



OFFICE OF THE CITY COUNCIL

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904-630-1377

FINANCE COMMITTEE BUDGET HEARING #4 MINUTES

August 16, 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 Members Danny Becton, Randy White, Joyce Morgan; Peggy Sidman and Paige Johnston – Office of General Counsel; Kyle Billy, Brian Parks and Phillip Peterson - Council Auditor's Office; Crystal Shemwell – Legislative Services Division; Brian Hughes, Jordan Elsbury and Leeann Krieg – Mayor's Office; Joey Greive and Angela Moyer– Finance and Administration Department; Colleen Hampsey – Council Research

Meeting Convened: 9:00 a.m.

Chairman Bowman convened the meeting and the attendees introduced themselves for the record. CM Bowman announced that due to a schedule conflict, the JAA budget presentation will be rescheduled for the next week. Kyle Billy, Council Auditor, reviewed the agenda. Phillip Peterson Council Auditor's Office, presented the FY 2019-20 proposed budget for JEA.

JEA

The JEA budget total FY 2019-2020 is \$1,832,445,000, with a \$118,824,000 contribution to the City. The millage calculation of \$115,118,837 is less than the minimum payment of \$118,824,010; therefore, the minimum payment of \$118,824,010 is the recommended budget for FY 2019/20 for the Energy and Water & Wastewater Systems. The total budget decreased by 5.71% from the FY 2018-2019 budget. Based on historical trends and assumptions of demand by potential customers coming on board for FY 2019/20, the natural gas retail sale projections were decreased. Additionally, transmission services (sales for resale, territorial, and off system) are declining due to competitively priced, inexpensive generation capacity that has recently been added inside of Florida (this will also impact purchases of JEA power by out-of-state utilities).

Kerri Stewart - Chief Customer Officer at JEA, fielded several questions from Council Member Hazouri about the marketing and advertising component of the budget. CM Hazouri indicated that as a local utility monopoly, there is no point in advertising. Ms. Stewart said that the funds are used for public education and awareness campaigns, staffing and website management. CM Bowman requested the last five years

of JEA capital spending, Mr. Peterson said he will provide that to the committee. CM Morgan asked about payment options for customers struggling to pay their bill. Ms. Stewart explained that there are plans in place to connect such customers with resources for assistance and that only 1% of accounts are uncollected. Aaron Zahn, CEO JEA, spoke about strategic planning and long term goals. CM Salem asked for a Plant Vogtle update. Mr. Zahn said that JEA is currently in active litigation and settlement negotiations.

There were no recommendations from the Council Auditor.

JTA (includes 5-Year Road Program, Local Option 1/2 Cent Transportation Tax, and Local Option Gas Tax)

The Streets & Highways 5-Year Road Program budget is used for road and drainage projects and debt service in accordance with the Better Jacksonville Plan and the interlocal agreement, as amended, between the City and the Jacksonville Transportation Authority.

Motion: Recommend reducing the Contribution from Local Units revenue by \$5,012,755 from \$9,828,148 to \$4,815,393 and reducing Capital Outlay expenditures by \$5,012,755 from \$10,025,510 to \$5,012,755 to correct the overstatement. This will balance revenues and expenditures- **Approved.**

Motion: The Interest Earnings were budgeted in the wrong project. We recommend transferring the Interest Earnings appropriation to the correct project – Cedar Point Road Bridges. This will balance revenues and expenditures within all projects- **Approved.**

The local option half-cent sales tax for transportation was approved by referendum in 1988. The sales tax is first used to make all debt service payments due on Transportation Sales Tax Revenue bonds and then is distributed pursuant to the terms and conditions of the interlocal agreement, as amended, between the City and the Jacksonville Transportation Authority (JTA). The funding provides for the construction and maintenance of the City's roads and bridges as well as the operation and maintenance of the City's mass transit system.

Motion: Recommend increasing the tax revenue to be generated from the local option half-cent sales tax by \$2,525,461 from \$97,865,803 to \$100,391,264 and increasing the grants, aids and contributions by the same \$2,525,461 to balance revenues and expenditures. This recommendation is based on actual tax collections and average annual growth rates. This will have no impact on Special Council Contingency- **Approved.**

The Local Option Gas Tax is the tax of six cents on every gallon of motor fuel sold in Duval County. Per the interlocal agreement between the City and JTA that extended the Local Option Gas Tax until August 31, 2036, the City will send to the fiscal agent all funds collected from the Local Option Gas Tax and the fiscal agent will remit the City's portion (one of the six cents) back to the City.

Motion: Recommend reducing the Contribution from Local Units revenue and the Capital Outlay expenditure by the same \$5,549,106 to \$5,549,106 to correct the over budgeting. This will balance revenues and expenditures- **Approved.**

Motion: recommend aligning project revenues and expenditures within the same accounts. This has no effect on project funding- **Approved.**

The total JTA proposed budget for FY 2020 is \$167,236,533, a 7.7% decrease from FY 2019. There were some questions regarding Skyway ridership, which has seen modest increases. CM Bowman suggested charging a fee for riding the Skyway, possibly a dollar per day.

