City of Jacksonville

117 W. Duval Street
Jacksonville, FL 32202

Meeting Minutes

Thursday, October 15, 2026

9:30 AM

Council Chamber,
1st Floor, City Hall

FAO Select Committee

Council Member Chris Miller, Chair
Council Member Ron Salem, Vice Chair
Council Vice President Joe Carlucci, Member

I. Call to Order and Introductions

Chair Miller convened the meeting at 9:30 a.m. and called for introductions.

II. Follow-up on any outstanding questions from last meeting

Chair Miller said this meeting would focus on information presented by the Council Auditor's Office and would begin with outstanding questions from the prior meeting.

CM Salem asked whether JTA has an annual external audit. Philip Peterson, Council Auditor, said JTA has an annual audit conducted by Cherry Bekaert; however, the City Council relies on JTA's quarterly summaries for information on its operational finances. He added that the Council Auditor's Office reviews the annual audit. CM Salem asked if the other independent authorities have an annual audit; Mr. Peterson confirmed they did. CM Salem then asked whether JTA received money during the COVID-19 pandemic, how it was spent, and whether that delayed identifying current financial issues. Mr. Peterson said that was not part of their presentation but would investigate it. He added that he did not know whether that contributed to the issue, but noted it could have provided more capital dollars, leading to more activity that JTA may not have engaged in without the extra funding. He could not provide details on the amounts received or how they were spent. CM Salem said that information could help the Committee.

Chair Miller concurred with CM Salem and suggested looking at federal funding overall. Chair Miller also asked whether any documents showed that Board members and the executive leadership team were aware of and acknowledged their fiduciary responsibilities. Randall Barnes, JTA's CFO, said they did not have an update but would provide any information they could find soon. Chair Miller noted there was significant turnover in JTA's finance department and wanted information on individuals who had left within the past five years, or at least three years. Mr. Barnes said he did not have information on hand but would provide it. Mr. Barnes also said that the Finance and Technology Division had 50 percent of the personnel as of October 21, 2025. Chair Miller also requested the years of service of the remaining personnel.

III. Presentation from Council Auditor's Office on history of how JTA got to this financial position

Mr. Peterson said that the Council Auditors do not have access to JTA's internal financial systems and rely on quarterly summaries provided by JTA. He added that his office reviews the reports to determine whether they are reasonable and compares them to information the City does have access to, such as the LOGT and half-cent gas tax. Chair Miller asked if the Council Auditors have access to other independent agencies' internal systems. Mr. Peterson said they have access to all City systems; two staff members of the Auditor's Office have access to JEA but not JAA or JPA.

Mr. Peterson said the presentation focused only on operations at JTA, not capital finances, since it did not seem to contribute to the financial issues. He also said the presentation considered revenues first, then expenditures. He began with the half-cent transportation tax, which he said can represent 60-70 percent of JTA's budget each year. He explained that retailers and other businesses collect the half-cent sales tax and remit the funds to the state. The City receives those funds from the state about two months after their collection. Then, the City sends the funds to a fiscal agent that withholds a portion for debt service based on a written directive from the City and JTA, and the fiscal agent sends the net proceeds to JTA. Mr. Peterson said remittances from the state increased consistently over the past 10 years, up to 2025. The debt service amounts are based on amortization schedules with some fluctuations; over the past five years, Mr. Peterson said they fluctuated from $36.3 million down to about $19.7 million and then crept back up to $36.9 million. He then presented a graph showing changes in half-cent tax collections, debt, and net proceeds sent to JTA, on a twelve-month rolling basis between September 2022 and September 2026. He said sales tax collections were growing, but not as quickly as the debt.

He then showed a bar graph with annual activity for FY 2021-2022 through FY 2025-2026. He said sales tax collections peaked in FY 2024-2025, while the debt increased from about $20 million in FY 2023-2024 to about $37 million in FY 2024-2025, resulting in a smaller net amount sent to JTA. Brian Parks of the Council Auditor's Office reiterated that while sales tax revenue has dropped modestly, the biggest impact stems from increased debt. CM Salem asked what would cause the debt to increase. Mr. Parks suggested it may be due to the timing of refinancing and prepayments, not anything new. CM Salem asked if dollars were added to reserves in FY 2022-2023 and FY 2023-2024 when the debt decreased significantly. Mr. Peterson said those dollars were added to the operational budget and used in those years. CM Salem said he would like to know what those extra dollars were used for and also an understanding of what JTA's reserves looked like during that time.

