



OFFICE OF THE CITY COUNCIL

117 WEST DUVAL STREET, SUITE 425
4TH FLOOR, CITY HALL
JACKSONVILLE, FLORIDA 32202
904-630-1377

FINANCE COMMITTEE BUDGET HEARING #5 MINUTES

August 21, 2019
9:00 a.m.

Location: City Council Chamber, City Hall – St. James Building; 117 West Duval Street,
In attendance: Council Members Aaron Bowman (Chair), LeAnna Cumber, Randy DeFoor, Terrance Freeman, Tommy Hazouri, Ju'Coby Pittman, Ron Salem
Excused: None

Also: Council Member Danny Becton; Peggy Sidman – Office of General Counsel; Kyle Billy, Brian Parks, Heather Reber and Phillip Peterson - Council Auditor's Office; Crystal Shemwell and Staci Lopez – Legislative Services Division; Brian Hughes, Jordan Elsbury, Leeann Krieg – Mayor's Office; Joey Greive, Angela Moyer, Theresa Eichner – Finance and Administration Department

Meeting Convened: 9:02 a.m.

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

Page references from this point refer to Auditor's Budget Hearing #5 handout.

Jacksonville Aviation Authority

Phillip Peterson of the Council Auditor's Office reviewed the authority's proposed budget.

In response to a question from Council Member Salem

Mark VanLoh, CEO of the JAA, explained the change in the policy for accrued leave payout to incentivize employees to use their leave and not save it for a cash payout at the end of each year. He described the historic year Jacksonville International Airport is experiencing with record passenger traffic. He also described the authority's continuing efforts to attract additional non-stop flights, particularly to the west coast. In response to a question from Council Member Cumber, he described the authority's ability to track where local passengers are flying and said that he will work with the Port Authority on how to track airline passengers coming to Jacksonville to board our cruise ship. Mr. VanLoh explained that the grounding of the Boeing 737 Max airplane by the FAA has cost Jacksonville several non-stop flights to different cities as airlines shift their remaining aircraft fleet to more lucrative routes (serving major cities like New York, Los Angeles, Boston, etc.) and smaller cities have to wait until the Max planes return to flight to resume their service. Chairman Bowman suggested the possibility of

attracting more direct flights by temporarily subsidizing service by the airlines until the routes become self-sustaining.

Mr. VanLoh said the new JIA Concourse B project will be paid for with airport operating funds and borrowing, which he hopes to do locally rather than in a large, expensive bond issue. Construction will take approximately 2 years and the authority hopes it can be in operation by sometime in 2022. In response to a question from Chairman Bowman, he described the cooperative relationship between the Authority and the City to build the new fire station on the Westside near Cecil Field.

Motion: on p. 46, approve Council Auditor's recommendation #1 to increase to the expenditure line "Services and Supplies" of \$115,677 for a revised total of \$20,701,634, and decrease the expenditure line "Operating Contingency" by the same \$115,677 for a revised total of \$2,384,323 representing the amount that JAA under-budgeted for JIA fire/rescue services – **approved**.

Motion: on p. 46, approve Council Auditor's recommendation #2 to Remove and replace Budget Ordinance Schedule G with Revised Schedule G to increase the Benefits expenditure line by \$5 and decrease the Transfer to Retained Earnings by the same amount – **approved**.

Motion: on p. 46, approve Council Auditor's recommendation #3 to remove and replace Budget Ordinance Schedule H with Revised Schedule H which offers more line item detail of FY 2019/20 capital projects – **approved**.

Supervisor of Elections

Motion: on p. 3, approve Council Auditor's recommendation to decrease security guard services by \$2,988, salaries overtime by \$6,657, and Medicare Tax by \$97 to reflect the savings in security guard services and library staff overtime in the Supervisor of Election budget that resulted from the additional Library hours approved in FY 2018/19 – **approved**.

