



OFFICE OF THE CITY COUNCIL

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FINANCE COMMITTEE BUDGET HEARING #6 MINUTES

August 22, 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, Michael Boylan; Peggy Sidman – Office of General Counsel; Kyle Billy and Brian Parks - Council Auditor's Office; Crystal Shemwell and Jessica Smith – Legislative Services Division; Brian Hughes, Jordan Elsbury, Leeann Krieg – Mayor's Office; Joey Greive, Angela Moyer and Theresa Eichner – Finance and Administration Department

Meeting Convened: 9:05 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 #6 handout.

Mayor's Office

Mr. Billy reviewed the Mayor's Office budget. Brian Hughes noted that the Mayor's Office has assumed the full salary of the Director of Strategic Partnerships (formerly split 50/50 with a private non-profit funder) and has reduced its employee cap by one position.

Employee Services Department

In response to a question from Council Member Morgan, Diane Moser, Director of the Employee Services Department, discussed the City's tuition reimbursement program and the sufficiency of funding for that benefit.

Group Health Insurance

CFO Joey Greive discussed the potential for the public safety unions to split off from the City's group health insurance program and the Council Auditor's concern expressed on page 10 of his handout. He agrees with the Auditor's notation that the use of reserves to cover the costs of the program in FY19-20 is not sustainable in the long term and that adjustments will be needed in the succeeding fiscal year. Currently the reserve fund is very healthy at \$35 million (the state requires a minimum of \$15 million)

and this budget uses some of those reserves to hold employee contributions flat for this year. The administration will be developing a funding plan for future years should the unions decide to withdraw from the City's insurance plan. Council Member Hazouri asked for information, to the extent that it is not protected from release, on the largest categories of expenditures under the plan for types of claims and prescriptions. In response to a question, Diane Moser said the City hasn't done a cost analysis yet on the success of the Go365 program because it's so new, but will be doing so in the future. Council Member Salem advocated for the Go365 program as a great incentive for employees to pay attention to their health and wellness.

Ms. Moser said that UF Health is the City's default medical provider if employees don't choose another option. Currently there are 585 employees using that system as their primary care provider, and about 7,500 are covered under the Florida Blue system.

In response to a question from Council Member Salem, Mr. Greive described the reasons behind the public safety unions' desire to pull out of the City's health insurance program. Primarily, the public safety employees tend to be younger and healthier than the rest of the City employee base and they believe they can achieve lower premiums by having their own system. Mr. Hughes said that as part of the last collective bargaining agreement, the unions were given the option to opt out of the City plan as of January 2022, but they agreed to continue in the Florida Blue management contract until that plan expires in 3 years. The City and the public safety unions have been working together to determine the best ways to keep premium increases to a minimum. Council Member Morgan suggested that the time might be right to re-explore the possibility of the independent authorities joining the City's health plan. Mr. Greive said that there may be an opportunity for joint bidding with the authorities for the next health care contract.

Council Member Becton asked for further details about the use of the reserve fund as a revenue source for health care in the proposed budget. Mr. Greive noted that if and when the public safety employees move to another plan, the City's reserve requirement for the remaining employees will be reduced from \$15 million to probably closer to \$8 million. He said the administration will be proactive in planning for how to fund the health care contract going forward. In response to a question from Council Member Salem about using case management services for employees with particular medical conditions (i.e. diabetes) where the manager is paid via a percentage of savings, Mr. Moser said the City does not use that method. Council Member Hazouri suggested contacting the School District about joining with their 15,000 employees with the City's employee base to help reduce costs. Budget Officer Angela Moyer explained how the health insurance budget is determined by actuarial analysis of annual claims performance and how the reserve fund grows when claims performance is better than the actuarial projection.

Downtown Vision Inc.

Jake Gordon, CEO of Downtown Vision, Inc. thanked the Mayor and Council for their support of downtown revitalization and noted the growth in downtown property values as a result of that support. Council Member Pittman thanked DVI for their services and the visibility of their ambassadors. Council Member Becton asked about DVI's revenue growth projections over the next 5 years and about whether its boundaries include particular downtown developments, particularly on the Southbank (Broad River Run Apartments, The District). In response to a question from Council Member DeFoor, Mr. Gordon said the DVI would be interested in expanding its boundaries if property owners interested in having their services and are willing to pay the extra assessment. Chairman Bowman asked about DVI's plans for the fan experience for the Florida State/Boise State football game and the Florida/Georgia game.

