



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

Dr. Keshan Hargrove, Chair

TRUE COMMISSION MEETING MINUTES

September 5, 2024

4:00 p.m.

Lynwood Roberts Room, 1st floor, City Hall

Attendance: Commissioners Dr. Keshan Hargrove (Chair), Tony Zebouni, Ramon Day, Velma Rounsville, Kevin Luhrs, Bruce Tyson, Daniel Henry, Wen Raiti, Kim Pryor

Excused: Commissioners Charles Barr, Andrea Letizia, Alexander Hoffman

Absent: None

Also: Jeff Clements – City Council Research; Tommy Carter – Council Auditor’s Office; David Johnston – Inspector General’s Office

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 August 8, 2024 commission meeting were **approved unanimously as distributed**.

Public Comment

None

Council Auditor’s Report

Tommy Carter of the Council Auditor’s Office reviewed Auditor’s Report #885: Quarterly Summary for the Nine Months Ended June 30, 2024. With regard to the independent authorities, he said JEA will need a budget amendment to reflect its use of reserve funds for capital projects in both the electric and water/sewer systems. JTA projects 3 of its 5 divisions to exceed budgetary authority and will also need to file a budget amendment. JAA and JPA project to revenue surpluses by year-end (JAA - \$13.6M, JPA - \$7.8M). The City General Fund projects to a \$23.5M favorable variance by year-end – a \$15M positive revenue variance and an \$8.5M positive expenditure variance (which is less than projected as of the last quarter). The Solid Waste Fund is projecting a \$2.3M positive variance due to primarily to investment pool earnings and franchise fees, which will reduce the General Fund loan needed for this fund.

Commissioner Henry asked about JTA’s Bus Division needing to find a funding source to cover the projected deficit, saying he didn’t recall seeing that situation in past reports. Mr. Carter said that is different because in years past the Bus Division has ended up with enough revenue to cover costs, but noted that these are still projections and they’re not over budget until they get to the end of the fiscal year. Mr. Henry asked about next year’s projected revenue for JTA and how it compares to this year’s budget, saying it seems they miss their projection every year. Mr. Carter said staff will look at projected revenue

for next year versus projected budget for this year. Commissioner Pryor said JTA has a long history of overspending its budgetary authority and then asking for amendments after year-end and asked what can make that practice change. Who can make the authority comply with the Code requirement to ask for an amendment to the budget before they overspend? Jeff Clements said the JTA heard very clearly from past-Council President Ron Salem about his displeasure over the authority's record of making late requests for retroactive budget amendments. He said the TRUE Commission could pass a resolution to the City Council or the JTA board making its feelings known, noting that the JTA is governed by a 7-member board made up of 4 state appointees (3 by the Governor plus the Secretary of the local FDOT district, plus 3 appointed by the Mayor and confirmed by City Council).

Commissioner Zebouni said JTA is budgeting less for its Contingency Fund next year than this year – if they budgeted more of a contingency then they could fix problems mid-year without needing a budget amendment. Commissioner Day asked about JTA's administrative costs and the recent media reports relating to a new state law regulating those costs. Mr. Carter said the new state law requires transportation authorities to limit their administrative expenses to no more than 20% above the average administrative cost percentage of transportation authorities of like size in Florida. Mr. Day gave a brief history of the state-created Jacksonville Expressway Authority in the 1950s and its acquisition of the Jacksonville Coach Company in the 1970s and asked how JTA's mission has evolved. Mr. Carter said the authority builds roads and bridges, was given responsibility for building a number of Better Jacksonville Plan road projects, and runs the bus, Skyway and Connexion community transportation system. He said the authority gets the "sales tax for tolls" and a portion of the BJP sales tax. In response to a question from Mr. Day about whether JTA actually builds projects itself or contracts them out, Mr. Carter said they contract out.