Council Member DeFoor congratulated Supervisor of Elections Mike Hogan on the success of the operations of the City's spring 2019 elections. In response to a question about the proposed School Board sales tax referendum, Mr. Hogan said it would take 120 days to run a mail-only election and 150 days to prepare for a precinct election. The SOE's printer has said it will take 6 to 9 weeks to print the vote-by-mail envelopes and ballots and associated materials and the ballots must be sent out at least 20 days prior to election day. The only practical way to hold a referendum in 2019 would be via an all-mail ballot in December. He described a change in electoral law in the 2019 legislative session that will likely cost the office some polling places because, while it increases the clear buffer zone from 100 to 150 feet from the polling place door, it also changes the current policy and allows persons to demonstrate, circulate petitions, etc. on private property where a polling place is located, outside of the 150 foot radius. Previously the law permitted private property owners (such as churches, where many polling places are located) to bar non-voters from their property on election day. Since that is no longer the case, some may not be interested in continuing as polling locations.

In response to a question, Mr. Hogan said the Jacksonville has never had a mail-only election to his knowledge. His office would mail 650,000 ballots to all active, inactive and overseas military voters. Council Member Salem said that, from his perspective, any election method that could not accommodate full overseas military voter participation is a non-starter. Mr. Hogan said that it would cost about \$750,000 to do an in-house mail election, but their equipment would be operating at 10 times the normal capacity for an election. It would cost \$1.1 million to hire a contractor to outsource the printing of the ballots and preparing and mailing the vote-by-mail envelopes. In response to a question from Council Member Pittman about whether his office has seen an increase in the number of Spanish-speaking voters as a result of materials being printed in Spanish, Mr. Hogan said that it has not.

Council Member Freeman asked about the turnout for the added early election sites at the college campuses in the City election. Mr. Hogan said a study is underway now, but he noted that the UNF and Edward Waters College sites had the lowest turnout of the early election sites and UNF was not utilized for the May election due to the low turnout in March.

Council Member Bowman asked about poll worker hiring. Mr. Hogan said it's difficult to find as many workers as needed; the spirit of civic volunteerism is down and recruiting is harder, especially when the economy is so good and unemployment is so low even for part-time workers. Some counties are looking at establishing "super precinct" voting centers that would accommodate multiple precincts and could be operated with fewer employees. In response to a question from Council Member Becton about the likely turnout for a special election, Mr. Hogan said it typically would be 6-8% on election day for a single-issue election. Volusia County recently had 38% turnout for a mail-only special election on a school sales tax. Mr. Hogan invited new council members to visit the election operations center and see the work being done there.

Annual Debt Affordability Study

Brian Hughes gave an overview of the Capital Improvement Program and said the City is overcoming a backlog of needs that accumulated over a number of years when City finances were not as good as they are now. The administration meets quarterly with CPACs and invites their input on community needs, and hears regularly from City Council members about the needs of their districts.

CFO Joey Greive gave a PowerPoint presentation of the annual Debt Affordability Study. He noted that the City has a \$200 million bond deal closing soon (\$60-70 million new funds, the remainder refunding outstanding debt at lower interest rates). The debt affordability ratios are based on how much the City can affordably issue, not the maximum amount it theoretically could borrow. The City has been consistently paying down debt over the last few years. This year the plan calls for authorizing \$132 million, while \$138 million of debt is being paid off. Authorization does not lead to immediate issuance of debt; debt is issued only when it's needed for project construction. In response to a question from Chairman Bowman about whether the City coordinates its debt issuance with the independent authorities, Mr. Greive said that overlapping debt is an important consideration of the bond rating agencies. He has not had any discussions with the School Board about its proposed sales tax referendum and subsequent \$500 million bonding proposal. Mr. Greive said he endorses the City's policy of not borrowing until needed and wouldn't advise borrowing \$500 million immediately before projects are ready to get underway. Mr. Hughes said the Mayor is concerned about the school district's plans for borrowing but doesn't know their definitive plan, apart from what the Superintendent has said in previous public meetings about wanting to borrow \$500 million for immediate needs. In response to a question from Council Member Becton about the transactional costs of one versus multiple bond issues, Mr. Greive said that \$30-50 million is a reasonable sized minimum transaction, considering the bond rating and legal fees involved.

