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SPECIAL COMMITTEE ON COMMUNITY BENEFIT AGREEMENT

Meeting Minutes

**September 6, 2024
11:30 a.m.**

Location: City Council Chamber, 1st floor, City Hall

In attendance: Committee Members Raul Arias (Chair), Jimmy Peluso (Vice Chair), Will Lahnen, Nick Howland, Tyrona Clark-Murray, Ken Amaro

Also: Council Members Matt Carlucci, Chris Miller, Randy White, Ron Salem (arr. 12:19); Maritza Sanchez – Legislative Services Division; Phillip Peterson – Council Auditor’s Office; Jeff Clements – Council Research Division; Mary Staffopoulos – Office of General Counsel; Darnell Smith, Joe Inderhees, Mike Weinstein, Scott Wilson, Bill Delaney – Mayor’s Office; Anna Brosche – Finance Department; Ed Randolph – Office of Economic Development

Meeting Convened: 11:31 a.m.

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

Assistant Council Auditor Phillip Peterson reviewed the amendments approved to the Supplemental Community Benefits Agreement (CBA) at the last meeting. He reported that the amendments from that meeting were circulated to the various parties and comments have received back that led to this meeting being scheduled. In response to a question from Council Member Amaro, Mr. Peterson said the committee didn’t say anything about the \$14M council district funding applying to the CBA commitment in FY24-25.

Joe Inderhees of the Mayor’s Office said the Jaguars had concerns about the City contribution being diluted over too many years so that their investment wouldn’t be as effective in the short term. They also want to have a guardrail in place about claiming credit for current year appropriations. Paul Harden representing the Jaguars said the team offered \$100M for the original CBA, then the City offered \$150M if the Jaguars would increase their contribution to \$150M. The team’s top priority is to get the riverfront parks opened by the time the stadium and the Four Seasons Hotel opened, which they understood would take \$56M from the City to complete. Mr. Harden said he understands that the committee’s actions this

week to take \$20M out of the riverfront parks allocation would keep that from happening. Their second concern is about how the Jaguars contribution will be spent - \$40M over 30 years for the Eastside, which they want sufficiently matched by the City for real impact to occur. They want assurance that the City's contribution won't be diluted by being spread over too many years to the point where both investments won't make a real difference for the Eastside.

Chairman Arias said the Finance Committee heavily scrutinized these parks in the Finance Committee this week. They thought that \$56M would complete the job and now find that the cost is over \$200M, which was reduced to \$190M by the Finance Committee. The committee heard from Daryl Joseph, Director of the Department of Parks, Recreation and Community Services, that Metropolitan Park was going to be the last to be completed. Mr. Harden said the Jaguars' expectation is that the parks will be done in the next 5-6 years when the stadium is ready as originally agreed. Mr. Arias said a new CBA board will be created to determine how the future funds will be utilized. Mary Staffopoulos with the Office of General Counsel said the Jaguars money will not come through the City; the future CBA committee will determine how the City funds will be used. Mr. Harden said Shad Khan's half a billion-dollar investment in the stadium, Four Seasons Hotel and adjacent office building relied on the parks being completed in a timely manner. Mayor's Chief of Staff Darnell Smith said Metro Park will be designed and completed on time and on budget.

Council Member Lahnen said the park project budgets have skyrocketed since the CBA promised the \$56M. He said the Jaguars proposed a \$100M CBA contribution over 30 years so he wants to know why the Jaguars are concerned about the City spending being over that period. City negotiator Mike Weinstein said the negotiations ended up with the City putting in the up-front seed money to get things happening quickly and in unison with private partners. The chance to make a substantial impact both for the Eastside and the citywide initiatives is threatened if not enough investment is made in the first few years to get things started properly. The Howland contribution pause mechanism provides financial relief if it is needed due to budgetary conditions.

Council Member Amaro asked about what guardrails the Jaguars want on the CBA contributions. Paul Harden said the degree to which the City can claim CBA credit for current expenditures and the length of time the City will take to make its investment. Mr. Amaro said it appears \$1M a year doesn't meet the Jaguars' expectations so he will offer an amendment to increase that amount. Council Member Peluso said he is very pleased with the work the CBA committee has done to date and thinks it ended up in a good place. He is willing to compromise a bit to make sure all parties are satisfied. He supported the Howland/Lahnen contribution pause mechanism as a reasonable safeguard for the budget. The point of the countywide initiatives was to do work that needs to be done for the good of the city, not to claim a few extra dollars from the Jaguars.