Motion: on p. 13, approve Council Auditor's recommendation that Schedule AE be revised to reflect \$688,331 for the amount of operating expenses under "Clean, Safe and Attractive" and \$279,508 for the amount of total appropriations under "Business & Stakeholder Support" to address rounding issues with the schedule – **approved.**

Kids Hope Alliance

Council Member Freeman declared a conflict of interest with regard to this agency and said he would not be participating in the debate.

Donnie Horner, Jr., acting CEO of the Kids Hope Alliance, said the Council should have full faith and confidence in the staff of the KHA to accomplish its mission and said that the board and management of the organization are committed and involved in executing the mission. He introduced the KHA managers in attendance. Stephanie Burch of the Mayor's Office said that she has met with the KHA staff and the team is actively pursuing its work and said that she would be happy to update the Finance Committee in several months about operational improvements.

Ms. Burch distributed a list of the KHA's Stop the Violence mini grants and Chairman Bowman asked KHA and/or provider organizations to appear at a future City Council meeting to discuss the outcomes the grants have produced thus far. Council Member Hazouri asked for details on the multiple types of grants the KHA offers and about how the agency deals with individual council member requests for supplemental funding for agencies outside of the normal grant programs. Council Member Salem said that measures of program success are difficult but are absolutely imperative in evaluating the expenditure of \$35 million in grants. Ms. Burch said that the agency has individual success stories but lacks the data in some programs (i.e. the Stop the Violence grants) to be able to demonstrate verifiable success. She said that the KHA will be investing a lot of effort in data collection and evaluation over the next year to help document the performance of their grantees. Mr. Salem said that grantees should be put on notice that grants are not guaranteed and recipients need to demonstrate performance to remain eligible. Council Member Cumber said that the KHA RFPs that she worked on (areas other than the Stop the Violence grants) did include data requirements. She asked about KHA's relationship with the school system on sharing data to track program performance, recognizing that the district has been very reluctant to share data. Ms. Burch said that the district has recently agreed to an MOU to share aggregated (not individual child) data. In response to a question from Ms. Cumber about background checks for service providers, Mr. Horner said that currently staff background checks are paid for initially by the City when an agency gets a City contract, but follow-up checks after the initial one are the responsibility of the individual agencies.

Council Member DeFoor said that loss of trust by the Council is a substantial issue given recent events. She recommended that the KHA make regular presentations to the Finance Committee on their progress. Council Member Pittman advocated for ensuring that the KHA's funding goes to agencies that are proven performers with a demonstrated ability to get the job done. Ms. Pittman asked about the possibility of assisting not-for-profits with acquiring employee health insurance, potentially via making them eligible to join the City's health insurance plan. Council Member Morgan explained the background of the Stop the Violence mini grants and why they were targeted to very small organizations and distributed citywide instead of to the same established agencies that get funding all the time and targeted to three or four specific council districts. Ms. Burch noted that there is an ordinance currently pending that will raise the cap on the mini grants from \$10,000 to \$25,000. Ms. Cumber asked about the timing of the RFP for next summer's programming; Ms. Burch said it should be ready by January 2020.

Chairman Bowman asked the KHA to appear at the October 15th Finance Committee meeting for an update on their operations and performance measures.

Council Member Hazouri asked if the KHA was tracking duplication of services among mini grant recipients. Ms. Burch said that participants are tracked but there is a possibility of duplication of services for some participants, which may not be a bad thing for those young people being served. Mr. Horner said that he is the acting, not the interim, executive director and assured the committee that the senior

leadership of the agency is strong and keeping the programs running on a day-to-day basis. Ms. Burch said that she is in the KHA headquarters several days a week and keeping tabs on operations. Council Member Pittman said that the KHA staff has good institutional knowledge but a period of damage control will be important to restore the public's faith in the agency. Ms. Pittman offered the Cultural Service Grant program with its tiers of agencies by size and budget as a potential model for KHA grant programs. She noted that the Youth Travel Trust Fund is not as useful as it could be because of the requirement that the recipients pay the travel costs up-front and then apply for reimbursement. Cynthia Nixon of the KHA reported that the rules have been changed to allow agencies to request 50% of the cost of travel in advance and raise the rest privately. Unutilized funds will now carry-over to future fiscal years. Council Member Morgan said the Travel Trust Fund had been too difficult to use because of the reimbursement-only policy and the long time frame for appropriating the funds.

