



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

Dr. Keshan Hargrove, Chair

TRUE COMMISSION PRELIMINARY MEETING MINUTES

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

November 7, 2024

4:00 p.m.

Lynwood Roberts Room, 1st floor, City Hall

Attendance: Commissioners Dr. Keshan Hargrove (Chair, arr. 4:06), Charles Barr, Tony Zebouni, Velma Rounsville, Alexander Hoffman, Kevin Luhrs, Bruce Tyson, Kim Pryor, Daniel Henry (arr. 4:25)

Excused: Commissioners Ramon Day, Wen Raiti

Absent: Commissioner Andrea Letizia

Also: Jeff Clements – City Council Research; Tommy Carter – Council Auditor’s Office; Cleveland Ferguson (CAO), Raj Srinath (CFO), Jessica Shepler (Director of Governmental Affairs) – Jacksonville Transportation Authority

Commissioner Barr convened the meeting at 4:05 p.m. and the attendees introduced themselves for the record.

Approval of minutes

The minutes of the September and October commission meetings were **approved unanimously as distributed**.

Jacksonville Transportation Authority presentation

JTA CAO Cleveland Ferguson gave an overview of JTA’s creation under state law in 1955 as the Jacksonville Expressway Authority and its 1971 conversion, also by state law, to a transportation authority when it absorbed Jacksonville’s two private bus companies. He explained that the JTA board has 4 state appointees (3 by the Governor and the Florida Department of Transportation’s regional secretary) and 3 City appointees by the Mayor and confirmed by City Council. The authority operates the bus system, including a large Bus Rapid Transit (BRT) system, the Skyway downtown monorail, the Connexion on-demand paratransit system, the St. Johns River Ferry, community shuttles, beach buggies, etc. on the transit side, and builds roads and bridges, including a list of Mobility Works (Better Jacksonville Plan) projects. Mr. Ferguson said the JTA customizes its various services to meet specific area needs and is very focused on improving quality of life in health care, the environment, and communities. Current initiatives include trying to reduce dwell time on buses to no longer than 30 minutes, looking at decentralizing bus hubs to improve connectivity among regions instead of just to downtown, operating the Door-to-Store grocery access program in food deserts, and providing opioid information and stroke information buses to increase community awareness of those issues.

Mr. Ferguson discussed JTA's Metric Management System – a data and metrics website dashboard and scorecard which is reported to the board monthly for action planning. He noted that the private bus companies that were folded into JTA still exist and the drivers working for those companies are unionized.

Regarding JTA's revenues, Mr. Ferguson said the primary sources are the state-shared constitutional sales tax, the state-shared constitutional gas tax and the local option gas tax, along with operating revenue and federal discretionary grants. The authority's budget is approved by its board in May to meet the state's July-June fiscal year, while the City and JTA operate on an October-September fiscal year. JTA's books close in December and they get their audited financials in the spring so that leads to the need to true-up the 2 differing fiscal years with a reconciliation ordinance. JTA doesn't overspend its revenues, but the state and City charts of accounts don't match completely so there can appear to be discrepancies.

Mr. Ferguson discussed the authority's AMELI data management system which collects and processes a variety of data in real time and monthly to report to the board, including revenues from various sources (fares, state and federal grants, sales tax, gas tax) and expenses such as labor costs, fuel, and other expenses.

In response to questions posed in advance by commissioners, Mr. Ferguson discussed the future of the Skyway downtown monorail system. JTA received a federal BUILD grant in 2018 to help fund an at-grade extension of the Skyway. Phase I of the future of the Skyway (renamed Ultimate Urban Circulator or U2C)) is the Bay Street Innovation Corridor, Phase II is the removal of the Skyway's monorail guide beam and its replacement with a paved surface on the guideway to accommodate use rubber-tired vehicles, and Phase III will be neighborhood extensions at-grade to Riverside, Springfield, and San Marco, all using autonomous vehicles (AVs). Holon, a German AV manufacturer, is investing \$100M in a new plant on Jacksonville's Northside near Jaxport to build AVs for the world market and to meet the US government's Buy American requirements for federal funding. The extended local option gas tax will fund Phase II. An AV science curriculum is being developed for the public schools and for FSCJ to train students for the technology and jobs of the future. The Sheriff's Office and Jacksonville Fire and Rescue Department are cooperating on developing protocols for AVs and any technology-specific issues they may present.