City Treasurer Randall Barnes described the various debt affordability ratios, all of which are currently well within their desired parameters and exceed their targets. He explained that the City has very robust reserves and is steadily lowering its debt burden, and the rating agencies have recently reaffirmed the City's underlying AA rating despite a relatively high total debt level and accrued pension liabilities. Better Jacksonville Plan debt is now below \$1 billion (\$994 million) and will steadily decrease until 2030 when the bonds are paid off. General Fund and enterprise fund debt is approximately \$1.2 billion. In response to a question from Council Member Salem about whether these same debt affordability ratios are available for other consolidated cities, Mr. Barnes said that some are common ratios that are generally available for any government but others may not be calculated the same in way from place to place and might not be exactly comparable. Council Member Becton said that millage comparison across cities is difficult because Jacksonville is a vastly larger consolidated county than most cities, so has unique issues

due to its scale. Mr. Bowman suggested that adding the sales tax rate in the comparable cities to the millage rate table would make for a better true tax burden comparison.

Debt Management Fund

Motion: on p. 7, approve Council Auditor's recommendation #1 to amend Section 1.8 of the Budget ordinance to state that the All Years Budget for the City's Debt Management Fund is \$950,274,103, which is reflected on Schedule B4 – **approved**.

Motion: on p. 7, approve Council Auditor's recommendation #2 that loans be increased by \$15,277,458 to a total of \$132,960,465 to match the total new borrowing proposed in FY 2019/20. This will be offset with an increase to Long Term Debt Issued revenue line in a corresponding amount –**approved**.

Capital Improvement Plan

Theresa Eichner of the Budget Office gave an overview of the CIP book and the process by which the capital plan is developed each year. In response to a question from Council Member Hazouri about how much the CIP is addressing the unmet needs of the Northwest Quadrant that have existed since the time of consolidation, Mr. Hughes said that staff can provide lists of projects by council district. There is no specific list of consolidation-related promises, but the budget and CIP are proposed each year with the intent of giving every part of the city a fair share of the overall budget based on the degree of needs. Council Member Pittman said that the City has commissioned many neighborhood studies over the years, not all of which have been fully implemented. She is interested in pursuing prioritization and completion of the plans that have already been done for neighborhoods in her district over the next several years. Council Member Salem asked for an explanation of how mobility fees are calculated and how the fees can be used, which will be provided after the lunch break by the Planning Department.

Heather Reber of the Council Auditor's Office reviewed listings of proposed capital projects by different funding sources and discussed the three direct contracting provisions for capital projects in the budget ordinance - \$5 million to the Jacksonville Zoo, \$20 million to Shands Jacksonville Medical Center, and \$1 million to the Florida Theatre. In response to a question from Council Member Becton about the allocation of the minimum of \$12 million to roadway resurfacing rather than the target of \$18 million, Public Works Director John Pappas explained that allocation of \$12 million each and every year will be sufficient to keep the roadway system in good shape and explained the roadway scoring and grading system based on 8 factors. Mr. Pappas noted the allocation of \$500,000 this year for an infrastructure resiliency study to identify critical components that need to be upgraded and hardened in the future.

Motion: on p. 28, approve Council Auditor's recommendation #1 to remove the grant amounts shown on the 1-year schedule, which will change the totals shown on the 1-year schedule as these funds are not appropriated in the FY 2019/20 budget, but were previously appropriated by Ordinance 2019387-E – **approved**.

Motion: on p. 29, approve Council Auditor's recommendation #2 to correct the 1-year schedule and project detail sheets, as necessary, to correct the funding sources for numerous projects as shown on the list – **approved**.

Motion: on p. 29, approve Council Auditor's recommendation #3 to correct the sub-objects for Security Improvements – Prime Osborn Convention Center, Building Systems – Ritz Theatre & Museum, and Security Improvements – Ritz Theatre & Museum, from Construction to Equipment, to properly reflect what is shown on the project detail sheets – **approved**.

In response to a question from Council Member Pittman, Theresa Eichner described the improvements planned for the Ritz Theatre.

Motion: on p. 29, approve Council Auditor's recommendation #4 that revenues appropriated for the Biscayne Blvd. Sidewalk project from Mobility Zone 4 be moved to the correct index code – **approved**.

Motion: on p. 29, approve Council Auditor's recommendation #5 to correct the project number of the Arlington Boat Ramp – Lighting for Parking Lot project – **approved**.

Motion: on p. 29, approve Council Auditor's recommendation #6 to correct the sub-object for the Riverfront Plaza project to properly reflect what is shown on the project detail sheet – **approved**.

Motion: on p. 29, approve Council Auditor's recommendation #7 to correct the sub-object for the Trail Ridge Landfill Expansion project to properly reflect what is shown on the project detail sheet - **approved**.