Motion: accept a rent payment from Lutheran Social Services in the amount of \$40,920 (lower than the amount in the proposed budget) – **approved.**

The committee was in recess from 11:52 a.m. to 1:04 p.m.

Public Works Department

In response to a question from Chairman Bowman, Public Works Director John Pappas explained the budget for street lighting, which includes the electricity cost and maintenance and repairs contracted out to JEA at approximately \$11 million. The City has over 113,000 street lights, of which almost all have been converted to LED lights at this point; only a few thousand remain to be converted. \$200,000 is being appropriated for addition of new lighting on streets that don't have any lighting infrastructure, as these conditions are brought to the department's attention. In response to a question from Council Member Becton about right-of-way maintenance, Mr. Pappas described the different mowing cycles and frequencies based on categories and locations of roads. The budget has \$6 million for road right-of-way mowing, excluding ditches budgeted through the stormwater utility. Mowing in parks and around public buildings is budgeted separately. Council Member Pittman asked if the mowing contracts include edging of curbs and roadsides; Mr. Pappas said it is included in the contract for one edging per year. Several committee members commended Mr. Pappas for the hard work and professionalism of his department's personnel.

Public Works - Solid Waste Disposal

Mr. Billy noted that for the third consecutive year the Solid Waste enterprise fund has taken a loan from the General Fund to balance its budget due to the insufficiency of the solid waste user fee to cover the cost of the operation. In response to a question from Council Member DeFoor, Mr. Billy described the need for the loan due to the revenue insufficiency and said that the General Fund loans will start paying interest on previous loans this year. Mr. Greive said that good accounting practice mandates treatment of the transfers as loans from one fund to another. Brian Hughes reiterated his statement from an earlier budget hearing that the administration has no plans to increase the user fee and believes that the General Fund subsidy is appropriate. Mr. Pappas explained that the commercial account tipping fee revenue at Trail Ridge Landfill is down somewhat from last year, apparently because some commercial waste is going to private landfills instead of Trail Ridge. He also explained that the City is paying a net cost of \$1.2 million for the recycling operation, which used to produce revenue annually until the world recycling markets changed substantially. Mr. Hughes said that difficult decisions regarding the future of the curbside recycling program are looming to recognize the new realities of the recycling industry. He explained that the current recycling contract allows up to 10% non-recyclable materials in the recycling stream at no cost, but the latest audit shows the City's recycling stream contained more than 19% contaminants, so is costing the City extra for disposal. Mr. Pappas said that the department is in the process of re-negotiating the three solid waste hauler contracts, which should come before the Council later this year.

Council Member Morgan said one of the most common complaints she hears from constituents is about poor garbage and lawn waste collection, missed collections, and debris left after collections. Mr. Pappas said that in the next contracts the City will be phasing out the automated arm top loading collection trucks and going back to rear-loader vehicles that can be used more efficiently. Those trucks can handle both the containerized garbage and bulk waste at the same time, and can also be used for clean-up activities and other uses. In response to a question from Council Member Salem, Mr. Pappas described the disposal host fees and the recent change in the process for dealing with construction and demolition debris to address C&D waste being hauled out-of-county.

Motion: on p. 33, approve Council Auditor's recommendation #1 that the amount listed in Section 9.7 of the Budget Ordinance as the anticipated revenue from the Solid Waste User Fee, be changed from \$41,548,967 to \$40,280,361, to match the amount budgeted – **approved**.

There was no motion on Council Auditor's recommendation #2 that the Solid Waste fee be increased to pay the City's full cost of providing the service.

Solid Waste Facilities Mitigation accounts

Committee members posed questions about how the funds have accumulated in Subfunds 445 and 446 and the uses to which those funds have previously been put. Typically they have been used for recreational improvements in close proximity to the landfills that generate the revenue for the funds via host fees.

