

# **OFFICE OF THE COUNCIL AUDITOR**

## **FY2010/2011 PROPOSED BUDGET**

### **FINANCE COMMITTEE MEMBERS**

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**Meeting #2**  
**August 12, 2010**

**COUNCIL AUDITOR’S OFFICE  
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**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2010/11 BUDGET  
SUPERVISOR OF ELECTIONS  
GENERAL FUND (011)**

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**PROPOSED BUDGET BOOK- Page #327**

**BACKGROUND:**

The Supervisor of Elections Office registers all voters in Duval County, educates voters about State and local laws and voting procedures, staffs early voting sites and call center prior to an election, processes absentee ballots and conducts State and local elections of Duval County in accordance with the elections laws of Florida. In FY 2009/10, there is only one Primary Election. There will be three elections held in FY 2010/11: one General Election and two Duval County Elections.

**REVENUES:**

1. Miscellaneous Revenue:

- The decrease of \$15,000 is based on FY 10 projections.

2. Other Sources:

- The decrease of \$1,796,010 is the result of one time funding from the Banking Fund for the purchase of voting machines in prior fiscal year. These machines were not purchased during FY2009/10; therefore, the Supervisor of Elections is requesting that these funds be carried forward over to FY 2010/11.

**EXPENDITURES:**

1. Salaries:

- The net increase of \$1,632,818 is attributed to increases in part-time salaries of \$1,354,855 and 34,055 in part-time hours and overtime of \$333,399 due to an increase in the number of elections from one (1) to three (3). This is offset somewhat with a decrease in salaries of \$55,103 due to the 3% line item salary reduction.

2. Employer Provided Benefits:

- The net decrease of \$1,620 is primarily attributed to decreases in workers' compensation, group life insurance and group health insurance. This is offset somewhat with an increase in pension.

3. Internal Service Charges:

- The net decrease of \$119,270 is mainly the result of allocation decreases in legal charges of \$70,810, ITD Data Center charges of \$46,847 and copy center charges of \$36,753. This was offset somewhat with an increase of \$35,544 in telecommunication charges.

4. Other Operating Expenses:

- The net increase of \$1,042,308 is the result of going from one to three elections. The major increases are in postage of \$336,302, precincts rent of \$51,500, printing of \$18,782, advertising and promotion of \$31,765, miscellaneous services and charges (printing of sample ballots, technical support and moving company services during elections) of \$333,367, and supplies of \$330,500. This was offset somewhat with decreases in installment purchases of \$47,010 and repairs and maintenance of \$31,293.

5. Capital Outlay:

- The decrease of \$1,796,010 represents the one time purchase of voting machines.

6. Banking Fund Debt Repayment:

- The increase of \$17,254 is for higher banking fund debt.

7. Extraordinary Lapse:

- The increase of \$119,337 is the removal of a lapse imposed in FY 2009/10.

**SERVICE LEVEL CHANGES:**

There are no significant service level changes.

**EMPLOYEE CAP CHANGES:**

There are no cap changes. There was an increase of 34,055 part-time hours for elections work.

**RECOMMENDATIONS:**

1. The Supervisor of Elections has requested additional funding of \$23,400 for the overtime expenditures associated with having Early Voting on Sundays.
2. The Supervisor of Elections has requested additional funding of \$67,497 in postage for the return absentee postage. Last year, it was removed from the budget per the Tax Watch recommendation.
3. The Supervisor of Elections has requested additional funding of \$176,900 and \$39,907 for the possible additional costs related to the printing of the ballots and purchasing of the ballot bags, respectively, given that the November General Election's ballot could be a two-page ballot. If this request is approved, we recommend that any funding provided be placed in a Designated Council Contingency for the Supervisor of Elections' Office.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2010/11 BUDGET  
CENTRAL OPERATIONS  
GENERAL FUND (011)**

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**PROPOSED BUDGET BOOK- Page #20**

**BACKGROUND:**

In the General Fund, this department consists of Administrative Services, Equal Business Opportunity/Contract Compliance, Human Resources, Office of the Director and Procurement. Public Information, which was a division in FY 2008/09, is now within the Director's Office.

**REVENUES:**

Miscellaneous Revenue:

- The net decrease of \$73,900 is primarily the result of a \$75,000 grant (Mayors Against Illegal Guns) reaching the end of the grant period.

**EXPENDITURES:**

1. Salaries:

- The decrease of \$924,473 is mainly the result of a net reduction of 15 positions and a 3% salary line item reduction. There were also slight decreases in part-time salaries and overtime. This is offset somewhat with an increase in leave sellback.

2. Lapse:

- The increase of \$72,611 is the result of the removal of the lapse imposed in FY 2009/10.

3. Employer Provided Benefits:

- The net decrease of \$257,457 is primarily the result of decreases in FICA taxes of \$181,580, workers' compensation of \$171,920, group health insurance of \$72,168, group life insurance of \$35,070 and medicare tax of \$13,312. This is offset somewhat with an increase of \$188,174 in pension contributions.

4. Internal Service Charges:

- The net decrease of \$272,164 is primarily due to decreases in telecommunication charges of \$217,116, system development charges of \$179,046, copier consolidation of \$55,555 and copy center of \$41,846. This is somewhat offset by an increase in ITD data center charges of \$200,867 and wireless communication of \$6,654.

5. Other Operating Expenses:

- The net increase of \$336,588 is mainly attributable to an increase in tuition reimbursement of \$159,000 and professional services of \$282,749. This is offset somewhat with a decrease in advertising and promotion of \$50,500, printing of \$29,734, employee training of \$14,685 and supplies of \$11,783.

#### 7. Banking Fund Debt Repayment:

- The decrease of \$7,436 is attributable to a decrease in lower debt payment.

Division	Expenditures		Increase/(Decrease)	Footnote
	FY 09/10	FY 10/11		
Administrative Services	\$5,777,653	\$5,432,101	(\$345,552)	A
Equal Business Opportunity	1,306,241	1,197,349	(\$108,892)	B
Human Resources	7,829,428	7,738,579	(\$90,849)	C
Office of the Director	4,132,617	3,731,199	(\$401,418)	D
Procurement	2,269,292	2,163,670	(\$105,622)	E
<b>Total – Central Operations</b>	<b>\$21,315,231</b>	<b>\$20,262,898</b>	<b>(\$1,052,333)</b>	

A: The decrease in expenditures is due to decreases in salaries, FICA taxes, worker's compensation and ITD allocations. It was offset by an increase in pension contribution.

B: The decrease in expenditures is due to decreases in salaries and benefits (six positions were eliminated). It was offset by an increase in professional services (Disparity Study). The purpose of the Disparity Study is to determine if there is a disparity between the number of disadvantaged, minority and women-owned businesses within Duval County that are ready, willing, and able to perform construction, professional services and provide contractual goods and services. This study is conducted in compliance with Section 126.211(d) of the Municipal Code.

C: The decrease in expenditures is due to decreases in salaries and benefits (two positions were eliminated) and ITD allocations. It was offset by increases in tuition reimbursement program and professional services (labor relations consulting and employee medical examinations).

D: The decrease in expenditures is due to decreases in salaries and benefits (five positions were eliminated), printing and advertising. It was offset by an increase in ITD allocations.

E: The decrease in expenditures is due to decreases in salaries and benefits (two positions were eliminated). It was offset by an increase in ITD allocations.

#### **SERVICE LEVEL CHANGES:**

There are no significant service level changes.

#### **EMPLOYEE CAP CHANGES:**

There was a net reduction of 15 positions:

- 20 positions were eliminated from Central Operations General Fund
- 6 positions were transferred in:
  - 1 position was transferred from copy center

- 3 positions were transferred from the vacancy pool
- 1 position was transferred from public works
- 1 position transferred from Inspector General
- 1 position was transferred to Recreation & Community Services.