Mr. Peterson clarified that the debt shown was related to Better Jacksonville Plan (BJP) projects and recalled that the City and JTA negotiated to use a portion of the half-cent sales tax revenue for those projects in exchange for the City contributing portions of the LOGT.

Mr. Peterson then turned to the FY 2024-2025 budget, indicating that the Council Auditor's Office believes issues began that year. He presented an excerpt from a budget handout in which the Council Auditor's Office recommended reducing sales tax by $11,424,876 and offsetting it with $7 million in non-transportation revenue from prepayment of BJP debt and by moving $5 million in interest earnings from the General Fund to the Bus Division. He recalled that JTA submitted a budget that was $11.4 million more than what was ultimately approved. He then highlighted a portion of the JTA's quarterly summary from September 30, 2025, which showed net sales tax revenue was about $1.3 million under budget. He said if the City Council had not applied the Council Auditor's recommendation, they would have been $11.4 million more under budget. He noted that for the year, the JTA revenues were only $65,912 under budget.

In preparing the FY 2025-2026 budget, the Budget Office projected gross half-cent sales tax revenue of $137.3 million; JTA projected $136.2 million. Mr. Peterson said that amount was reasonable because the 12-month rolling total was $133.3 million and the growth trend was over 3 percent. He said they noted the LOGT appeared overstated but ultimately appeared reasonable when analyzed alongside the half-cent transportation tax.

CM Diamond asked how the conversation with JTA went when preparing the FY 2024-2025 budget. Mr. Parks said they received a lot of pushback from JTA, which thought their numbers were correct. He said he did not know if that stemmed from confusion around debt or some other issue. CM Diamond asked if they had a good argument in response. Mr. Parks said they did not. CM Diamond then asked if they felt JTA personnel were pressured. Mr. Parks said he could not answer because he was not fully focused during the conversations. CM Diamond suggested questioning JTA personnel who were part of these conversations about why they were pushing for the $11.4 million to be included.

Chair Miller asked who from JTA was involved in those conversations. Mr. Parks said that the formal meeting included Cleveland Ferguson, former CFO Raj Srinath, and Jessica Shepler, SVP of Public Affairs.

CM Salem asked how the conversations led to what was ultimately presented to the City Council. Mr. Parks said they came to a compromise with JTA, which agreed to use reserves rather than reduce expenditures. CM Salem asked if he recalled how much was in reserves at the time. Mr. Parks said he did not.

CM Lahnen noted there were no cash substitutes and budget items were moved around to balance the budget, which he believed was the start of the problems.

Mr. Peterson continued the presentation. He said revenues became a problem in FY 2025-2026 when transportation tax collections began to decrease. He then reviewed expenditures based on final quarterly summaries for each of the last four years beginning September 30, 2022. In 2022, JTA was over budget by about $4.8 million; under budget by about $2.3 million in 2023; over budget by about $3.4 million in 2024; and over budget by about $19 million in 2025.

Mr. Peterson then reviewed the Council Auditor's notes on past quarterly summaries to determine if the Council should have known there were issues. In 2022, the Council Auditor's Office indicated no budgetary stress for JTA overall. He added that all divisions collectively went over budget by about $4.8 million, which required further Council approval to spend. CM Salem asked whether he meant instances where JTA would return to Council with a revised budget after the annual budget was approved. Mr. Peterson affirmed.

In 2023, Mr. Peterson said that his office's notes on JTA's quarterly summary indicated no budgetary stress, but noted that the Bus, Connexion, and Ferry Divisions' actual expenditures exceeded the budgetary appropriation approved by the City Council. In 2024, the quarterly summary also indicated no budgetary stress. Mr. Peterson said the Q1 summary in FY 2024-2025 had no issues but marked the start of future issues. He recalled that JTA projected an overall surplus of $34,320 for all divisions, made up of a favorable revenue variance of $2,189,255 and a total projected unfavorable expenditure variance of

$2,154,935. He said the Council Auditor's Office noted that tax revenues may not be as high and continued to track revenues.