Motion: Recommend increasing the "Local Option Gas Tax" revenue under Bus on Schedule O to \$19,939,279. This will bring JTA's budget in agreement with the City for this revenue stream.

- Recommend decreasing the "Net Sales Tax – Operating" revenue under Bus on Schedule O to \$68,710,615. This will bring JTA's budget in agreement with the City for this revenue stream.

- Recommend decreasing the “Contingency” expenditure line under Bus on Schedule O to \$2,433,848. This will balance JTA’s revenues and expenditures.
- There are a number of rounding errors in JTA’s operating and capital schedules. We recommend correcting the rounding errors to balance revenues and expenditures.
- Recommend increasing the “Federal Grants” and “Local Match (JTA)” revenues under Ferry on Schedule Q by \$3,935,313 and \$562,187, respectively, for a total of \$4,497,500. We also recommend adding and increasing the “New Building Facilities”, “Dock Improvements”, and “Sea Wall Construction (Bulkheads)” expenditures under Ferry on Schedule R by \$320,000, \$202,500, and \$3,975,000, respectively, for a total of \$4,497,500 in order to balance JTA’s revenues and expenditures. This grant was awarded after JTA had submitted its budget to City Council on June 1, 2019.
- Recommend removing and replacing Budget Ordinance Schedules O, P, Q, and R with Revised Schedules O, P, Q, and R to reflect the changes listed in the recommendations above.
- Recommend amending the Budget Ordinance language related to JTA to reflect revised schedules and a revised sales tax revenue budget amount of \$70,743,463.

Motion to accept all recommendations approved.

JPA

The Jacksonville Port Authority FY 2019-2020 proposed total budget is \$198,283,729, a 2.08% increase from the FY 2018-2019 budget.

Motion: Recommend attaching Revised Schedule I to decrease the “Shared Revenue from Primary Govt” line under “Non-Operating Revenues” by \$66,506 from \$1,704,067 to \$1,637,561. This amount will be in agreement with the amount the City has budgeted to be paid to JPA. We also recommend that JPA decrease the “Debt Service” line under “Non-Operating Expenditures” by \$66,506 from \$21,534,899 to \$21,468,393. This will balance the revenues and expenditures for JPA’s budget- **Approved.**

Motion: Recommend attaching Revised Schedule J (Capital) to correct rounding errors in the schedule- **Approved.**

The committee was in recess from 12:14 pm until 1:17 pm.

Downtown Investment Authority (Including Public Parking)

The Downtown Investment Authority (DIA) was created by Ordinance 2012-364-E to revitalize Jacksonville's urban core by utilizing community redevelopment area (CRA) resources to spur economic development. The agency has oversight for the development of the existing Downtown Northbank CRA and the Southbank CRA. FY 2019-2020 proposed budget total \$1,258,055, a decrease of \$412,149 from the previous year.

No recommendations from the Council Auditor.

The Office of Public Parking is a part of the Downtown Investment Authority. The agency manages parking lots (Bay/Ocean Street, Courthouse/Liberty Street, Forsyth Street, and five parking lots in the Southbank area) and garages (Ed Ball, Main Library, St. James Building, Water Street, and Yates Building). Revenues are generated through daily and monthly parking fees, as well as other fines and forfeitures. FY 2019-2020 proposed budget total \$4,339,427, a decrease of \$552,860 from the previous year.

No recommendations from the Council Auditor.

Community Redevelopment Areas (DIA and City Council CRAs)

Downtown Northbank Tax Increment District

Motion:

- Recommend eliminating the \$158,000 REV grant payment for the Lofts at Jefferson Station project and increasing Unallocated Plan Authorized Expenditures by \$158,000. Based on the terms of the economic development agreement, it does not appear that a REV grant payment will be made in FY 19/20.
- Recommend that the \$200,000 budgeted for the Downtown Parks Master Plan be moved to a new indexcode specifically for that project instead of being budgeted within the general administrative expenses indexcode and the \$26,782 related to website development be reflected in the Professional Services line within the Administrative Expenditures category along with the other \$25,000 budgeted for website development.
- Recommend that the \$950,000 shown for the Façade Grant Program under Plan Authorized Expenditures be moved to a new indexcode and line item on Budget Ordinance Schedule V for Downtown Development Loans to agree with the intended use of these funds. Per the DIA, these funds will be used to make loans to bridge financing gaps, match external grants, and otherwise facilitate Downtown redevelopment.
- Recommend that Budget Ordinance Schedule V be revised to reflect the recommendations above, remove FY 18/19 budget information, and reflect the schedule as shown on the following page.

Motion to accept all recommendations approved.

Southbank Tax Increment District

\$4,707,693 Total Ad Valorem Revenue \$4,707,693 expenditures in FY 2019-2020, an increase of \$451,614 from the previous year.