Council Member Clark-Murray asked what the administration wants to see happen. Darnell Smith said an investment of \$40M for the countywide initiatives over 7 years would be desirable, with the Howland pause mechanism in place. He took the Lahnen 33-year amendment to be a worst-case scenario, hopefully the investment would be made sooner. Council Member Lahnen said the Council can invest more in any year if it's available, but doesn't want to be locked into a minimum investment amount over 7 years. Council Member Matt Carlucci asked for clarification of the Howland contribution pause amendment. Phillip Peterson explained the methodology for pausing the contribution given low ad valorem growth and a low Consumer Price Index (CPI) and said the council could choose to pause or not pause the \$4M minimum to Eastside and \$1M to countywide. Mr. Smith said the administration is agreeable with the Howland pause methodology if the budget can't afford a contribution in a year. He said the mayor and her administration have said nothing about a millage increase – that's completely within the purview of the council. Mr. Carlucci said he doesn't want to do anything to absolutely preclude consideration of a millage increase to make the contribution if future circumstances merit it and the council agrees it's

needed. President White said he thinks the Howland pause mechanism provides sufficient protection and hopes that the investment over 33 years might be accomplished much sooner. Chairman Arias said the committee already approved an increase in the CBA for Eastside from \$30M over 3 years to \$40M over a somewhat longer period, so it is being taken care of. The Eastside and countywide commitments would add up to about \$10M per year cumulatively.

Chairman Arias cautioned the group to beware of opening up the completed work of the committee to lots of new amendments. Council Member Amaro asked for clarification on the \$34.1M or \$40M for countywide initiatives. Phillip Peterson said the previous vote was for the \$5.9M of funding in the current budget to count toward the CBA commitment.

Motion (Amaro): amend the communitywide initiatives contribution to \$40M over 10 years with a floor of \$4M per year and the Howland contribution pause mechanism in place.

Council Member Howland asked if condensing the countywide payments jeopardizes the Eastside contribution in lean budget years; Mr. Peterson said it would because it would increase the minimum annual contribution amount from \$5M to \$8M. Mr. Howland suggested 21 years for the countywide initiatives with a minimum of \$1.5M per year so as not to jeopardize the Eastside's funding.

Motion (Howland): amend the Amaro amendment to 21 years with a minimum of \$1.5M per year, also subject to the Howland contribution pause mechanism.

Joe Inderhees said the Amaro amendment balances the protections of the Howland/Lahnen protective measure for difficult years with meeting the commitment through the CBA and the Jaguars to bring sufficient investment to the Eastside in the short term. Council Member Peluso said he prefers the Amaro motion. Council Member Howland asked how many years the Jaguars would prefer – Paul Harden said 15 years would be the Jaguars' preference. Council Member Salem said the Eastside should be the focus because that was the Jaguars' original intent and it's the right thing to do. The Finance Committee has worked hard to preserve the City's reserve funds which shouldn't be tapped for regular operating expenses. The administration negotiated the CBA and then turned it over to the Council which is responsible for what happens next. He said the City is facing budget deficits over the next few years, plus the additional cost the police and fire employees of joining the Florida Retirement System, so he recommends being very conservative and spreading the City's commitment over a substantial number of years. Council Member Lahnen said he could agree with 21 years. Council Member Amaro said the Eastside should be the focus and the addition of the countywide initiatives has complicated matters somewhat. He believes 33 years is too long a time to spread out the investment and make any real impact. President White said the countywide initiatives provide some benefit to the taxpayers outside the Eastside who aren't directly impacted by the stadium project. He suggested 16 or 17 years for the countywide initiatives. Council Member Clark-Murray said the Jaguars want the investment made for 15 years at \$2.5M a year and she is supportive of that.

The Howland motion was withdrawn 5-1 (Howland opposed) by a voice vote.

Motion (Clark-Murray) amend the countywide initiatives contribution to 15 years at \$2.5M per year.

Council Member Howland cautioned that the floor on the countywide investment has the potential to hurt the Eastside allocation if the pause mechanism is triggered. Council Member Matt Carlucci said no one knows what future years will bring and the excessive focus on trying to create safeguards for unknown scenarios will lead to unintended consequences later. Council Member Amaro spoke in favor of the Clark-Murray amendment.

The amendment was approved 5-1 (Lahnen opposed) via a voice vote.

The Amaro motion as amended was approved 5-1 (Lahnen opposed) via a voice vote.

Motion (Peluso): impose a cap of \$5.995M on FY24-25 budget allocations being credited to the City's CBA match.

Council Member Howland said the City's match has already been capped at nothing after 2024-904 was introduced and he doesn't agree with any more caps – money gets appropriated all the time for new initiatives and some of that should count as match. Council Member Peluso said this committee should let the new CBA 3.0 Committee make the decision on what counts toward the match. Council Member Salem said the Mayor has an initiative on homelessness that would generate \$30M in private funding for \$10M in City funding and asked if that will count toward the match or not. He thought the intent was for all of the City's funding in affordable housing and workforce development to count as match and said the Council should not bind itself by excluding anything from counting as match. Mike Weinstein said the proposal mentioned by Mr. Salem seems to be exactly what should count as a match to the CBA. Council Member Peluso said if the City starts counting current dollars as CBA match then the many agencies that presented to the committee during its first two meetings about how they would spend new funding will be cut out to the extent that the future match funding is reduced by current spending.

