City of Jacksonville

117 W. Duval Street
Jacksonville, FL 32202

Meeting Minutes

Friday, October 23, 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

CM Salem asked for an update on any COVID funds JTA received and how they were used. Mr. Peterson said JTA received about $135 million over five years. He said the information came from annual reports, with the most recent dated September 30, 2024. He said the money went to operations or was used for PAYGO on capital projects. Mr. Peterson added that between 2020 and 2022, JTA's budget did not increase significantly. CM Salem asked if the COVID money that went to operations may have masked shortfalls. Mr. Peterson said federal, state, and local grants spent on operations were included in JTA reports. Mr. Parks said he did not think the end of COVID funds was a factor. He added that JTA's operational expenditures that were funded with grants are included as expenditures, and during that time there was not an increase in expenditures equivalent to the amount of COVID funding received; however, it might have been spent on capital or reserves were used up, such that they would cause problems later.

CM Miller asked if an audit would determine how the COVID funds were used and if they were used as intended. Mr. Peterson said the audits would determine if JTA complied with the grants and recalled that there were no findings that grants were spent inappropriately. He clarified that they were relying on JTA's external auditor and would otherwise have to review specific transactions. He said they were working with JTA to get access to their financial systems.

CM Miller asked whether there were documents acknowledging executives' and board members' fiduciary responsibilities. Cleveland Ferguson, JTA CEO, said they were governed by Chapter 112, Florida Statutes, as state employees, and that Board Members sign an oath. He said a segment of the procurement and leadership team is required to file Form 1. Mr. Ferguson also said that Board Members receive ethics training from OGC, and the City provides ethics training to executive leadership each year. He said there was not a signed form beyond the code of ethics and code of conduct. CM Miller asked if there was a policy manual for Board Members. Mr. Ferguson said he believed there was one.

CM Salem said he requested the Council Auditor's Office to determine what cost savings would have happened if certain cost-cutting measures were enacted. He said he also asked for the names of CFOs from the past two years and their dates of employment.

CM Miller said he was reaching out to those prior CFOs to request their presence at a Committee meeting. He said he was also reaching out to Board Chairs and former CEO Nat Ford. He added the Committee would also address whistleblowers in the future.

CM Miller then asked whether other independent agencies provide projections to their Boards. Mr. Peterson said that JEA provides projections and multi-year forecasts; JAA provides year-over-year data, year-to-date data, and the CFO provides comments at Board meetings and other updates, which include projections; JPA provides year-over-year and year-to-date data, the CFO provides positive and negative updates at Board meetings, and projections are provided at their June meeting.

III. JTA Presentation, Fiscal Year 26-27, revisit the approved JTA Budget

Randall Barnes presented on JTA's current and projected financial condition. He began with an overview of the FY 2027 Operating Budget. He said the JTA Board approved the $139.2 million Operating Budget earlier this year, and the City Council approved it last month. He said the Council Auditor's Office indicated the revenue assumptions seemed reasonable but raised many concerns about expense assumptions during the budget hearing process. JTA staff completed a comprehensive review of cost commitments and confirmed that proceeding without significant cost-cutting measures was impossible. Mr. Barnes said a few weeks ago JTA took action to stay within budget, including debt service of about $1.5 million on the line of credit and a small contingency to cover unexpected costs or lower-than-expected revenues.

Mr. Barnes then compared the FY 2027 budget to FY 2026 actuals as of September. He said that the FY 2027 budgeted operating revenues are largely in line with FY 2026 actuals. He said revenue projections were conservative overall, particularly for sales taxes and CGT. Mr. Barnes said JTA would continue to maximize grant funding and monitor the impact of schedule changes on passenger fares.

CM Miller asked Mr. Barnes to explain the difference in the non-transportation revenues. Mr. Barnes said it was due to an expected real estate sale.

Mr. Barnes then compared FY 2027 budgeted operating expenses and FY 2026 actuals. He said the Council Auditor's office provided numerous comments during the budget hearing process. He said that the budget was largely developed improperly, without fully considering all costs to provide services, and without decisive action, the FY 2027 budgeted expenses would have been insufficient. He said their primary areas of focus were labor costs and services.