Commissioner Day said JTA operates a mediocre transit system and could be split into two pieces – a transit authority and a road building entity (perhaps the City Public Works Department) – as the old Jacksonville Port Authority was once split into the current separate authorities to run the airport and seaport. Mr. Carter pointed out that JTA exists under authority of a state law so its structure would need to be changed by the Florida Legislature. Commissioner Henry asked if anyone at the City reviews JTA's administrative costs. Mr. Carter said those costs are buried in the various divisional budgets of JTA and are not readily apparent. The new state law will require new reporting, so that will have to be disclosed next year. Mr. Henry said the TRUE Commission could 1) ask JTA when they will find money to fill their budget deficit and when they plan to file a budget amendment; and 2) request a copy of their administrative costs report when compiled. Chair Hargrove asked if the commission could invite JTA to come to a future meeting and comment. Commissioner Day suggested having JTA CEO Nat Ford and Chief Administrative Officer Cleveland Ferguson come to a future meeting to discuss the agency's budget. Commissioners were requested to send specific questions to Mr. Clements to add to the invitation; Commissioner Henry said he will formulate some specific questions. Commissioner Luhrs asked how JTA prepares its budget and on what basis do they project revenues and expenditures. Commissioner Pryor said the commission should get answers to its questions, not just a "we'll get back to you" response. She said if the TRUE Commission thinks there are failures to properly budget, it can ask the Inspector General's Office to investigate.

David Johnston, Deputy Inspector General for Audit, said waste in any City agency or authority is of interest to the IG's Office and they welcome input from the TRUE Commission about topics to study. He noted that there is a distinction between inefficiency and waste in government operations. Commissioner Luhrs asked how the IG defines "waste" that is beyond simple inefficiency. Mr. Johnston said the office has an intake unit to take the first look at a request and determine if there is a real issue involved, then they dig deeper if there appears to be something that needs examination. The IG has limited resources and has to pick and choose what they investigate, so entities like the TRUE Commission that do some work and identify issues on the front end help them to be more efficient in their work. Commissioner Henry

congratulated the IG on the good work done on the surplus property for affordable housing issue. Mr. Johnston discussed the IG's recent report on misuse of rental assistance debit cards and how the determination was made that it rose to the level of waste and misuse of public funds. In response to a question from Chair Hargrove about how the IG determined to look at the Jacksonville Housing Authority and the debit cards, Mr. Johnston said they got a request to investigate.

Commissioner Raiti asked if the IG has a materiality standard to trigger investigations. Mr. Johnston said they don't have a formal materiality standard in the accounting sense of the term – it's more subjective depending on the issue. Commissioner Luhrs asked for an overview of how the process works from start to finish. Mr. Johnston said there are multiple ways to get issues into the intake division (online, phone, letter), the intake division does triage and determines what investigator should do the work if its merited, the investigation is pursued, and a report is issued. Sometimes investigations turn into policy reviews. The IG has seen an increase in the number of referrals over the last year or two as they become more well-known and City employees become more familiar with what they do. In response to a question from Commissioner Pryor about whether the IG has jurisdiction to investigate JEA, Mr. Johnston said they do. She referenced a JEA-owned building on Main Street that was demolished at a cost of \$167,000 which seemed outrageous to her, especially given the cost of \$2,300 for another company to demolish another building downtown. Mr. Johnston said the IG could look at whether the Procurement Code was followed appropriately and why the one demolition was so expensive compared to the other.

Legislative Tracking Committee

None

Audit Committee

None

ASM Global Contract Committee

None

Chair's Comments

None

Old Business

FY24-25 City Budget Review:

Commissioner Day said he reviewed the Jacksonville Fire and Rescue Department and Sheriff's Office budgets. JFRD got all its positions funded (11 new positions) and all capital outlay requirements were met in the new budget so there was nothing worthy of comment there. JSO's budget is going up by 5.8% over the current year and some management positions were distributed from the Sheriff's Office to other divisions. 40 new officers were funded for next year, which is insufficient to grow the force by as much as needed (80 new officers per year was previously recommended by the TRUE Commission). The Mayor has said she gave the Sheriff what he asked for in the budget. Mr. Day it seems that the crime rate is decreasing somewhat this year. He still thinks JSO is still drastically understaffed (1.9 officers per 10,000 citizens vs 2.76 in the other 4 largest Florida cities). All the new positions are going to the Patrol and Enforcement and Professional Standards divisions. He noted that the Mayor did say that applications to work at JSO are up 88% in the short term due to the announced union pay raises and the plan to make employees eligible for membership in the Florida Retirement System's defined benefit pension in a couple of years.