Council Member Howland asked for clarification of what the Peluso cap means. Ms. Staffopoulos said we don't have an executed CBA yet and the \$5.995M is not Eastside-related, but rather for countywide initiatives. She said Mr. Peluso's concern is reducing the potential funding availability early in the process before a new CBA governing board is created and can evaluate potential uses. The Jaguars want a limit on the look-back period for counting funding as CBA match. She said whatever the committee does today will be formulated as an amendment to Ordinance 2024-905, which will have to be discharged and taken up on September 10th and this amendment would be moved as a floor amendment. Assuming it is enacted on September 24th then it will be enrolled and go to the mayor for signature. She said there may need to be some negotiations over what happens with items that are in process before the CBA gets fully executed, including the timing of commitments, appropriations, and contracting for expenditures.

Council Member Amaro asked Paul Harden what would be an acceptable number on being eligible for CBA credit from incremental new spending. Mr. Harden said the \$5.995M is their interpretation of what the parties intended to count as match. Council Member Peluso said his intention was to put a cap on current year expenditures being eligible to count before the new CBA oversight group gets a chance to opine on proper uses. Council Member Clark-Murray asked about how projects currently the subject of pending legislation get counted. Ms. Staffopoulos referenced the distributed list showing the \$5.995M in projects; the RISE DORO bill pending now doesn't appropriate any funds so could count in the future toward funding of affordable housing, but there is no clear definition of how "workforce housing" applies to the issue of affordable housing. Mr. Peluso said it's counterproductive to be trying to assign values to the match before the NFL owners approve the agreement and the new CBA 3.0 committee is appointed to consider potential uses.

Council Member Howland asked for clarification about the intent of the Peluso amendment and whether new funding added later in the FY24-25 fiscal year after the budget is adopted would or would not count as match eligible.

The motion was approved unanimously via a voice vote.

Chairman Arias relinquished the chair to Vice Chair Peluso. Mr. Arias asked for clarification of the definition of "affordable housing" vs "workforce housing". Josh Hicks, Affordable Housing

Administrator for the Neighborhoods Department, cited the federal government's definitions of those two terms: "affordable housing" means affordability (spending less than 30% of household income on housing) for households earning 30-80% of area median income (AMI), "workforce housing" means affordability for households earning 80-120% of area median income. He gave examples of the household incomes that define those terms.

Motion (Arias): include funding for workforce housing as well as affordable housing as defined by U.S. HUD in the CBA match for both the countywide and Eastside funding initiatives.

Council Member Peluso asked Mr. Harden about the Jaguars' position on this amendment. Mr. Harden said the CBA references "affordable housing", and the City will determine how they interpret that. Ms. Staffopoulos said the CBA does not define "affordable housing" so that is why the clarification is needed as to what is intended. Mr. Peluso said the 80-120% of AMI range is far too expensive for many households to afford so he opposes the amendment to give credit for projects affecting that range. Council Member Howland said all kinds of housing are needed to meet the city's need so he thinks workforce housing should be added. Mr. Peluso said the addition of workforce housing gives too much credit in the CBA for housing that is not affordable for very many people. Chairman Arias said many districts need more workforce housing to keep residents living in Jacksonville and not in adjacent counties, so he wants the amendment to include its reference in the CBA match to encourage the administration to incentivize that kind of housing.

The Arias motion was approved 5-1 (Peluso opposed) via a voice vote.

Mary Staffopoulos summarized the day's amendments as follows:

- Countywide initiatives to be funded over 15 years at \$2.5M per year subject to the Howland/Lahnen contribution pause mechanism.
- Cap of \$5.995M on FY24-25 budget appropriations counting toward the CBA match.
- Include workforce housing initiatives in addition to "affordable housing" for purposes of the CBA.

At Ms. Staffopoulos' request the committee confirmed that all actions from the August 26th committee meeting were ratified without objection.

Mr. Staffopoulos said she will prepare a floor amendment for next Tuesday's City Council meeting which will include a revised Supplemental CBA document. If there is any disagreement by the Jaguars next Tuesday, then it would be up to the Council President to determine if the issue could be worked out on the floor during the meeting or if the Special Committee needs to be extended to resolve the issue.

Mr. Inderhees said once the CBA is approved the administration is ready to use the City's commitments to leverage private contributions. The administration has learned some lessons from this year's budget process and looks forward to next year.

Meeting adjourned: 1:49 p.m.

Minutes: Jeff Clements, Council Research Division
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9.11.24 Posted 9:30 a.m.