Motion: Recommend eliminating the \$145,000 REV grant payment for the Home Street Apartments project and increasing Unallocated Plan Authorized Expenditures by \$145,000. Based on the terms of the economic development agreement, it does not appear that a REV grant payment will be made in FY 19/20- **Approved.**

Motion: recommend that Budget Ordinance Schedule V be revised to reflect the recommendation above, remove FY 18/19 budget information, and reflect the schedule as shown on the following page- **Approved.**

Downtown Southbank CRA Trust

FY 2020 Revenues \$ 4,707,693. Total Financial Obligations: \$3,706,312. Total Expenditures: \$4,707,693.

No recommendations from the Council Auditor.

Jacksonville Beach Tax Incremental District

FY 2019-2020 Ad Valorem Tax Revenue \$7,679,940. Expenditures/Contributions to Jacksonville Beach \$7,679,940.

No recommendations from the Council Auditor.

Jacksonville International Airport Area Redevelopment Tax Increment District

FY 2019-2020 Property Tax Revenue \$ 13,065,456, an increase of \$ 1,380,448 from the previous year.

Motion: Recommend that Budget Ordinance Schedule U be revised to remove FY 2018/19 budget information- **Approved.**

King Soutel Tax Increment District

FY 2019-2020 Property Tax Revenue \$824,582, increase of \$121,666 from the previous year.

Motion: Recommend that Budget Ordinance Schedule T be revised to remove FY 2018/19 budget information- **Approved.**

Renew Arlington Tax Increment District

FY 2019-2020 Property Tax Revenue \$1,316,900, an increase of \$561,685 from the previous year.

Motion: Recommend that Budget Ordinance Schedule S be revised to remove FY 2018/19 budget information- **Approved.**

Office of Economic Development

The Office of Economic Development serves as the economic development agency (outside of downtown) for the City of Jacksonville. The office also oversees the administration of local and state incentives, redevelopment at the Cecil Commerce Center and provides staff support to three Community Redevelopment Areas and, with the passage of ordinance 2019-395-E, the Jacksonville Film and Television office was moved into the Department. The authorized position cap increased by one position as part of ordinance 2019-395-E which moved the Manager of Film and TV position into this department. FY 2019-2020 proposed budget total \$1,782,413, an increase of \$99,637 from the previous year.

No recommendations from the Council Auditor.

Cecil Field Trust Fund

Established per Ordinance 98-1052-E, all revenues received or earned by the City from the development and operation of the Cecil Commerce Center are deposited into this trust fund. The funds are used for the improvements, repairs, or maintenance costs of the City's facilities at Cecil Commerce Center or other costs of undertaking City obligations, goals and objectives at Cecil Commerce Center. FY 2019-2020 proposed budget total \$493,239, an increase of \$27,731 from the previous year.

No recommendations from the Council Auditor.

Planning and Development Department (Including Concurrency Management)

The Planning and Development Department manages existing and future development within the City of Jacksonville. Matters pertaining to zoning, the comprehensive plan, concurrency, land use, various trades inspections and building codes fall within the purview of this department. The general fund portion of the Planning and Development Department consists of the Office of the Director, Community Planning Division, Current Planning Division, Development Services Division, and Transportation Planning Division.

FY 2019-2020 proposed budget total \$ 4,037,047, a decrease of \$462,791 from the previous year.

Motion: Recommend that zoning and rezoning fees within the Current Planning Division be increased by \$50,000, from \$600,000 to \$650,000. We also recommend that comprehensive/ amendment fees within the Community Planning Division be increased by \$50,000, from \$280,000 to \$330,000. These amounts are still somewhat conservative given the growth in these areas and current activity levels. This recommendation has a positive impact of \$100,000 on Special Council Contingency- **Approved.**

The Concurrency and Mobility Management System Office manages the Concurrency and Mobility Management System (CMMS) which measures the potential impact of a proposed development on the adopted minimum levels of service for all public facilities (except traffic circulation and mass transit). It

also manages the collection of mobility fees pertaining to traffic circulation and mass transit public facilities consistent with the 2030 Mobility Plan (as established in the 2030 Comprehensive Plan) when an application for a final development order or final development permit is submitted. Total proposed FY 2019-2020 budget \$810,098, a decrease of 20.8% from the previous year.

Concern- this subfund's annual revenues are no longer sufficient to cover annual expenditures as evidenced by \$323,962 being transferred from fund balance to balance the budget. The fund will have approximately \$600,000 available at the end of FY 2018/19. That means this subfund does not have sufficient fund balance to keep it solvent for more than about one to two years.

No recommendations from the Council Auditor.

Building Inspection (Excluding Fire Inspection)

The Building Inspection subfund accounts for the finances of the Building Inspection Division within the Planning and Development Department, and to a lesser degree, the finances of the Fire Plans Review Section of the Jacksonville Fire and Rescue Department.

Total proposed FY 2019-2020 expenditures \$23,927,839, a 14% increase from the previous year.

No recommendations from the Council Auditor.

Special Council Contingency

Chairman Bowman reported that the Special Council Contingency fund stands at \$358,211 to the positive.

Meeting adjourned: 3:04 p.m.

Minutes: Colleen Hampsey, Council Research

8.21.19 Posted 5:00 p.m.

Tapes: Finance Budget Hearing #4 – LSD

8.16.19