CM Miller asked what Mr. Barnes meant by saying the budget was prepared improperly. Mr. Barnes said he understood that each department would submit its non-labor-related budgets to the budget team, noting he was not in the CFO role when the budget was developed. The CFO's office would then make indiscriminate cuts rather than linking them to revenue.

CP Howland asked who was on the budget team. Mr. Barnes said he did not know the specific titles or people but said it would be analysts and managers on the CFO's team. CP Howland asked if that was accepted practice. Mr. Barnes said it was not and that developing a budget was a collaborative process across the organization. CP Howland asked what changes would be needed to align expenses and the budget. Mr. Barnes said that would be part of the presentation.

Chair Miller asked if Mr. Barnes had access to documents submitted to the budget team. Mr. Barnes said he thinks they do have access to it.

CM Salem asked if the CFO approved and was ultimately responsible for checking the budget. Mr. Barnes affirmed.

CM Diamond asked if doing the budget in that way runs the risk of not accounting for expenses that must be made. Mr. Barnes agreed. CM Diamond asked whether JTA has a mechanism to monitor when departments were exceeding, or expected to exceed, their budget. Mr. Barnes said he thought there were reports but wasn't sure how accurate they were. CM Diamond then asked if money was shifted to other entities to address budget concerns. Mr. Barnes said he hadn't seen that since the entities were

consolidated.

CM Salem asked if the unpaid bills were reflected in profit and loss reporting. Mr. Barnes said that it would be shown on the balance sheet. CM Salem asked if the unpaid bills were accounted for at all. Mr. Barnes said they are part of the annual reports at the end of the year, but couldn't speak to how they were shared throughout the year.

CM M. Carlucci said they would not get the answers needed until Nat Ford appears before the Committee.

CP Howland provided an update on the subpoena for Nat Ford to appear. He said the Finance Committee voted to issue a subpoena for Nat Ford to testify, which was delivered to him at his home on October 22, 2026. He said Mr. Ford had agreed to testify and that they were working on a time for him to appear in person or virtually.

CM Peluso said that he was aligned with CM Diamond on JTA and asked Mr. Barnes if Fitch ratings had gone down for JTA. Mr. Barnes said that would be in his presentation. CM Peluso then asked Mr. Ferguson whether he attended Board meetings and what kinds of reports were provided to Board members regularly. Mr. Ferguson said he was present and that month-to-date and year-to-date financial reports were presented. He said there were also reports on procurement, memberships, sponsorships, fuel hedging, and fare box recovery. CM Peluso then asked if Mr. Ferguson thought those reports were forthright and properly reflected the organization's spending and assets. Mr. Ferguson said that everything except for assets was proper. CM Peluso asked if Mr. Ferguson felt the Board was aware of JTA's status at the time. Mr. Ferguson said they were, as it related to those specific reports provided.

Mr. Barnes continued his presentation, reviewing the actions taken and in progress at JTA. He said they made contract and service changes by cutting professional services contracts and making planned services changes, worth about $24.9 million this fiscal year. He said they also reduced their force by about 200 employees, including 33 administrative staff members and 26 operators. Skyway passenger service will end on November 1, and NAVI will run through December 31; services will be paused but not abandoned. He said they would also be running a modified Saturday schedule beginning November 2, while paratransit service will remain unchanged.

Chair Miller asked if any executive team members were released. Mr. Barnes said the Finance department and other areas released executive team members and vice presidents.

Mr. Barnes then compared the FY 2027 approved budget and the FY 2027 working budget. He said this enables them to live within the approved budget by properly allocating it across cost classes and funds. He said operating expenses differed by $42 million from the approved budget because of cost-cutting measures taken in September.

CP Howland asked if the reduction in salaries and wages was related to the ~200 layoffs. Mr. Barnes affirmed. CP Howland then asked if the reduction in services was associated with pausing the Skyway, NAVI, and the adjusted bus schedules. Mr. Barnes again affirmed.