<b>Division</b>	<b>FY09/10 Approved</b>	<b>FY10/11 Proposed</b>	<b>Net Change</b>
Administrative Services	94	94	<b>0</b>
Equal Business Opportunity	11	5	<b>-6</b>
Human Resources	62	60	<b>-2</b>
Office of the Director	52	47	<b>-5</b>
Procurement	29	27	<b>-2</b>
<b>Total – Central Operations</b>	<b>248</b>	<b>233</b>	<b>-15</b>

#### **IT SYSTEM DEVELOPMENT PROJECTS:**

<b>Project</b>	<b>User</b>	<b>Total Cost of Project</b>	<b>Current Year's Cost</b>
Vendor Tracking & Reporting	Central Operations – Employee Benefits	\$123,875	\$22,659
Oracle - Automated Benefits Pay Process	Central Operations – Human Resources	\$67,741	\$12,391
Oracle - Discoverer Adhoc Reporting	Central Operations – Human Resources	\$37,590	\$6,876
Oracle - Employee Benefit Notifications	Central Operations – Human Resources	\$36,605	\$6,696

#### **RECOMMENDATIONS:**

1. Central Operations Department has indicated that the office supplies for printers and copiers could be reduced by \$1,500 due to the copier consolidation process. This will have a positive impact on Special Council Contingency within the General Fund of \$1,500.
2. Central Operations Department has also indicated that printing and binding could be reduced by additional \$10,000. This will have a positive impact on Special Council Contingency within the General Fund of \$10,000.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2010/11 BUDGET  
CENTRAL OPERATIONS  
FLEET MANAGEMENT - OPERATIONS (511)**

**PROPOSED BUDGET BOOK- Page # 23**

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**BACKGROUND:**

This internal service fund accumulates and allocates the costs of the operation of the City's Motor Pool and recovers its costs via charges to its users/customers. Fleet Management is responsible for all of the maintenance and fueling of the entire City owned vehicle fleet including most independent authorities and the Duval County School Board.

**REVENUES:**

1. Miscellaneous Revenue:

- The net reduction is due to a \$92,725 decrease in reimbursement for warranty work, partially offset by a \$50,712 increase in contribution-loss deductibles.

2. Charges for Services:

- The net increase is being driven by increased budgeted expenditures related to fuel costs.

**EXPENDITURES:**

1. Salaries/Employer Provided Benefits:

- The decrease in salaries reflects the elimination of three positions as well as a 3% salary line item reduction.

2. Internal Service Charges:

- The main drivers are reductions in the allocations for telecommunications and fleet parts, oil, gas and lube.

3. Other Operating Expenses:

- The increase is mainly due to increases in fuel costs (\$2.23 million) and Plant Renewal (\$89,287). These increases are partially offset by across the board operating budget reductions totaling over \$130,000.

4. Supervision Allocation:

- Beginning in FY 2010/11, Fleet administration costs have been allocated, to each activity within Fleet Management.

5. Banking Fund Debt Repayment:

- The reduction is due to a decrease in the interest and principal payback for banking fund borrowing.

**SERVICE LEVEL CHANGES:**

The elimination of the positions should have no significant impact on service level.

**EMPLOYEE CAP CHANGES:**

Five positions were eliminated as part of the budget process; however, 2 were in the vacancy pool and had already been defunded in FY 2009/10.

**IT SYSTEM DEVELOPMENT PROJECT:**

<b>Project</b>	<b>Total Cost of Project</b>	<b>Current Year's Cost</b>
Security Upgrades - Fuel Sites	\$10,618	\$2,913

**RECOMMENDATION:**

None.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2010/11 BUDGET  
CENTRAL OPERATIONS  
FLEET MANAGEMENT - VEHICLE REPLACEMENT (512)**

**PROPOSED BUDGET BOOK- Page # 25**

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**BACKGROUND:**

This is an internal service fund that accounts for the replacement of City owned vehicles.

**REVENUES:**

1. Miscellaneous Revenue:

- The increase of \$614,182 is based on an additional \$425,000 budgeted for the sale of surplus vehicles based on two sales compared to one in FY 2009/10 and \$189,182 estimated investment earnings being budgeted.

2. Charges for Services:

- The decrease is the result of lower charges billed to other departments and agencies for vehicle replacements.

3. Other Sources:

- The decrease is due to a reduction in new Banking Fund borrowing.

**EXPENDITURES:**

1. Cash Carryover:

- This is the estimated residual income over expenses for the FY 2010/11 proposed vehicle replacements.

2. Salaries:

- The increase is mainly due to the movement of overtime, leave sellback and supervisory differential costs from the main operating subfund (511) for employees within this activity. These increases are partially offset by a 3% salary line item reduction.

3. Employer Provided Benefits:

- The increase is mainly due to a rise of \$2,628 in workers compensation costs.

4. Other Operating Expenses:

- The increase is due to the movement of travel, clothing/uniform and dues/subscription costs from the main operating subfund (511) for employees within this activity.

5. Capital Outlay:

- The decrease represents a reduction in new Banking Fund borrowing. To allow those purchases from the banking fund to be made, Section 106.216 of the

Municipal Code is being waived. Section 106.216 of the Municipal Code states that “beginning with the fiscal year 2010-2011, the City will not borrow to purchase fleet replacement vehicles, but will return to its past practice of cash funding vehicle replacement.”

6. Supervision Allocation:

- Beginning in FY 11, the administration costs of the Division have been allocated to each activity within Fleet Management.

7. Banking Fund Debt Repayment:

- The decrease is mainly due to a reduction in interest and principal payback for banking fund borrowing.

8. Transfers to Other Funds:

- The main reason for the increase is a greater transfer to the Direct Vehicle Replacement fund (513) due to an increase in Pay-Go in lieu of the Banking Fund.

**SERVICE LEVEL CHANGES:**

There were no significant service level changes to the budget.

**EMPLOYEE CAP CHANGES:**

There are no changes to the employee cap.

**RECOMMENDATION:**

None.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2010/11 BUDGET  
CENTRAL OPERATIONS  
FLEET MANAGEMENT - DIRECT REPLACEMENT (513)**

**PROPOSED BUDGET BOOK- Page # 28**

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**BACKGROUND:**

This internal service fund represents the spending by Fleet Management on direct vehicle replacements (pay-go), rather than through the Banking Fund.

**REVENUES:**

1. Miscellaneous Revenue:
  - Is made up of anticipated interest earnings for FY 2010/11.
2. Transfers From Other Funds:
  - The increase is mainly due to an increase in funding from the Vehicle Replacement fund (512) is due to an increase in usage of Pay-Go in lieu of the Banking Fund.

**EXPENDITURES:**

1. Capital Outlay:
  - This is the total available for vehicle purchases with cash.

**SERVICE LEVEL CHANGES:**

There are no significant changes in service level.

**EMPLOYEE CAP CHANGES:**

There are no positions in this subfund.

**RECOMMENDATION:**

None.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2010/11 BUDGET  
CENTRAL OPERATIONS  
COPY CENTER (521)**

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**PROPOSED BUDGET BOOK- Page #30**

**BACKGROUND:**

This internal service fund accumulates and allocates the cost of the City's centralized mailroom and centralized copy center/print shop. This internal service fund recovers its costs via charges to its users/customers.

**REVENUES:**

1. Charges for Services:

- The decrease reflects lower charges billed to other departments and agencies due to reductions in costs listed below.

**EXPENDITURES:**

1. Salaries:

- The decrease in salaries reflects the movement of a position out to Administrative Services as well as the 3% line item salary reduction.

2. Employer Provided Benefits:

- The decrease in salaries has resulted in various decreases in employee benefits.

3. Internal Service Charges:

- The decrease is mainly due to a reduction in the ITD data center services allocation.

4. Other Operating Expenses:

- The net decrease is due to reductions in various operating expense lines such as a decrease of \$100,036 in installment purchases and \$31,425 in operating supplies. These reductions are offset by an increase of \$14,105 in in-house building rental and \$22,500 in postage due to anticipated USPS postage rate increases.

5. Indirect Cost:

- The increase is due to revisions in the indirect cost study preformed by KPMG.

**SERVICE LEVEL CHANGES:**

There are no significant changes in service level.

**EMPLOYEE CAP CHANGES:**

The decrease reflects the movement of one position to Administrative Services Division.

**CONCERN:**

This subfund has been in a negative cash balance throughout the FY 2009/10. At the end of FY 08 and FY 09, adjusting entries were made to make the cash balance positive and were subsequently reversed in the beginning of the following years. The Administration needs to closely examine the operations in this subfund and find a permanent solution to restore a positive cash balance.

**RECOMMENDATIONS:**

None

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2010/11 BUDGET  
FINANCE  
GENERAL FUND (011)**

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**PROPOSED BUDGET BOOK-Page # 76**

**BACKGROUND:**

The Finance Department includes the Office of the Director, Accounting, Budget, and Treasury. The department provides accounting services and financial reports to other city departments, provides support services to general government departments in the development of their budgets, and records cash, investment and debt activities for the City.

