the previous monitor left. Her department has created a new monitoring position to oversee several functions that need to be regularly reviewed, including the indigent care contract and tourist development tax collections. Her staff is working with UF Health and the Office of General Counsel to modify the indigent care agreement to clarify definitions and processes and conform to IRS rules. Commissioner Henry asked about patients who turn out to have insurance when that wasn't known at time of admission and about payment for prisoners treated from the City jail, specifically whether UF Health really tries to look for insurance. Ms. Brosche said UF Health is so underfunded that she is fairly sure they are looking for any source of insurance that can be identified. The jail care cost issue has ballooned in recent years and the City needs to explore how well UF Health is complying with the contract to verify insurance availability.

In response to a question from Commissioner Hargrove about UF Health's procedure if they identify some insurance coverage later and whether they would refund the cost of any covered services to the City, Ms. Brosche said the Finance Department does quarterly checks on what UF Health bills to the City. Commissioner Zebouni suggested that the Sheriff's Office could ask a question at time of prisoner intake to the jail about any insurance/Medicare/Medicaid coverage. Perhaps a simple check box on the intake form could identify insurance availability. Commissioner Pryor asked about indigent care payments for inmates released from JSO custody while they're in the hospital. Commissioner Hoffman cautioned that there are federal HIPA regulations that might regulate what kind of information can be shared about someone's health and insurance. Commissioner Pryor asked by what mechanism people coming to the UF Health emergency room are determined to be indigent; Ms. Brosche said there are federal regulation definitions for indigency, and it's covered in the contract. Commissioner Tyson asked what would happen to funds that might be recouped from insurance and whether they would go back to the indigent care

account. Ms. Brosche said they should. Ms. Pryor asked what the quarterly testing process includes. Ms. Brosche explained that a sample of cases is selected and analyzed to verify compliance with the contract terms. They ask UF Health to explain any anomalies and seek resolution to any issues identified. Ms. Pryor asked about the income verification process; Ms. Brosche said she would have to ask UF Health to explain the process. Chair Hargrove said hospitals typically check income and don't simply take a patient's word for their income. Commissioner Letizia said if problems are identified in the sample cases, the sample should be expanded and more testing done. Commissioner Henry asked about any potential initiatives by the City, UF Health or another party to contact people who get treated under the indigent care contract to explore their health care options and get them covered. Ms. Pryor said there is a minimum income requirement to get coverage through the federal Affordable Care Act.

Commissioner Henry asked how the executive branch reorganization is going. Ms. Brosche said her department went from 8 divisions to 5, losing Procurement, Fleet management and ITD to other departments. The new Administrative Services Office will have more capacity to delve deeper into divisional operations.

Ms. Brosche thanked the commissioners for their good work.

Council Auditor's Report

Tommy Carter of the Council Auditor's Office reported that 5 new reports have been issued since the last commission meeting.

#762C: Follow-up on City Payroll Audit (issued 05/13/24): a fourth follow-up will probably happen within the next year preceding the change-over to the new payroll system housed in the 1Cloud ERP in 2026.

#882: City Encumbrance Carry Forward Audit (issued 05/14/24): it appears there were no expenditures beyond budgetary capacity despite there being \$16M in overstated authority.

#883: Quarterly Summary for the Six Months Ended March 31, 2024 - Issued 05/15/24

JEA needs a budget amendment for using reserves for capital projects in both electric and water/sewer
JTA will need 2 budget amendments for Connexion system and ferry division if the projected trends hold through year-end.

JPA looking at \$4.5M surplus

JAA anticipating \$13.9M surplus because of debt service savings in Concourse B and parking garage projects and extra investment income.

City \$9.3M favorable variance in revenues and \$ unfavorable

In response to a question from Commissioner Pryor about what happens to large surpluses, Mr. Carter said if they last through the fiscal year-end they go into General Fund fund balance. The independent authorities carry surpluses over to the next fiscal year for operating or capital purposes. Excess revenues can be accrued but can't be spent until appropriated by City Council. No independent authority funds get paid to the City except for JEA's annual contribution.

#884: DAVID (Driver and Vehicle Information Database) Compliance Attestation – Clerk of Courts - Issued 05/22/24 – no problems were identified with data security or access.

#798B: Follow-up on JTA Paratransit Audit - Issued 05/28/24 – the original audit identified 13 issues, of which 9 remained after the first follow-up. The last 4 issues were cleared this time and the audit is closed.

Legislative Tracking Committee

None

Audit Committee

Commissioner Barr reported that the committee met at 3:30 immediately prior to the full commission meeting and Mr. Carter made the same presentation he just gave to the full commission under the Auditor's Report.

ASM Global Contract Committee

None

Chair's Comments

None

Old Business

Grace and Truth Community Development Corporation surplus property conveyance for affordable housing: Commissioner Pryor said she will be investigating this issue further on her own and will report back.

TRUE Commission vacancies update: Mr. Clements noted that several new appointments are in the pipeline from the Council President, Mayor and Greater Arlington/Beaches CPAC, and they will be completed in the next month.

New Business

TRUE Commission annual report adoption: Commissioner Pryor suggested adding language stating that the TRUE Commission has been making recommendations that have thus far not produced any action. Commissioner Hoffman suggested requesting that the TRUE Commission's resolutions be read into the City Council minutes for the meetings at which they are presented as Miscellaneous Communications. Commissioner Henry said in the past, TRUE Commission Chairs have met with City Council Presidents to talk about the commission's activities and recommendations. Commissioner Zebouni said the commission has talked to several departmental representatives this year and tangible changes have resulted from the commission's input.

Motion (Tyson/2nd Zebouni) – approve the 2023-24 annual report as distributed – **approved 6-1** (Pryor opposed).

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 – August 8, 2024 (Note – NOT the first Thursday of the month)

The meeting was adjourned at 5:55 p.m.

Jeff Clements, City Council Research Division

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Posted 6.26.24 2:30 p.m.