Motion: on p. 29, approve Council Auditor's recommendation #8 to correct the funding amount for the Sibbald Ave. project from \$590,547 to \$580,000 to correct a budgeting mistake and reflect the 1-year and 5-year schedules - **approved**.

Motion: on p. 29, approve Council Auditor's recommendation #9 to correct the following project names on the 1-year and 5-year schedules; the Riverside Park – Duckpond will also need to show previous funding on the 5-year schedule - **approved**.

Motion: on p. 29, approve Council Auditor's recommendation #10 to change the project number for the Mayport Dock Redevelopment Project; this will remove the previous funding on the 5-year schedule that was for the boat ramps in Mayport - **approved**.

Motion: on p. 29, approve Council Auditor's recommendation #11 that the following projects be removed from the 5-year schedule since no funding is included:

- Northbank Riverwalk Wayfinding Signs
- Tillie Fowler Kayak Launch
- Palms Fish Camp Docks Phase II

Motion approved.

Motion: on p. 29, approve Council Auditor's recommendation #12 to increase the AIPP allocation by \$17,216 due to the AIPP allocation being over-budgeted by \$484 and not including the Moncrief Community Center for an AIPP allocation in the amount of \$2,700 and Medical Examiner Facility for an AIPP allocation in the amount of \$15,000, thus increasing the Transfer-in from the General Fund/GSD - **approved**.

Motion: on p. 29, approve Council Auditor's recommendation #13 increasing the Art in Public Places 111.160(b) Trust Fund (SF 655) appropriation amount by \$29,131 to \$92,480 and transferring this amount to the Art in Public Places Trust Fund (64N) for maintenance of art - **approved**.

Motion: on p. 29, approve Council Auditor's recommendation #14 to correct the project information sheets in the CIP book shown below - **approved**.

Motion: on p. 29, approve Council Auditor's recommendation #15 to amend the bill title of 2019-504 to correct the reason for the waiver of Section 754.112 (Annual Budget for Stormwater User Fees) to match Section 10.6 of the bill - **approved**.

Motion: on p. 29, approve Council Auditor’s recommendation #16 to authorize staff to adjust project names, numbers, and prior years funding amounts for schedule presentation purposes as necessary for continuity – **approved**.

Motion (DeFoor) – amend the CIP ordinance (2019-505) to move the Five Points Roundabout project construction up 1 year to FY19-20 and amend the CIP schedules in the budget ordinance to deauthorize \$500,000 from the Willow Creek Branch project and authorize \$500,000 in the Five Points Roundabout project for FY19-20– **approved**.

Bill Killingsworth, Director of Planning and Development, described the history of development-related public facility concurrency requirements and the development of first the “fair share” and then the “mobility fee” systems. “Vehicle miles traveled” has replaced development-generated trips as the basic unit of measurement, which has the effect of making the fee for developments on the fringes of the city more expensive than infill developments closer to the urban core. He described the prioritization of projects by mobility zone, which are added to the CIP and funds appropriated as sufficient fees accumulate to do projects. The state has made transportation concurrency an optional element of comprehensive plans, which the city has opted to continue.

Better Jacksonville Plan

Council Member Salem said that the BJP sales tax revenue has increased by approximately 25% over the last 5 years, which may be relevant to the school sales tax discussion. In response to a question from Council Member Hazouri, Joey Greive reported that the BJP sales tax may complete all projects and sunset before its 2030 deadline and that there are 11 projects valued at about \$150 million remaining to be completed. John Pappas briefly described the remaining projects. Mr. Greive described the transition from the BJP sales tax for capital improvements to its use for pension liability amortization and said that when the transition happens (perhaps 1 to 2 years earlier than 2030), that revenue will begin supplementing the General Fund contribution to pension costs from that point forward. Mr. Hughes said that the transition could happen even earlier if the remaining BJP projects are fully funded, although not yet started.

Special Council Contingency

Mr. Billy reported that the Special Council Contingency fund stands at \$350,737 to the positive.

Meeting adjourned: 12:22 p.m.

Minutes: Jeff Clements, Council Research
8.22.19 Posted 8:30 a.m.

Tapes: Finance Budget Hearing #5 – LSD
8.21.19

Materials: Council Auditor’s Budget Meeting #5 handout - LSD
8.21.19