Public Works – Stormwater Utility

Joey Greive indicated that the administration does not support the Council Auditor's recommendation on page 44 to reclassify the General Fund subsidy for the stormwater utility to a loan. In response to a question from Council Member Morgan, John Pappas described the department's efforts to be more proactive in maintaining stormwater canals and ditches systematically to head off problems before they happen. Council Member DeFoor requested an analysis of the stormwater user fee by the end of this year. Brian Hughes said that the administration is assessing the utility's operations and funding needs.

Motion: on p. 44, approve Council Auditor's recommendation that the subsidy from the General Fund/GSD (S/F 011) be reclassified to a loan – **failed 2-5 (Hazouri and DeFoor in favor)**

Neighborhoods Department

In response to a question from Council Member Salem, Bryan Mosier, Acting Director of the Neighborhoods Department, reported on the change-over to the new CARE citizen complaint system and the growing pains that have been experienced as the system is broken in. In response to a question from Council Member Hazouri, Mr. Mosier said that hazardous waste assessments are preformed in-house with 5 personnel. Council Member Morgan said that she receives a large number of complaints about stray animals. Mr. Mosier said that, while it is rare, Animal Care and Protective Services employees have been bitten by stray animals.

State, Federal and Other Grants

Motion: on p. 58, approve Council Auditor's recommendation #1 that language be added to make it clear that the additional appropriation language applies to the total match (required and over match amounts) – **approved**.

Motion: on p. 58, approve Council Auditor's recommendation #2 that the title to this section in the budget ordinance be changed to "State, Federal and Other Grant Program" since a couple of grants on Schedule B1a are from a private source – **approved**

Motion: on p. 58, approve Council Auditor's recommendation #3a that Revised Schedule B1a be attached to the budget ordinance to remove a grant titled Law Enforcement – Based Direct Victim Services program and a grant titled Safety First and Visitation Project - **approved**

Motion: on p. 58, approve Council Auditor's recommendation #3b that an in-kind contribution of \$133,378 be included for the Safe and Healthy Neighborhoods Project – **approved**

Motion: on p. 58, approve Council Auditor's recommendation #4 that a Revised Schedule B1b be attached to the budget ordinance to correct the amount of the award for the Library Services Technology Act Grant, remove the FTE and remove the part-time hours. The award amount will be reduced to \$18,364 from \$71,951, the required match will reduce to \$6,121 from \$25,042 and there will be an added overmatch of \$6,571 – **approved**

Special Council Contingency

Chairman Bowman reported that the Special Council Contingency fund stands at \$363,087 to the positive.

Kyle Billy distributed and discussed a table showing the projected growth of a half-cent sales tax based on several scenarios: replicating the past 15 years (average 3% growth per year); the best 15 year period (FY92-93 through FY 2006-07, 6.41% average growth per year); and the worst 15 year period (FY2000-01 through FY2014-15, 1.21% average growth per year).

Enhancement requests

Council Members Cumber and Pittman recommended allocation of \$150,000 for a public information and social media safety campaign targeted at people living within one-quarter mile of a City-controlled retention pond (of which there are 257) to inform them of the presence of the pond, how the City maintains the pond, and the availability of City-provided swimming lessons, all with the goal of reducing drowning deaths, especially among small children.

Council Member Freeman recommended allocation of an additional \$200,000 for Public Service Grants.

Council Member Salem recommended allocation of \$97,870.60 to Volunteers In Medicine to open a second free health clinic location on the Westside in zip code 32210, which includes \$38,214.20 for salaries, \$33,235.40 for supplies and \$27,300 for space in the Inspire to Rise Campus. Council Member Boylan said that VIM does tremendous work in the community and its return on investment is \$5 per \$1 invested in supporting its work. Jennifer Ryan, CEO of VIM, discussed the proposed location in the Inspire to Rise health care facility and the intent of the pilot program.

Chairman Bowman recommended allocation of \$250,000 to Goodwill Industries of North Florida Inc. to fund the A-STEP workforce preparation program for disadvantaged adults.

Council Member Morgan cautioned that enhancement funds be used only for one-time purposes, not for ongoing programs.

Meeting adjourned: 4:14 p.m.

Minutes: Jeff Clements, Council Research

8.22.19 Posted 5:30 p.m.

Tapes: Finance Budget Hearing #6 – LSD

8.22.19

Materials: Council Auditor's Budget Meeting #6 handout - LSD

8.22.19