In fiscal year 2009-10, the Council approved the movement of the Inspector General's Office from the Finance Department to the Mayor's Office. In order to improve the comparability of both of these budgetary units, the history associated with the Inspector General's Office for FY 09 and FY 10 were also moved from the Finance Department into the Mayor's Office in the Proposed Budget

**REVENUES:**

1. Charges for Services:
  - The \$7,000 decrease is due to reduction in revenue from the Jacksonville Beach Pier.

**EXPENDITURES:**

1. Salaries:
  - The \$171,433 decrease is due to a 3% salary line item reduction.
2. Lapse:
  - The increase of \$49,678 is a result of removing the lapse imposed in FY 10.
3. Employee Provided Benefits:
  - The decrease of \$91,351 is primarily due to a reduction of \$55,778 in workers' compensation insurance, pension contribution of \$19,064, payroll taxes (FICA) of \$12,147 and deferred compensation plan of \$5,977.
4. Internal Service Charges:
  - The \$197,835 decrease is primarily due to a reduction of \$105,918 in systems development costs due to the Accounting system not being upgraded this year, \$60,139 in telecommunication services, \$64,022 in Information Technology Department data center services. Partially offsetting these decreases were increases in tech refresh/pay-go and legal services.
5. Other Operating Expenses:
  - The increase of \$9,054 is mainly attributable to budgeting \$75,000 for the incoming – mayoral transitioning cost. The increase is partially offset by reductions of \$19,000 in contractual services, \$20,000 in banking service charges and \$6,400 in miscellaneous services and charges.

**SERVICE LEVEL CHANGES:**

There are no significant changes.

**EMPLOYEE CAP CHANGES:**

None.

**RECOMMENDATION:**

We recommend that Municipal Code Section 20.110 (g) be changed. This section stipulates that the funds for Mayoral transition be appropriated to the Central Services Department. The Mayor's proposed budget has these funds budgeted in the Finance Department. We recommend that these funds be budgeted as a non-departmental expenditure in the event of any future department changes.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2010/11 BUDGET  
MEDICAL EXAMINER OFFICE (S/F 011)**

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**Proposed Budget Book Page # 219**

**BACKGROUND:**

The Medical Examiner provides autopsies, toxicological examinations, and histopathological preparations of tissues, autopsy reports, depositions, scene investigations, and expert witness testimony to Duval County, Nassau County, Clay County, Union County, and parts of District III, which includes service to Columbia, Hamilton, Lafayette and Suwannee Counties.

**REVENUES:**

1. Charges for Services:

- The decrease of \$204,308 is due to an anticipated reduction in service demand. However, a new fee schedule was approved by Council in Ordinance 2010-51-E increasing the amount the Medical Examiner charges to perform an autopsy by \$65.

**EXPENDITURES:**

1. Salaries:

- The \$114,822 decrease is primarily due to the 3% salary line item reduction and to vacant positions being filled at a reduced pay rate.

2. Employer Provided Benefits:

- The decrease of \$66,361 is primarily due to a reduction of \$65,008 in workers' compensation insurance, a \$17,531 reduction in FICA, a \$6,530 reduction in life insurance, and a \$5,800 reduction in health insurance. Partially offsetting the reductions was an increase of \$23,544 in pension contribution and \$5,143 in disability insurance.

3. Internal Service Charges:

- The decrease of \$82,293 is primarily due to the reduction of \$92,910 in Information Technology Department data center service charges. Partially offsetting this was an increase in telecommunication services of \$15,386.

4. Other Operating Expenses:

- The decrease of \$41,488 is primarily due to the decreases of \$15,551 in other operating supplies, \$11,000 in travel expense, \$8,000 in professional services and \$5,000 in utility services.

**SERVICE LEVEL CHANGES:**

There are no significant changes.

**EMPLOYEE CAP CHANGES:**

There are no changes in the cap. The Medical Examiner's Office currently has two vacancies: One (1) Associate Medical Examiner and One (1) Toxicologist.

**RECOMMENDATIONS:**

1. We recommend increasing ME Services – Autopsy (Sub-object 34614) by \$65,000 due to the \$65 increase in the autopsy fee approved by Council. This would result in an increase to Special Council Contingency of \$65,000.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED 2010/11 BUDGET  
PUBLIC HEALTH (S/F 011)**

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**PROPOSED BUDGET BOOK PAGE # 247**

**BACKGROUND:**

The Duval County Health Department is a partnership between the State of Florida and the City of Jacksonville. The funding for the Duval County Health Department comes from the State of Florida, the City of Jacksonville, and from county fees for vital statistics, communicable disease, primary care and environmental health.

**REVENUES:**

There are no revenues associated with the Duval County Health Department.

**EXPENDITURES:**

1. Internal Service Charges:

- The decrease of \$9,934 is primarily due to a reduction in the radio allocation charge of \$9,828.

2. Other Operating Expenses:

- The \$46,084 increase is primarily due to \$53,437 in Public Buildings – Plant Renewal charges. Partially offsetting this increase was a decrease in miscellaneous insurance of \$3,545 and a decrease in security services of \$3,237.
- Within Other Operating Expenses there are Miscellaneous Services & Charges of \$442,000 which allows the Public Health Unit to meet grant matching requirements to generate Federal grant funding. This amount is consistent with prior year funding.

**SERVICE LEVEL CHANGES:**

There are no significant changes.

**EMPLOYEE CAP CHANGES:**

There are no positions.

**RECOMMENDATIONS:**

None.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED 2010/11 BUDGET  
JACKSONVILLE HUMAN RIGHTS COMMISSION (S/F 011)**

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**PROPOSED BUDGET BOOK PAGE # 112**

**BACKGROUND:**

The Jacksonville Human Rights Commission (JHRC) within the City focuses on promoting and encouraging fair treatment and equal opportunity for all. The Commission strives to eliminate discrimination and promote mutual understanding and respect. Equal Opportunity/Equal Access (EO/EA), the only division under JHRC, resolves non-compliance with equal opportunity employment laws and investigates allegations made by job applicants and city employees.

The JHRC investigates complaints alleging discriminatory practices in employment, housing, and areas of public accommodations. In addition to investigating claims, the JHRC offers mediation services and works to resolve the complaints. The JHRC works with the Equal Employment Opportunity Commission (EEOC) at the Federal level and is reimbursed at an agreed upon rate based on the number of cases resolved. The staff of thirteen expects to generate \$109,550 in revenues for FY 2010/11.

The services provided by the JHRC are also provided at the State level through the Florida Commission of Human Rights (FCHR) and the Federal level through the EEOC and the U. S. Department of Housing and Urban Development (HUD). There is no additional cost incurred by the city for deferring discrimination claims to these State or Federal agencies.

**REVENUE:**

1. Intergovernmental Revenue:

- The increase of \$14,700 is due to an anticipated increase in the United States Equal Opportunity Employment and Opportunity Commission Award.

**EXPENDITURES:**

1. Salaries:

- The decrease of \$164,120 is primarily due to the elimination of four positions and the 3% salary line item reduction.

2. Lapse:

- The increase of \$5,267 is a result of removing the lapse imposed FY 2010.

3. Employee Provided Benefits:

- The decrease of \$57,111 is primarily due to the reduction of \$24,226 in worker's compensation insurance, \$18,024 in group hospitalization insurance, and \$11,764 in payroll taxes (FICA).

4. Internal Service Charges:

- The decrease of \$60,045 is primarily due to the reduction of \$30,410 in the Information Technology Department data center service charge, \$22,652 in the telecommunication services charges and \$4,030 in copier allocation.

5. Other Operating Expenses:

- The decrease of \$39,933 is primarily due to the reduction of \$22,978 in professional services, \$9,000 in food cost for Study Circles Events, \$4,026 in miscellaneous services and charges and \$2,170 in printing and binding commercial.

**SERVICE LEVEL CHANGES:**

There are no significant changes.

**EMPLOYEE CAP CHANGES:**

Four (4) FTE positions were eliminated; one AMIO, one Administrative Aide, one Clerical Support Aide III, and one Equal Opportunity Aide. The employee who held the Clerical Support Aide III position was moved to Central Operations as a Customer Service Representative.

**RECOMMENDATIONS:**

None.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2010/11 BUDGET  
HOUSING  
COMMUNITY DEVELOPMENT (1A1)**

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**PROPOSED BUDGET BOOK – Pages 106-107**

**BACKGROUND:**

In accordance with a recommendation from the Affordable Housing Task Force in 2006, it was recommended to remove the federal and state housing and community development grants from the Mayor's annual budget cycle and handle them through separate legislation. The General Funded portion of the Housing Department will still be budgeted in subfund 1A1 and funded through interfund transfers.