Commissioners Raiti and Rounville looked at Tax Collector, Supervisor of Elections, Parks and Recreation, and Military and Veterans Affairs budgets. Ms. Raiti said she was interested in the discussion

about the mayor's new initiatives and the differing opinions expressed by council members about her proposals. The Finance Committee restored funding for the Jax Beach 4th of July fireworks and the Hispanic Heritage Month celebration at council member requests. She thinks the Finance Committee is doing a good job of the budget review process. Commissioner Rounsville said all the budgets appeared to be reasonable with nothing noticeably out of line. The SOE budget varies considerably from year to year based on the number of elections being held. The Clerk of the Courts' fees appear to be insufficient to meet costs and there was discussion of the need to raise them. The Tax Collector got an increase last year for salaries, while this year's increases were more about technology needs.

Commissioner Day asked if the members thought it would be good for the commission to suggest that the City Council expand its support for ethnic group heritage events and activities. Commissioner Henry said he watched that budget hearing and learned that the Special Events Division doesn't budget specific line items for each event but rather has a general events fund that can be used for any event during the year. Mr. Day said individual line items for each event would be good because it recognizes the event and doesn't make events for different ethnicities compete against each other for funding. Commissioner Rounsville said a Finance Committee member said some groups raise their own funds and don't ask for City assistance. Commissioner Raiti said City support for many events would make them more visible to the larger community.

Motion (Day): the commission recommends via a letter to the Mayor that funding be expanded for supporting events and activities to highlight the City's full panoply of ethnic diversity.

Motion (Henry): amend the Day motion to direct the letter to the Office of Sports and Entertainment instead of the Mayor.

Commissioner Raiti asked about the difference between the Mayor's initiatives funding and the Sports and Entertainment budget.

The Henry amendment passed 8-1 on a voice vote (Zebouni opposed).

Commissioner Tyson said the more funding you put into that account, the more groups will want to ask for it so the funding need will grow over time. Commissioner Day said the City is becoming increasingly diverse and it is incumbent on the City to recognize that diversity and to invest in honoring and highlighting different groups. Commissioner Raiti agreed with Mr. Day that the increasing diversity should be recognized. Commissioner Pryor asked how the decision will be made what ethnicities to fund and how many different groups will be requesting funding for their event. Mr. Day said it's time to start recognizing everybody who wants to celebrate their heritage and embrace the City's full diversity. Commissioner Zebouni said he agrees with Mr. Day in principle but foresees the possibility for future conflicts among groups over limited funding. Commissioner Luhrs said realistically speaking there is unlikely to be conflict, and a general statement about an unspecified increase is inoffensive. Commissioner Rounsville said more specificity about how the money will be spent would be helpful. Commissioner Henry said the Finance Committee mentioned the City partnering with agencies that ask for financial assistance. Mr. Day suggested studying the issue for the next year and making a good recommendation for the following year's budget. Ms. Raiti said Jacksonville is a city that needs revitalization.

Motion (Pryor) – call the question and vote on the motion – approved unanimously via a voice vote.

The Day motion as amended passed 5-3 via a voice vote (Pryor, Zebouni, Tyson opposed).

Commissioner Tyson reported on Parks and Recreation Department's budget. There is some personnel reduction because many parks are being remodeled and are not in service now; there is an increase in the security staff due to the opening of the new skatepark in Riverside, which he doesn't think has been adequately funded for maintenance. Mr. Tyson said anticipates that when the remodeled parks come back online there will need to be an increase personnel to keep them up. He knows lots of parks need lots of work and have safety issues.

Commissioner Day suggested the TRUE Commission engage in the budget review process earlier next year. Commissioner Henry said there was nothing particularly of note in Neighborhoods Department's budget and noted that the Office of Economic Development added new positions to staff the JSEB program. Regarding the independent authorities, JEA is bringing back the fee for making payments via debit or credit cards, which was paused during the COVID pandemic. The Plant Vogtle nuclear power purchase agreement is costing JEA \$250M per year for the next 10 years. Even with recent rate increases JEA is still a low-cost provider electricity provider.

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 – October 3, 2024

The meeting was adjourned at 4:45 p.m.

Jeff Clements, City Council Research Division

jeffc@coj.net 904-255-5137

Posted 11.12.24 9:00 a.m.