Chair Miller noted that Mr. Peterson began with 2022 and that JTA had come before the Council requesting approval of amended budgets; he asked whether other independent agencies had returned with revised budget amendments. Mr. Peterson recalled JEA had come back once or twice, while JAA and JPA had not. CM Salem said he wanted to know if the Board was being properly informed and suggested reviewing meeting minutes to determine what the Board was told. Based on JTA presentations last week in the standing committees, Mr. Peterson said he recalled that the Board was not provided projections.

Randall Barnes, JTA CFO, said the Board received monthly financial reports focused on the prior month but did not receive projections. He said they would receive projections going forward.

CM Diamond wondered if the Board was intentionally not receiving projections and suggested that people like former CEO Nat Ford and the JTA Board chair be questioned on the matter. He then asked Mr. Peterson when conversations with JTA became tense. Mr. Peterson said he would not classify interactions as tense but said JTA was always the most difficult agency to work with because of untimely responses that did not always make sense. Chair Miller asked Mr. Peterson how long JTA had been difficult to work with. Mr. Peterson said it had been that way since he started working with the City 20 years ago, but attributed part of that to JTA's status as a state-affiliated agency. CM Diamond then asked when the City and JTA began disagreeing on finances. Mr. Peterson said FY 2024-2025 was the first significant instance of pushback.

CM Lahnen asked Mr. Peterson to look at the other independent agencies to determine whether their boards are provided projections.

CM J. Carlucci asked whether it was verified that the Board did not receive projections. Mr. Barnes said that the Board received actuals and YTD information but not projections. CM J. Carlucci asked if any Board members requested the projections. Chair Miller said that he agreed with the prior request to review meeting minutes and materials to verify what information the Board received. CM J. Carlucci asked if the Council could enact policy or take other action to ensure that projections were reported to the Board. Ms. Staffopoulos said that the City Council was not in a position to address or enforce how JTA runs its board meetings, explaining that JTA is a state hybrid agency and not part of the Charter. CM J. Carlucci asked if they are required to come before the Council with financial updates. Ms. Staffopoulos said that, as an independent authority, the Charter requires them to come before the Council for budget approval each year and any amendments thereto, but does not require reporting throughout the year. Mr. Peterson added that JTA provides quarterly reports, and they were trying to determine whether the Charter or Florida Statutes required them. Mr. Barnes guaranteed that they would be providing projections going forward.

CM Salem said he would like to have a Board member attend a future meeting for questions to determine what they knew, if they asked about projections, and whether they had any understanding of JTA's financial situation.

CM Clark-Murray asked whether the Charter could be amended before the Charter Review

Commission. Ms. Staffopoulos said it could be amended through referendum or through a local J-bill. She said a few exceptions allowed non-substantive changes to the Charter. She reiterated that the JTA, however, was not in the Charter, and said it may require looking at amending the state statute. CM Clark-Murray asked if they could draft a resolution to prompt the state to make the desired changes. Ms. Staffopoulos said that if they were to do a resolution, it would typically coincide with a J-bill that was being sponsored by a representative of the local delegation. She said they could also approve a resolution expressing the Council's desire for action and see whether a member of the local delegation would take up the issue.

Mr. Peterson continued the presentation. In the March 31, 2025, quarterly summary, JTA projected a surplus of $2.3 million and assumed that the half-cent sales tax, constitutional gas tax, and LOGT would come in at the projected amounts. The June 30, 2025, quarterly summary projected an overall surplus of $3.9 million. During the FY 2025-2026 budget review, expenditures in the Bus Divisions Service Category increased by $5.7 million. Mr. Peterson noted that the Council Auditor's Office write-up indicated the increase was largely due to a $10.8 million increase for the NAVI program and Autonomous Innovation Center costs; that increase was offset by a $3.1 million decrease in Professional Services-Administration. He said no explanation was given when asked about the cuts. He also reported that the CTC Division Services Category decreased by $642,000 even though the budget was expected to be exceeded by $3.9 million in FY 2024-2025. He said the reduction was due to a reduction in contracted services, with no details on what specific cuts were being made. He added that they were separately informed that JTA was undergoing cost-cutting exercises that would cut $7 million from JTA's budget.

Mr. Peterson then stated that after three quarterly reports projecting increasing surpluses, JTA's quarterly summary from September 30, 2025, projected an overall deficit of $18.9 million. He said this was the first year they saw significant problems, highlighting the issues inherent in relying on JTA's reports. He said that the Bus and Connexion Divisions exceeded their budgetary appropriation and explained that NAVI was housed within the Bus Division.