**REVENUES:**

1. Intergovernmental Revenue:

- Intergovernmental revenue of \$139,600 should be included in the FY 2010/11 budget. See recommendation below.

2. Other Sources:

- There are no significant changes to transfers from other funds. This amount consists of two transfers. The first is a \$75,000 transfer from the Northside East Tax Increment District as an annual repayment for the \$1.5 million grant to the Museum of Modern Art for the acquisition of the building at Duval and Laura Streets. The second is a transfer from the General Fund for \$275,357 to pay for four Human Services Planner positions that are not allowable costs under the Community Development Block Grant.

**EXPENDITURES:**

1. Employer provided benefits:

- The net increase of \$8,727 is due mainly to an increase in pension contributions of \$18,705 that is somewhat offset by a reduction in payroll taxes of \$9,359.

2. Internal Service Charges:

- The net reduction of \$7,522 is due primarily to reductions in telecommunications of \$7,202 and data center services of \$3,801 that are partially offset by an increase of \$2,282 in legal costs.

3. Grants and Aids:

- Grants and Aids consists of the following:

Clara White Mission	\$14,212
Catholic Charities Bureau	\$60,788

4. Transfers – Non Departmental:

- The reduction is due to an error in the proposed budget. See recommendation below.

**SERVICE LEVEL CHANGES:**

There are no significant service level changes to the budget.

**EMPLOYEE CAP CHANGES:**

There are no changes to the number of authorized positions.

**RECOMMENDATIONS:**

1. Grant funds within subfund 1A1 are used to reimburse costs funded through the General Fund. These revenues of \$139,600 and corresponding transfer to the General Fund were inadvertently omitted from the proposed budget. This will have a positive impact of \$139,600 on the Special Council Contingency within the General Fund.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2010/11 BUDGET  
HOUSING  
HOUSING FINANCE AUTHORITY (721)**

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**PROPOSED BUDGET BOOK – Page 109**

**BACKGROUND:**

The Jacksonville Housing Finance Authority (JHFA) provides funds to support development of housing for low-to-moderate income families through the issuance of tax exempt bonds. The bond proceeds are utilized to make low interest loans.

**REVENUES:**

1. Miscellaneous Revenue:

- The reduction of \$128,709 is mainly due to reduced mortgage interest income caused by interest bearing loans being paid off.

2. Other Sources:

- The reduction of \$92,941 is due to reduced proceeds from bond refunds.

2. Transfers:

- The net increase of \$30,157 is required to cover budgeted expenses.

**EXPENDITURES:**

1. Employer Benefits:

- The reduction of \$39,734 is due mainly to a reduction in pension contributions of \$27,218 and health insurance of \$12,053.

2. Internal Service Charges:

- The net reduction of \$3,385 is due mainly to an increase in legal costs of \$2,951 and a reduction in ITD data center service of \$5,926.

3. Other Operating Expenses:

- The net reduction of \$40,314 is primarily due to reductions in insurance of \$17,186, professional services of \$16,050 and travel of \$3,520.

4. Supervision Allocation:

- Supervision allocation is no longer being budgeted. Employees will now be directly charged to grants based upon the work they perform.

5. Indirect Cost:

- Indirect costs have increased by \$27,163 based on the Indirect Cost Study.

**SERVICE LEVEL CHANGES:**

There are no significant service level changes to the budget.

**EMPLOYEE CAP CHANGES:**

There are no changes to the employee cap.

**RECOMMENDATIONS:**

None.

**JEA  
COMPARISON OF BUDGETS  
ELECTRIC AND WATER & SEWER AND DISTRICT ENERGY SYSTEM  
APPROVED FY 2009/10 TO PROPOSED FY 2010/11  
(000's)**

	<b>Electric</b>		<b>Water &amp; Sewer</b>		<b>District Energy</b>		<b>Transfers In/Out</b>	<b>Total Budget</b>	<b>City Contribution</b>
	<b>Operating Budget</b>	<b>Capital Budget</b>	<b>Operating Budget</b>	<b>Capital Budget</b>	<b>Operating Budget</b>	<b>Capital Budget</b>			
<b>2009/10 Budget</b>	\$ 1,294,663	\$ 342,800	\$ 310,124	\$ 123,000	\$ 7,400	\$ 1,046	\$ (168,846)	\$ 1,910,187	\$ 99,187
<b>2010/11 Proposed</b>	\$ 1,443,010	\$ 251,700	\$ 354,267	\$ 142,200	\$ 8,984	\$ 638	\$ (202,297)	\$ 1,998,502	\$ 101,688
<b>\$ Increase (Decrease)</b>	\$ 148,347	\$ (91,100)	\$ 44,143	\$ 19,200	\$ 1,584	\$ (408)	\$ (33,451)	\$ 88,315	\$ 2,500
<b>% Increase (Decrease)</b>	11.46%	(26.58%)	14.23%	15.61%	21.41%	(39.01%)	(19.81%)	4.62%	2.52%

**Notes:**

(1) Changes in the employee cap are as follows:

	<b>Budget FY 2009/10</b>	<b>Proposed FY 2010/11</b>	<b>Increase (Decrease)</b>
Electric System	1,563	1,563	-
Water & Sewer System	590	590	-
District Energy System	5	5	-
Total JEA Employees	2,158	2,158	-
 SJRPP Joint Venture	 302	 302	 -
Total JEA/SJRPP	2,460	2,460	-

(2) Detail of City Contribution:

	<b>Budget FY 2009/10</b>	<b>Proposed FY 2010/11</b>	<b>Increase (Decrease)</b>
Electric System	\$ 79,007	\$ 81,922	\$ 2,915
Water & Sewer System	20,180	19,766	(415)
Totals	\$ 99,186.510	\$ 101,687.51	\$ 2,500

### Contribution Calculation

#### A Millage Calculation

Electric	\$	71,309,913	80.562%
Water		17,205,473	19.438%
	\$	<u>88,515,386</u>	

#### B Floor (prior Year plus \$2,500,000)

FY 2007/08	\$	94,187,538
FY 2008/09		2,500,000
FY 2009/10		2,500,000
FY 2010/11		2,500,000
	\$	<u>101,687,538</u>

#### Recommended Budget FY 10/11

Electric	\$	81,921,684	80.562%
Water		19,765,854	19.438%
	\$	<u>101,687,538</u>	

#### Notes:

**A** = Calculated as 5.513 mills times gross kilowatt-hours delivered by JEA to users of electricity in JEA's service area (less interchange sales) plus the amount calculated by multiplying 2.149 mills by the number of cubic feet of potable water and sewer service (excluding reclaimed water sales) provided to consumers during the twelve (12) month period ending April 30 of the previous year.

**B** = Notwithstanding the contribution cap calculated in Part A above, JEA shall pay the City each fiscal year, from 2008/2009 through 2015/2016, an additional amount if necessary, to ensure a minimum annual increase of \$2,500,000 using the fiscal year 2007-2008 combined assessment of \$94,187,538 as the base year.

Although the annual transfer of available revenue from JEA to the City is based upon formulas that are applied specifically to the respective utility systems operated by JEA, JEA's Charter allows it to utilize any of its revenues regardless of source to satisfy its total annual obligation to the City.

JEA's Charter does not currently require a contribution from the District Energy System (Chilled Water).

#### Conclusion:

The minimum payment of \$101,687,538 is greater than the millage calculation of \$88,515,386 by \$13,172,152 therefore, the calculation floor in the amount of \$101,687,538 is the recommended Budget for FY10/11 for the Electric and Water/Sewer Systems.