JTA questions and answers

Commissioner Zebouni asked about whether there will be drivers on the U2C AVs. Mr. Ferguson said they will have attendants on the AVs (which will be Level 3 on a scale of 1-5 for least automated to most automated) for at least a couple of years for passenger confidence. In response to a question about vehicle size, he said that service frequency is the key to success and the vehicles will come in various sizes, ranging from 6 passengers to 25 passengers, to meet particular service needs. Mr. Zebouni asked about JTA's travel budget. Mr. Ferguson said travel is a line item in the budget and they never spend anywhere close to the full budgeted amount. The JTA Board oversees the travel budget and there's a very robust travel approval and accounting system for employees who travel.

Commissioner Hoffman asked if the Skyway ridership figures include football game days; JTA CFO Raj Srinath said they do. Mr. Hoffman asked if the Bay Street Innovation Corridor will have a dedicated AV lane on game days. Mr. Ferguson said that will be coordinated with JSO about what will work. JTA Vice President for Government Relations Jessica Shepler noted that there will be an AV path shared with pedestrians near the stadium.

Commissioner Pryor asked for more information on the budget true-up process and reconciliation ordinances. Mr. Ferguson said the JTA Board approves the budget in May, which goes to City Council in July and is approved by them in late September. Mr. Srinath emphasized that JTA's expenses never exceeded revenues in the last 5 years; they use Generally Accepted Accounting Principles (GAAP) fund accounting and sometimes expenses may be higher than budget in some funds which are balanced out by lower expenses in other funds that net to an overall positive variance. Ms. Pryor asked why the true-up process is needed each year and why it takes so long to reconcile the numbers and file the budget amendment legislation. Commissioner Henry said the real issue is JTA exceeding budgetary authority as pointed out in numerous Council Auditor reports and asked if the fund budgeting issue is unique to JTA or if it is shared by the other authorities with state board members. Mr. Srinath said he believed it should be the same for all authorities.

Mr. Srinath said the Skyway has no revenue because it is operated fare-free so it will always have expenses exceeding revenue and will need a revenue transfer from the Bus Division to make it whole. The true-up is required to meet accounting requirements to balance the positive and negative balances of the various funds. The fiscal year ends in September and the books stay open until December to process the year-end transactions, after which the reconciliation takes place, and a reconciliation ordinance is sent to Council in the spring. Commissioner Henry asked if that is the best system for JTA's books, and if so, questioned why the Council Auditor's Office keeps making a finding on that subject. Mr. Srinath said that budgeting, financial reporting, and management reporting are very different systems, each done for different purposes and different audiences. This is how it's done in transit agencies across the country. The governing board needs a different set of information to make management decisions than financial reporting data. Mr. Ferguson said an example of the need to true-up unknown expenses is the collective bargaining process. JTA didn't know exactly where the union negotiations would end up and that resulted in salary expenses in excess of budget when the negotiated contract was signed after the budget was approved. The authority balances up the line items with available revenues after the fact as necessary.

Commissioner Luhrs said the aggregate revenues and expenses balance but some of the funds don't balance and asked how that works with City funding. Mr. Ferguson said the City only appropriates funds to JTA for the Connexion paratransit system, not the other systems. There are rules for overspending authority at JTA and those instances are board approved as needed. The true-up ordinance at the end of the year gets the City's approval for those budget adjustments. Commissioner Zebouni asked what would happen if the City Council disapproved a true-up ordinance. Mr. Ferguson said it has never happened and JTA wants to be a good partner with the City and not have any disagreements. They work hard with the Council Auditor to work out any issues so there is no problem. Last year the JTA and the City disagreed about what revenues for the year would be and they negotiated a number acceptable to both for the budget, with the understanding that any excess revenues would go to JTA reserves. Tommy Carter of the Council Auditor's Office clarified that what City Council needs to approve is expenses exceeding budgetary authority approved by Council and that's what gets reported in the quarterly budget reports and what necessitates the reconciliation ordinance.