CM Diamond noted the wide variance between the third-quarter report and the end-of-year report and asked whether that indicated a significant budgeting problem and how much could be attributed to new projects like NAVI. Mr. Peterson said it confirmed that projections from entities were not reliable without access to their internal systems. Mr. Peterson said NAVI was a contributing factor but noted that the Connexion+ service greatly increased in cost in a way that JTA was not prepared for. He also said they were underbudgeted on fringe benefits across multiple divisions.

CM Lahnen recalled conversations earlier in the year on these issues where they voiced concerns to JTA leadership and said he did not think those concerns reached the Board. He also noted many issues with expenditures, along with concerns about sales tax revenue.

CM Salem reiterated that they needed to understand exactly what the Board knew at the time. Chair Miller agreed and said he would confer with OGC to determine the process for having Board members present. Ms. Staffopoulos said select committees did not have subpoena powers but could request their attendance. CM Diamond said they could go through standing committees if needed.

Mr. Peterson continued his presentation. He noted that the September 30, 2025 quarterly summary

would have been submitted in November and reviewed by the Finance Committee in January, but the budget for that year had already been adopted. He then reviewed the December 31, 2025, quarterly summary, which projected JTA would end the year at budget. He said his office noted items where projects may not be realized. The March 31, 2026, quarterly summary then projected an overall deficit of $2.2 million, despite significant cost reductions throughout the year. The June 30, 2026, quarterly summary then projected an overall deficit of $31.8 million, made up of a $17.4 million shortfall in revenues and exceeded budgetary capacity for expenditures by $14.4 million. He said the September 2026 quarterly summary would not be due until November, which would provide an update on where JTA stands.

The write-up for the June 30, 2026, quarterly summary indicated that projected shortfalls in Net of Debt Sales and Constitutional Gas tax of $10.5 million were due to a downward trend in sales tax; in interest earnings of $3.3 million due to less cash available; in Net LOGT of $3.3 million based on actual collections; and in Passenger Fare of $1.8 million due to the passenger fare reductions during the year. Expenditures were expected to exceed budget by $14.4 million due to a projected negative variance of $8.4 million in the Services category of CTC, because the service provider contract was not budgeted for the full year, and overall fringe benefits of $7.4 million because benefit-related expenses were not budgeted accurately.

Mr. Peterson then compared budget to actuals for expenses starting in 2022. He said the Buses Category was about $1.1 million over budget in 2022, $3 million under budget in 2023, $800,000 over budget in 2024, and $12 million over budget in 2025. He said he was not aware of any new service in 2025 other than NAVI. In 2026, the Buses Category is projected to be about $ 6.5 million over budget. The CTC Category was over budget by $600,000 in 2022; $700,000 in 2023; $4.2 million in 2024; $9.7 million in 2025; and is projected to be over budget by $8.4 million in 2026. He noted that Connexion services are based on ridership, and riders pay for the services; the more the services are used, the more they cost. Mr. Peterson said that the Skyway and Ferry are not contributing factors, having been under budget or at budget since 2022.

Mr. Peterson then compared JTA's assets versus their liabilities, which he said helped them isolate the problems' origin to the past couple of years. He said you could expect some volatility in the net change, but noted a sharp decline at the end of FY 2024-2025 and expected a similar decline in FY 2025-2026.

Mr. Peterson concluded with some high-level recommendations. He first recommended budgetary controls for requisitions before purchase orders are created, direct payments, and other items. Then, forecasts should occur more regularly than quarterly and be tracked and projected throughout the year, at least monthly, given JTA's financial position. Forecasts should also be presented to the JTA Board in public meetings. Finally, consistent with FY 2026-2027, JTA needs to take a more conservative approach to budgeting the half-cent transportation tax as it is a significant percentage of its overall revenue.

CM Salem asked if service changes would be made quarterly depending on available funding throughout the year. Mr. Barnes said that was the case and that, with the LOGT becoming available through Council approval, they could make adjustments over time.

CM Diamond said the committee should ask former JTA CEO Nat Ford and the Board Chair questions

to understand what happened during this time.

IV. How did JTA get here? [Discussion]

V. Financial management, forecasting, and internal control [Discussion]

VI. Other Issues

VII. Chair's comments

VIII. Public Comments

IX. Adjourn

Chair Miller adjourned the meeting at 11:01 a.m.

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