**CALCULATION OF JEA ELECTRIC CONTRIBUTION  
FOR FISCAL YEAR 2010-2011**

	Total	Less Interchange	Net kWh
Month	kWh Sales (1)	kWh Sales (2)	Sales
May 2009	967,319,573	32,262,000	935,057,573
June	1,231,592,025	59,906,000	1,171,686,025
July	1,322,300,843	23,192,000	1,299,108,843
August	1,261,416,954	61,582,000	1,199,834,954
September	1,252,660,830	51,806,000	1,200,854,830
October	1,173,386,433	51,544,000	1,121,842,433
November	898,014,298	25,700,000	872,314,298
December	994,320,913	25,747,000	968,573,913
January 2010	1,148,706,184	14,033,000	1,134,673,184
February	973,641,047	8,305,000	965,336,047
March	1,166,605,734	13,207,000	1,153,398,734
April	916,032,635	3,848,000	912,184,635
<b>Total</b>	<b>13,305,997,469</b>	<b>371,132,000</b>	<b>12,934,865,469</b>
		(3)	0.005513
			<b>\$ 71,309,913.33</b>

**Notes:**

- (1) kWh sales information is based on JEA's CUFR124 monthly reports.  
(2) Interchange, the sale of electricity to other utilities, is not included in the contribution formula.  
(3) The current City contribution formula CAP is based on multiplying 5.513 mills times total electric kWh sales less interchange sales for the twelve months (12) ending April of each year.  
(4) One quarter of a mill or \$3,233,716 has been dedicated to the JPA for port expansion.

**CITY WATER/SEWER CONTRIBUTION FORMULA  
FOR FISCAL YEAR 2010-2011**

	Water (1) Consumption	Sewer (1) Consumption	Adjustments (2) Total	Total Net Consumption
MONTH	(Hundred Cubic Feet)	(Hundred Cubic Feet)	Total Adjustments	(Hundred Cubic Feet)
May 2009	4,387,070	(102,934)	2,911,468	7,195,604
June	4,327,085	(100,728)	3,063,401	7,289,758
July	4,551,800	(101,268)	3,112,240	7,562,772
August	3,947,077	(82,296)	2,715,108	6,579,889
September	4,024,063	(85,444)	2,848,227	6,786,846
October	4,429,211	21,227	3,061,500	7,511,938
November	3,774,944	(835)	2,393,680	6,167,789
December	3,879,518	(374)	2,802,299	6,681,443
January 2010	3,340,610	(174)	2,594,696	5,935,132
February	2,746,685	(59)	2,268,230	5,014,856
March	3,518,884	(151)	2,869,636	6,388,369
April	4,033,561	4	2,914,733	6,948,298
<b>Total</b>	<b>46,960,508</b>	<b>(453,032)</b>	<b>33,555,218</b>	<b>80,062,694</b>
				100
				8,006,269,400
		(3)		0.002149
				<b>\$ 17,205,472.94</b>

**Notes:**

- (1) Consumption information taken from JEA's CUFR124 monthly reports.  
(2) Adjustments include Summer Discount, Water Large (large industrial customer), Sewer LTD (wholesale sewer rate) and Water Reuse Consumption.  
(3) The current City contribution CAP is based on multiplying 2.149 mills times total water/sewer sales less reuse sales for the twelve (12) months ending April of the prior year.

**JEA**  
**ANALYSIS OF PROPOSED FY 2010/11 ELECTRIC OPERATING SYSTEM BUDGET**  
**FY 2009/10 BUDGET COMPARED TO FY 2010/11 PROPOSED BUDGET**  
**(000'S)**

						% Increase (Decrease) Proposed Budget Over	
	2009/10 Original Budget	2009/10 Revised Budget	Actual Thru May	JEA 2009/10 Projected	2010/11 Proposed Budget	2009/10 Original Budget	JEA 2009/10 Projected
<b>Fuel Related Revenue &amp; Expenses</b>							
Revenue							
Fuel Related Revenue	\$ 557,900	\$ 557,900	\$ 355,535	\$ 570,904	\$ 646,163	15.82%	13.18%
Transfer To Fuel Recovery	(36,637)	(36,637)	(23,349)	(37,493)	(48,488)	32.35%	29.32%
Net Fuel Related Revenues	\$ 521,263	\$ 521,263	\$ 332,186	\$ 533,411	\$ 597,675	14.66%	12.05%
Expense							
Fuel Related and Purchased Power	\$ 517,683	\$ 517,683	\$ 366,445	\$ 595,525	\$ 577,447	11.54%	(3.04%)
Transfer To Rate Stabilization	-	-	-	(65,231)	15,950	NA	(124.45%)
Uncollectible Accts.	3,580	3,580	1,749	3,117	4,278	19.50%	37.25%
Net Fuel Related Expenses	\$ 521,263	\$ 521,263	\$ 368,194	\$ 533,411	\$ 597,675	14.66%	12.05%
Fuel Fund Surplus (Deficit)	\$ 0	\$ 0	\$ (36,008)	\$ 0	\$ (0)	NA	NA
<b>Base Rate Revenue &amp; Expenses</b>							
Revenue							
Base Rate Revenue	\$ 680,141	\$ 680,141	\$ 441,250	\$ 713,137	\$ 740,478	8.87%	3.83%
Investment Income	2,522	2,522	592	1,480	1,290	(48.85%)	(12.84%)
Other Revenues	90,737	90,737	57,613	81,748	103,566	14.14%	26.69%
Total Operating Revenues	\$ 773,400	\$ 773,400	\$ 499,455	\$ 796,364	\$ 845,334	9.30%	6.15%
Expenses							
Operating & Maintenance	\$ 171,900	\$ 171,900	\$ 98,449	\$ 164,686	\$ 180,757	5.15%	9.76%
Environmental Charge	7,833	7,833	4,840	8,019	7,886	0.68%	(1.66%)
Conservation Charge	7,600	7,600	4,880	7,856	9,635	26.78%	22.65%
Non-Fuel Purchased Power	177,290	177,290	121,069	173,371	161,365	(8.98%)	(6.93%)
Operating Capital Outlay	61,397	61,397	24,465	61,396	61,524	0.21%	0.21%
Emergency Fund	5,000	5,000	-	0	5,000	0.00%	NA
PSC Fees	207	207	145	214	229	10.63%	7.01%
Uncollectible Accts.	5,706	5,706	2,170	3,897	5,073	(11.09%)	30.19%
Total Operating Expenses	\$ 436,933	\$ 436,933	\$ 256,018	\$ 419,438	\$ 431,469	(1.25%)	2.87%
Net Income From Operations	\$ 336,467	\$ 336,467	\$ 243,437	\$ 376,926	\$ 413,865	23.00%	9.80%
Other Deductions							
Debt Service	\$ 190,492	\$ 190,492	\$ 121,412	\$ 182,440	\$ 244,004	28.09%	33.74%
Contracts & Contingencies	50	50	-	42,000	15,000	29900.00%	(64.29%)
Renewal & Replacement- Elec. Sys.	66,918	66,918	44,545	66,818	72,939	9.00%	9.16%
Total Other Deductions	\$ 257,460	\$ 257,460	\$ 165,957	\$ 291,258	\$ 331,943	28.93%	13.97%
Net Income Before City Contribution	\$ 79,007	\$ 79,007	\$ 77,480	\$ 85,668	\$ 81,922	3.69%	(4.37%)
Contribution to City's General Fund	\$ 79,007	\$ 79,007	\$ 52,672	\$ 79,007	\$ 81,922	3.69%	3.69%
Base Rate Surplus (Deficit)	\$ (0)	\$ (0)	\$ 24,808	\$ 6,661	\$ 0	NA	(100.00%)
Budget Surplus (Deficit)	\$ 0	\$ 0	\$ (11,200)	\$ 6,661	\$ 0	NA	(100.00%)
MWH Sales (000's)	12,800	12,800	8,147	13,088	12,928	1.00%	(1.22%)
# of Accounts	418,553	418,553	418,069	418,000	422,180	0.87%	1.00%

**JEA**  
**FY 2009/10 Original Budget Vs. FY 2010/11 Proposed Budget**  
**Revenue Variance Overview - Electric System**