Commissioner Pryor said her main concern is that JTA seems to expend over its budgetary authority without asking permission first. Mr. Ferguson explained that they do it because it is necessary for things like emergency storm response when it's not practical to ask for permission first. They do what needs to be done to keep the necessary services running and reconcile the budget later. Ms. Pryor said Council sets the budget and ought to give permission before overspending takes place. Mr. Ferguson said the JTA Board is the authority's governing body and has the power to approve their budget. They communicate with the City and keep them informed and do the true-up once a year. He reiterated that the only direct

appropriation from the City to JTA is for the Connexion paratransit system; the rest of their local funding is via interlocal agreements for use of sales and gas taxes.

In response to a question from Chair Hargrove about why all JTA bus stops don't have covered shelters, Mr. Ferguson said they are working their way through the addition of 200 shelters per year, which entails both a shelter and ADA accessibility of sidewalks, benches, etc. Ms. Hargrove asked about rural area bus service; Mr. Ferguson said JTA uses a variety of vehicles to meet specific needs countywide, from big buses to beach buggies to tuk tuks to golf carts. Ready Ride is an on-demand system like Uber or Lyft to get people cost effective rides to where they need to be in areas where there is not much regularly scheduled service.

Public Comment

John Nooney said the City's Florida Inland Navigation District (FIND) grant process did not include a land acquisition project for a public park and water access point on Pottsburg Creek and he wants the TRUE Commission to pass a resolution in support of that action. Public access to the waterways is pitiful.

Council Auditor's Report

Tommy Carter of the Council Auditor's Office reported that the office released one report: #867A – Follow-up on City Payroll - Leave Payouts at Separation of Employment Audit. The original audit identified 13 issues, all of which were resolved by the time of the follow-up and the audit is closed.

Commissioner Henry asked about the earlier mention of JTA's negotiation with the City over projected revenues and why that doesn't happen with expenses as well. Mr. Carter said the disagreement in that instance was over what amount of revenue the sales taxes would produce, and the negotiation of that amount caused JTA to adjust its expense budgets to match the lower negotiated revenue figure. In response to a question from Commissioner Hoffman about why JTA gets to project their revenue, Mr. Carter said the City Budget Office makes a projection, the Council Auditor makes a projection, and the State of Florida makes a projection of what each tax will produce; JTA projected considerably higher than the other 3 numbers. The Auditor's Office projection happens in May or June, not March when JTA does its projection because of the state fiscal year, so they have more months of historical data to guide their estimate than JTA has. Commissioner Luhrs asked about the methodology for doing the projections. Mr. Carter said it's a combination of historical trends and modeling. Commissioner Hoffman asked if JTA's budgets are typically subject to reconciliation ordinances, which are needed if any of the 5 funds exceed budgetary authority.

Legislative Tracking Committee

None

Audit Committee

None

Chair's Comments

None

Old Business

None

New Business

New Business – Mr. Clements reported that an appointment resolution for Stephanie Oglesby, the North CPAC's nominee to fill its seat, is being introduced next week. He also announced that Wen Raiti is resigning from the commission due to starting a new job.

Motion (Pryor) – the TRUE will cancel its meeting scheduled for December – **approved unanimously via a voice vote.**

Commissioner’s Comments

Commissioner Henry asked what the commissioner felt the group should work on next year? Commissioner Pryor said she wants to hear from the Real Estate Division about why the City forecloses on properties and what policies and procedures govern how those properties are handled and disposed of. Mr. Clements was asked to invite Renee Hunter, Chief of the Real Estate Division, and a representative of the General Counsel’s Office to the January meeting for that discussion. Commissioner Henry suggested getting a follow-up in March or April on the implementation of the Procurement Code rewrite and how that’s working, how the new employees are being used, etc.

Commissioner Zebouni said some of the JSEB (Jacksonville Small and Emerging Business program) companies with which he works are not happy with the way that contracts are awarded since the JSEB function was moved from the Procurement Department to the Office of Economic Development. He asked that a representative of the JSEB program come to a future meeting and that the Commission obtain some testimony from JSEBs.

Commissioner Pryor asked if the commission had ever gotten any feedback from the local Associated Builders and Contractors organization about the Procurement Code rewrite that they discussed at an earlier meeting. Mr. Clements said he had not received anything from the group.

Commissioner Luhrs said that the use of historical data is problematic in making projections without doing correlation testing or regression analysis. Some historical data is not predictive.

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 – January 7, 2025

The meeting was adjourned at 5:39 p.m.

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Posted 11.27.24 10:30 a.m.