CM Peluso asked if JTA was still in compliance with the federal government while the Skyway and

NAVI were paused. Mr. Ferguson said they were in discussions with federal regulators and were aware of guidelines they had to follow. He said they were in the proper posture to realize the savings they needed. CM Peluso requested he circulate the guidelines in the Code of Federal Regulations to the Council.

Mr. Barnes then updated the Committee on ongoing activities. He said the FY 2027 budget is loaded in the system to allow for normal operations, and budget controls are turned on. He said they are continuing to fine-tune the working budget, focusing on ensuring available budget is set up in the right places. He said they will reduce the need for manual budget adjustments in the future and provide better variance reporting. He said they would upload the finalized working budget in the next few weeks, before the November Board meeting, and would continue to seek cost-saving opportunities.

IV. Fiscal Year 26-27 LOGT Loan

Mr. Barnes then explained the LOGT II loan. He said the City Council passed legislation on October 13 that allowed JTA to borrow $30 million from its LOGT II balance to cover eligible expenses. The Board will sign the Amended Interlocal Agreement between JTA and the City and file it with the Clerk of the Circuit Court. At least 15 days before use, JTA will submit to the Council Auditor's Office, the Council President, and the CFO of the City a written plan for how the funds will be used. He said JTA will use the funds to pay down debt or other eligible expenses.

CP Howland asked how much debt will be paid down with the loan and how much that will save on interest. Mr. Barnes said they would pay down $25 million in debt, saving $1.5 million per year in interest. He said they also included interest expense in the working budget equal to about $500,000.

V. JTA's Current and Projected Financial Condition

Mr. Barnes reviewed the unaudited FY 2026 financial results. He said their FY 2026 deficit was about $40 million. He said that they came in a little higher than expected on the revenue side. He said there was a big gap on the expense side due to services, namely paratransit and NAVI, and labor.

CM Salem asked if paratransit services were rising and by how much. Mr. Barnes said they were, but he wasn't prepared to do a deep dive on paratransit. He said it was worthy of analysis and follow-up, noting that a significant portion is unfunded. CM Salem said he wasn't sure JTA should cover that and that support should go to other parts of the government. Mr. Ferguson added that other services they support are reducing financial support to address only transportation for disadvantaged users. He said it was a policy question about what quality is desired for residents of this community. He said they would be willing to present on the topic.

Chair Miller agreed the topic should be explored further and said they should also take a closer look at NAVI. Mr. Barnes said they would be willing to provide that information as well.

CM Diamond also agreed they should look deeper into paratransit and NAVI. He said they should tailor the right service to the right person and empower JTA to do so.

Mr. Barnes reviewed their reserves and cash balances. He said they were still very constrained, and their target is set by the board. He said that the Transit Operating Reserves balance is based on 20 percent of operating revenue. He said they were supposed to have $41.6 million in reserves at year-end but had just under $10 million. He said their cash-on-hand balance was insufficient.

CP Howland said he was glad to see Mr. Barnes focusing on cash on hand.

Mr. Barnes said that Fitch Ratings downgraded JTA's Issuer Default Rating from 'AA+' to 'AA-' with a negative outlook. It cited "diminished financial resilience" and management practices that reflect "weak budgeting practices and controls." He said the rating on JTA's LOGT debt remained stable at 'AA- '. He said the 'AA-' rating is still good, but a downgrade is never good. He indicated that actions taken by the City Council to stabilize JTA, in coordination with the Board and Mayor, would be helpful.

Chair Miller asked how this would affect JTA's plan going forward. Mr. Barnes said their plan aligned with what rating agencies would want. He said it could affect their ability to renew lines of credit or the cost of those lines of credit. He said each debt has its own rating and largely depends on the revenue stream tied to the debt. He said more than anything, it is a reputational hit.

CM Diamond asked whether Jax Transit Innovation Corp, Jax Transit Innovation, and Jax Transit Management Group were part of the consolidated financials. Mr. Barnes confirmed they were.

VI. How did JTA get here? [Discussion]

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

VIII. Other Issues

IX. Chair's comments

X. Public comments

XI. Adjourn

Chair Miller adjourned the meeting at 11:02 a.m.

Minutes: Brandon Russell, Council Research
brussell@coj.net, (904) 255-5137
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