	Increase/(Decrease)	
	(\$000's)	%
<b>Revenues:</b>		
<b>Fuel Related Revenue</b>	\$ 88,263	15.82%
Fuel Related Revenue Budget has increased 15.82% due to the \$6.48 variable fuel rate increase along with an estimated 1% budget sales increase. The variable fuel rate break down represents a FY 2011 \$4.33 increase from \$41.26 to \$45.59 per MWh in fuel costs plus \$2.15 per MWh, over 3 years, related to the base revenues used to replenish fuel fund reserves.		
<b>Transfer To Fuel Recovery</b>	\$ 11,851	32.35%
This increase reflects the first of three annual repayments to reimburse the \$35 million borrowed from base revenue to begin recovering a Fuel Fund deficit for FY 2010.		
<b>Base Revenue</b>	\$ 60,337	8.87%
In June 2007 the JEA Board approved a Base Rate increase to be implemented over the following four fiscal years. The increase is due to the higher base rate and an estimated 1% higher unit sales.		
<b>Investment Income</b>	\$ (1,232)	(48.85%)
This decrease is attributed to lower interest rates and investable balances.		
<b>Other Revenues</b>	\$ 12,829	14.14%
This increase reflects receipt of the first of three annual repayments (approximately \$11M for FY2011) to reimburse the \$35 million borrowed from base revenues. Other Revenue includes budget items such as Transmission Service Fees, Billing Late Fees, and Pole Attachment Fees.		
<b>Expenses:</b>		
<b>Fuel &amp; Purchased Power</b>	\$ 59,764	11.54%
The increase is attributed to increased fuel and purchased power expense.		
<b>Conservation Charge</b>	\$ 2,035	26.78%
Retail customers are currently charged \$0.01 for each residential kWh in excess of 2,750 kWh in each monthly billing cycle, which has increased due to higher unit sales. Additionally \$2 million withdrawal from the Demand Side Management (DSM) fund for conservation projects.		
<b>Operating Capital Outlay</b>	\$ 127	0.21%
Reflects JEA's pricing philosophy target of 5% of prior year fuel variable rate and base rate revenues.		
<b>Renewal &amp; Replacement - Elec. Sys.</b>	\$ 6,021	9.00%
Reflects JEAs bond covenant requirements to contribute a minimum of 5% of prior year gross electric revenues.		
<b>Contracts &amp; Contingencies</b>	\$ 14,950	29900.00%
The increase \$15 million is intended to add approximately 5 days of cash on hand, which is necessary to maintain JEA's liquidity financial metric target of 60 to 90 days. This metric is a key evaluation of the Bond rating agencies where JEA's current projection is to begin FY 11 at the bottom range of the 60-90 day liquidity target.		

JEA  
ANALYSIS OF OPERATING AND MAINTENANCE EXPENSE  
ELECTRIC SYSTEM  
FY 2009/10 BUDGET COMPARED TO FY 2010/11 PROPOSED BUDGET  
(000's)

	2009/10 Original Budget	2009/10 Revised Budget	Actual Thru May	JEA 2009/10 Projected	2010/11 Proposed Budget	% Increase (Decrease) Proposed Budget Over	
						2009/10 Original Budget	JEA 2009/10 Projected
Salaries	\$ 114,879	\$ 114,959	\$ 75,090	\$ 114,715	\$ 118,050	2.76%	2.91%
Employee Benefits	35,833	35,694	22,785	35,822	39,658	10.68%	10.71%
Supplies	11,479	11,716	7,759	11,376	10,842	(5.55%)	(4.69%)
City Services	3,666	3,115	1,763	2,882	3,600	(1.80%)	24.91%
Other Intercompany Charges	2,100	2,100	1,033	1,733	2,100	0.00%	21.18%
Other Services & Charges	69,713	72,441	42,296	68,883	81,362	16.71%	18.12%
Other Contingencies	3,350	3,250	176	3,350	2,850	(14.93%)	(14.93%)
City Legal Services	1,000	1,000	563	1,000	1,000	0.00%	0.00%
Property & Casualty Insurance	6,611	6,611	1,208	3,412	6,311	(4.53%)	84.97%
Interest on Customer Deposits	500	500	(42)	100	400	(20.00%)	300.00%
Operating Reserve	2,800	2,686	-	2,686	2,000	(28.57%)	(25.54%)
Expense Credits	(60,432)	(62,572)	(37,824)	(56,736)	(63,610)	5.26%	12.12%
Trf. to WIP- Salaries	(15,220)	(15,220)	(12,455)	(18,683)	(17,778)	16.81%	(4.84%)
Trf. to WIP- Emp. Benefits	(4,379)	(4,379)	(3,903)	(5,855)	(6,028)	37.67%	2.97%
<b>O &amp; M Expense</b>	<b>\$ 171,900</b>	<b>\$ 171,900</b>	<b>\$ 98,449</b>	<b>\$ 164,686</b>	<b>\$ 180,757</b>	<b>5.15%</b>	<b>9.76%</b>

**JEA**  
**FY 2009/10 Original Budget Vs. FY 2010/11 Proposed Budget**  
**Expenditure Variance Overview - Electric System**

<b>Operating &amp; Maintenance</b>	<b>Increase/(Decrease)</b>	
	<b>(\$000's)</b>	<b>%</b>
<b>Employee Benefits</b> Primarily attributed to a \$1.9 million increase in health insurance & \$1.1 million increase in Other Post Employment Benefits (OPEB) and other benefits associated with workforce readiness.	\$ 3,825	10.68%
<b>Other Services &amp; Charges</b> Strategic initiatives which include: climate change, communications, city events, and various reliability and maintenance programs, i.e. tree trimming, transmission structure maintenance, corrosion prevention, and security.	\$ 11,649	16.71%
<b>Expense Credits</b> Expense credit means an amount set aside as an offset against an appropriation, representing an intrafund or interfund transfer of revenues and/or expenses. For example, water billing credits are recorded as an expense credit against the electric operating fund to properly charge the cost spent working on water and sewer related activities to the water and sewer operating fund.	\$ (3,178)	5.26%
<b>Transfers to WIP Salaries</b> Transfers to WIP Salaries are capitalized salaries captured in the Operating Budget. It represents the salaries charged to capital workorders and is a credit to the operating fund.	(2,558)	16.81%
<b>Transfers to WIP Emp. Benefits</b> Transfers to WIP Employee Benefits are capitalized benefits captured in the Operating Budget. It represents the benefits charged to capital workorders and is a credit to the operating fund.	(1,649)	37.67%

JEA  
ANALYSIS OF PROPOSED FY 2010/11 CAPITAL BUDGET  
ELECTRIC SYSTEM  
FY 2009/10 BUDGET COMPARED TO FY 2010/11 PROPOSED BUDGET  
(000'S)

	2009/10 Original Budget	2009/10 Revised Budget	Actual Thru May	JEA 2009/10 Projected	2010/11 Proposed Budget	% Increase (Decrease) Proposed Budget Over 2009/10 Original Budget      JEA 2009/10 Projected	
Capital Funds							
Renewal & Replacement Deposits	\$ 66,918	\$ 66,918	\$ 44,545	\$ 66,818	\$ 72,939	9.00%	9.16%
Construction Fund Investment Income	220	220	43	65	93	(57.60%)	44.63%
Debt & Other Proceeds	214,266	214,266	63,864	97,244	117,144	(45.33%)	20.46%
Operating Capital Outlay	61,396	61,396	24,465	61,396	61,524	0.21%	0.21%
Total Capital Funds	\$ 342,800	\$ 342,800	\$ 132,917	\$ 225,523	\$ 251,700	(26.58%)	11.61%
Capital Projects							
Generation Projects	\$ 189,964	\$ 189,964	\$ 73,537	\$ 115,781	\$ 109,600	(42.30%)	(5.34%)
Transmission & Distribution	119,779	119,779	43,906	82,454	106,600	(11.00%)	29.28%
Other	33,057	33,057	15,474	27,288	35,500	7.39%	30.09%
Total Capital Projects	\$ 342,800	\$ 342,800	\$ 132,917	\$ 225,523	\$ 251,700	(26.58%)	11.61%
Surplus (Deficit)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0.00%	0.00%

**JEA**  
**Electric System**  
**5 Year Capital Budget**  
**(000's Omitted)**

	PROPOSED		PROPOSED	
	FY11		FY11	
Description	SUB TOTAL		TOTAL	
GEC SIMPLE CYCLES CT1_CT2 - E	42,272			
GREENLAND GAS TRANSMISSION - E	20,263			
GEC COMMUNITY SITE REMEDIATION	644			
GREENLAND ENERGY CENTER GENERATING STATION COMBINED CYCLE	0			
<b>EXPANDED GENERATION CAPACITY TOTAL</b>	<b>63,179</b>	<b>1</b>	<b>109,600</b>	<b>= 1+4</b>
NEW ELECTRIC SERVICE ADDITIONS - E	9,000			
ELECTRIC DISTRIBUTION MAINTENANCE CAPITAL UPGRDS - E	7,400			
DEVELOPMENT DRIVEN PROJECTS - E	7,000			
POLE REPLACEMENT PROGRAM - E	6,000			
UNION ST - 8TH_WILCOX CKT 4 - 4 KV CONV - E	3,792			
MINOR - JP PROJECTS - E	3,516			
BARTRAM FEEDERS PH 1 - E	2,101			
ELECTRIC DISTRIBUTIN SYS IMPROVEMENTS - E	2,002			
MURRAY HILL_WEST OF EDGEWOOD AV - 4 KV CONV - E	1,776			
13KV CONVERSION - SOUTHBANK - BAPTIST HOSPITAL PHASE 1	1,600			
GENERAL NETWORK AND DOWNTOWN COMMERCIAL CAPITAL UPGRDS	1,500			
UNDERGROUND CABLE REPLC PROGRAM - EXISTING DEVELOPMENT	1,389			
AUTOMATIC RECLOSURE DEPLOYMENT F32 - E	1,200			
PAPER INSULATED CABLE REPLACEMENT PROGRAM - E	1,000			
GENERAL DISTRIBUTIN IMPROVEMENTS - E	1,000			
ELECTRIC METER INSTALL FOR GROWTH AND EMERG REPLC - E	997			
STARETT SUBSTATION DIST FEEDERS - E	987			
UGCR - OCEANWALK 1-4 - E	719			
SUBSTATION TO OLD KINGS RD - 26 KV RECOND CKT 333 - E	640			
SAN MARCO BV - HENDRICKS AV TO RIVERPLACE AV- E	567			
ELECTRIC METER GROWTH	534			
SUBSTATION TO WILSON BV - 26 KV RECOND CKT 330 - E	533			
CKT 447 SUB TO RANDALL_ DANCY_ HERSCHEL- AR241 26KV RE	496			
4KV CONVERSION - OAK HILL CKT 3 - E	483			
UGCR - CUNNINGHAM CREEK UNITS 1-3 - E	462			
CKT 416 STARRATT RD_BONEY RD FROM YELLOW BLUFF TO CEDA	451			
26KV RELIABILITY INPRV - DIST FEEDER RELAY SYS REPLC -	450			
4KV CONVERSION - AVENUE B AND CLEVELAND - E	400			
ELECTRIC CUSTOMER SERVICE RESPONSE LATERAL AND QUICK -	360			
HERSCHEL ST 5201, 5202 ST JOHN'S PARK 8201, 8203 MCDUFF AV 6304, 6306 4KV CONVERSIONS	266			
CAPITAL TOOLS AND EQUIP SOCC - E	250			
UGCR - BARRINGTON OAKS- E	208			
LANE AV 438 RECOND - E	162			
KENNEDY 26KV FEEDER ADDITIONS - E	160			
TRANSFORMER TESTING SYSTEM - E	138			
CAPITAL TOOLS AND EQUIP ELECRIC - E	125			
ELECTRIC CUSTOMER SERVICE RESPONSE TOOLS AND EQUIP - E	116			
GARDEN 498 26KV RECOND BRADDOCK RD FROM TRANSMISSION EASEMENT TO LEM TURNER RD	106			

**JEA  
Electric System  
5 Year Capital Budget  
(000's Omitted)**

	PROPOSED		PROPOSED	
	FY11		FY11	
Description	SUB TOTAL		TOTAL	
DUNN AV - US1 TO LEM TURNER - 26 KV RECON CKT 497 - E	66			
IMESON 495 RECOND NSIDE PLT ENTRANCE RD - HECKSCHER RD	44			
CECIL FIELD 389 26KV RECOND CHAFFEE RD FROM NORMANDY BV TO SWITCH CAB AT 1509 CHAFFEE RD	19			
<b>ELECTRIC SYSTEM DISTRIBUTION PROJECTS TOTAL</b>	<b>60,015</b>	<b>2</b>	<b>106,600</b>	<b>= 2+3</b>
DUVAL TO JAX HEIGHTS 230KV CKT ADDITION - E	10,500			
STARRATT ROAD 230_26 KV SUBSTATION - E	6,755			
STARATT RD 138 KV TRANSMISSION - E	5,224			
SUBSTATION R AND R PROJECTS - TRANSFORMER REPLC - E	4,200			
TRANSMISSION - NOCATEE 230 KV CKT INTERCONNECT - E	3,000			
FIRESTONE 230_69 AUTOTRANSFORMER ADDITION - E	2,400			
NOCATEE 230 - 26 KV SUBSTATION	2,191			
GENERAL PROTECTION SYS IMPROVEMENTS TRANSMISSION - E	1,600			
TRANSMISSION CKT 821_822 AND853 STRUCTURE REBUILD - E	1,200			
GEC - GEN STATION 230KV SWITCHING STATION F32 - E	1,125			
RANDAL ST CT PT CONTROL CABLE AND PROTECTION SYS - E	820			
MCDUFF SUBSTATION 13KV SWITCHGEAR CUBICLE RETROFILL - E	745			
RANDALL ST & KENNEDY PIPE-TYPE CABLE PUMPING STATIONS REPLACEMENTS	650			
BARTRAM SUBSTATION 230_26 KV - E	628			
GENERAL SUBSTATION IMPROVEMENTS - E	500			
GENERAL TRANSMISSION IMPROVEMENTS - E	500			
230KV_138KV_69KV INSULATOR REFURBISHMENT - E	500			
230KV_138KV_69KV POLE REFURBISHMENT - E	500			
TRANSMISSION - CKT 816/841 MARSH CROSSING INSULATOR REPLACEMENT	500			
BRANDY BRANCH SUBSTATION CKT BREAKERS - E	482			
GREENLAND 230 230KV BREAKER CAPACITY UPGRDS - E	399			
CKT BREAKER UPGRADE AT RANDALL STREET 69 KV SUBSTATION	380			
TRANSMISSION - JAX HEIGHTS 230 KV CKT 954 INTERCONNECT & TERMINATION BAY	340			
TALLEYRAND AREA SUBSTATION 69_26 KV - E	310			
BARTRAM TRANSMISSION LINE INTERCONNECT - E	300			
GENERAL TRANSMISSION IMPROVEMENTS - E	250			
BYPASS OF TRANSMISSION CKTS 934 AND 939 FROM CENTER PARK	185			
CKT BREAKER UPGRADE AT DILLON 69 KV SUBSTATION	115			
CKT BREAKER UPGRADE AT GEORGIA STREET 69 KV SUBSTATION	112			
CKT BREAKER UPGRADE AT FIRESTONE 69 KV SUBSTATION	94			
GEC 230KV SWITCHING STATION INTERCONNECT - E	80			
<b>ELECTRIC SYSTEM SUBSTATION &amp; TRANSMISSION TOTAL</b>	<b>46,585</b>	<b>3</b>		
BBCT3 CAPITAL MAJOR OUTAGES (HGPI)	7,500			
NSCTS DUAL FUEL CONVERSION	5,200			
NS 3 REPLACE FURNACE WATERWALL - E	4,845			
NS 3 GENERATOR ROTOR - E	3,789			
NS 3 FIBERGLASS LINER INSTALLATION - E	3,150			
NS 1_2_3 CAPITAL IMPROVEMENT PROJECTS - E	2,500			
STEAM PLANT GENERAL CAPITAL IMPRV - E	2,000			

**JEA**  
**Electric System**  
**5 Year Capital Budget**  
**(000's Omitted)**

	PROPOSED		PROPOSED	
	FY11		FY11	
Description	SUB TOTAL		TOTAL	
NS 3 BFP TURBINE BLADE REPLC - E	1,638			
11-17 N1&2 A INTREX TUBE REPLACEMENT	1,541			
BB_NS_KS GENERAL CAPITAL IMPRV- E	1,500			
NS 3 ID FAN ROTOR REPLC - E	1,138			
NS-3 BOILER CHEMICAL CLEANING	975			
11-18 N1&2 FURNACE SURFACE AREA RESTORATION	950			
KCT7 - MAJOR INSPECTIONS (CI, HGPI, MAJOR)	856			
NS 3 480V MCC REPLC - E	855			
KCT8 - LCI ISOLATION TRANSFORMER	750			
NS 3 DCS FIELD DEVICES - E	747			
NS 3 BOILER - TURBINE DCS CONTROLS UPGRADE - E	635			
NS-3 CONTINGENCY	599			
NGS PERIMETER SECURITY	550			
11-05 N1&2 SECONDARY AIR MEASUREMENT UPGRADE	549			
11-04 N1&2 PRIMARY AIR MEASUREMENT UPGRADE	538			
GREENLAND ENERGY CENTER RECURRING CAPITAL	500			
NSCTS ATOMIZING AIR COMPRESSOR CM/U UPGRADE	425			
NS 3 REPLACE NUMBER 4 FEEDWATER HEATER - E	409			
11-15 LIMESTONE DRYER & CHUTE MODIFICATION	404			
11-03 N1&2 IMPROVE BED ASH REINJECTION VENTING SYSTEM	285			
11-02 N3 A,B,C&D CIRCULATOR MOTOR UPGRADE WITH REDUCED VOLTAGE MOTOR STARTERS	270			
11-29 N1 CONDENSATE POLISHER CONTROLS REPLACEMENT	257			
11-25 N1 BOILER AIR COMPRESSOR INSTALLATION	255			
11-28 N1&2 TURBINE CONTROL SYSTEMS REPLACEMENT	235			
NS 3 FD FAN ROTOR REPLC - E	204			
NS 3 BOILER SOOT BLOWING SYS PIPING - E	147			
NS 3 CONDENSATE AND FEEDWATER SAMPLING RACK REPLC - E	70			
NS 3 REPLACE MAIN BREAKERS D14_D16_D19_D21 - E	67			
11-01 N1-D STRIPPER COOLER TERTIARY EXPANSION JOINT REPLACEMENT	35			
09-36 N1 FEEDWATER HEATER CONTROL REFURBISHMENT	29			
NS 3 CLOSED COOLING STRAINER CABINET REPLC - E	11			
NGS TANK #1, #2, & #3 DEMO	7			
11-11 N1&2 VORTEX FINDER UPGRADE	6			
<b>ELECTRIC SYSTEM GENERATION PROJECTS TOTAL</b>	<b>46,421</b>	<b>4</b>		
FLEET REPLACEMENT - E	9,460			
CAPITAL ADMINISTRATIVE OVERHEAD - E	7,800			
MDMS E-METER V7 CELLNET - UPGRD NMR - E	4,000			
FO CATV REPLACEMENT - E	1,500			
FMS	1,375			
VP APPROVED EXPANSION OF FLEET_SUPPORT - MISC VEHICLES	1,092			
GIS	1,000			
ENV - WETLANDS MITIGATION BANK - E	916			
DATABASE R AND R - E	900			

**JEA**  
**Electric System**  
**5 Year Capital Budget**  
**(000's Omitted)**

	PROPOSED		PROPOSED	
	FY11		FY11	
Description	SUB TOTAL		TOTAL	
NETWORK EQUIP R AND R ESTB GENERATOR - E	900			
CIP PHASE II	753			
SERVER MAJOR UPGRD AND DE-SUPPORT - E	600			
GPS FIELD VEHICLES	500			
FACILITIES LANDSCAPING_PAVING_SIGNAGE AND SITE IMPRV- E	480			
FACILITIES HEATING_VENTILATION AND AIR - E	462			
FACILITIES IMPROVEMENTS - LIGHTING - E	450			
FACILITIES IMPROVEMENTS - BUILDING UPGRDS - E	415			
SQL SERVER SOFTWARE UPGRADE	400			
VIRTUALIZATION INFRASTRUCTURE_VMWARE_CITRIX - E	360			
FACILITIES ROOF REPLACEMENT - E	330			
FACILITIES SECURITY - ELECTRIC	309			
PHONE SYS MODERNIZATION - E	300			
SECURITY - CYBER SECURITY R&R	300			
NMR GROWTH - NEW MCC ADDITIONS AND TAKEOUT POINTS - E	250			
DOT.NET UPGRADE	195			
FACILITIES IMPROVEMENTS - ELEVATORS - E	180			
FACILITIES IMPROVEMENTS - PLUMBING AND FIRE SYS UPGRDS	110			
LABORATORY EQUIP UPGRDS - E	100			
PROJECT OUTREACH PROGRAM - E	38			
UTILITY LOCATE GROUP - CAPITAL EQUIP - E	25			
<b>ELECTRIC OTHER CAPITAL PROJECTS TOTAL</b>	<b>35,500</b>	<b>5</b>	<b>35,500</b>	<b>= 5</b>
<b>GRAND TOTAL</b>	<b>251,700</b>		<b>251,700</b>	

**JEA**  
**ANALYSIS OF PROPOSED FY2009/10 WATER & SEWER SYSTEM OPERATING BUDGET**  
**FY 2009/10 BUDGET COMPARED TO FY 2010/11 PROPOSED BUDGET**  
**(000's)**

	2009/10 Original Budget	2009/10 Revised Budget	Actual Thru May	JEA 2009/10 Projected	2010/11 Proposed Budget	% Increase (Decrease) Proposed Budget Over	
	2009/10 Original Budget	JEA 2009/10 Projected				2009/10 Original Budget	JEA 2009/10 Projected
<b>Revenues</b>							
<b>Water &amp; Sewer Revenues</b>	\$ 282,462	\$ 282,462	\$ 190,300	\$ 287,799	\$ 330,121	16.87%	14.71%
<b>Investment Income</b>	2,116	2,116	696	1,291	1,277	(39.65%)	(1.10%)
<b>Capacity &amp; Extension Fees</b>	8,000	8,000	7,088	9,755	10,000	25.00%	2.51%
<b>Contributed Capital</b>	9,500	9,500	118	2,993	100	(98.95%)	(96.66%)
<b>Other Revenues</b>	8,046	8,046	6,849	9,957	12,769	58.70%	28.24%
<b>Total Revenues</b>	<u>\$ 310,124</u>	<u>\$ 310,124</u>	<u>\$ 205,051</u>	<u>\$ 311,795</u>	<u>\$ 354,267</u>	<u>14.23%</u>	<u>13.62%</u>
<b>Operating Expenses</b>							
<b>Operating &amp; Maintenance</b>	111,300	111,210	66,705	110,552	114,926	3.26%	3.96%
<b>WSEA</b>	800	800	466	800	800	0.00%	0.00%
<b>Uncollectibles</b>	1,429	1,429	735	1,156	1,695	18.59%	46.63%
<b>Emergency Reserve</b>	1,000	1,000	-	-	1,000	0.00%	NA
<b>Contributed Capital Transfer</b>	17,500	17,500	7,206	12,747	10,100	(42.29%)	(20.77%)
<b>Operating Capital Outlay</b>	9,000	9,000	11,000	19,553	41,777	364.19%	113.66%
<b>Total Operating Expenses</b>	<u>\$ 141,029</u>	<u>\$ 140,939</u>	<u>\$ 86,111</u>	<u>\$ 144,808</u>	<u>\$ 170,298</u>	<u>20.75%</u>	<u>17.60%</u>
<b>Other Deductions</b>							
<b>Debt Service</b>	128,886	128,886	87,480	133,131	148,884	15.52%	11.83%
<b>Contracts &amp; Contingencies</b>	6,442	6,442	3,000	-	-	(100.00%)	NA
<b>Renewal &amp; Replacement Fund</b>	13,586	13,766	9,117	13,676	15,319	12.75%	12.01%
<b>Total Other Deductions</b>	<u>\$ 148,914</u>	<u>\$ 149,094</u>	<u>\$ 99,597</u>	<u>\$ 146,807</u>	<u>\$ 164,203</u>	<u>10.27%</u>	<u>11.85%</u>
<b>Contribution to City's General Fund</b>	<u>20,180</u>	<u>20,180</u>	<u>13,454</u>	<u>20,180</u>	<u>19,766</u>	<u>(2.05%)</u>	<u>(2.05%)</u>
<b>Budget Surplus (Deficit)</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,889</u>	<u>\$ 1,671</u>	<u>\$ 0</u>	<u>NA</u>	<u>(99.99%)</u>
<b>Water Sales (ccf)</b>	46,914,983	46,914,983	30,461,598	46,653,043	46,456,531	(0.98%)	(0.42%)
<b>Sewer Sales (ccf)</b>	32,809,802	32,809,802	22,134,872	32,295,904	32,077,540	(2.23%)	(0.68%)
<b>Number of Accounts</b>	537,282	537,282	537,974	537,000	542,370	0.95%	1.00%

**JEA**  
**FY 2009/10 Original Budget Vs. FY 2010/11 Proposed Budget**  
**Revenue Variance Overview - Water and Sewer System**

	Increase/(Decrease) (\$000's)	%
<b>Revenues:</b>		
<b>Water &amp; Sewer Revenues</b>	\$ 47,659	16.87%
This increase is due to a 12% rate increase effective October 1, 2010 for FY 2011 plus increased Environmental Charges for FY 2011 but off set by a slight 1% reduction in unit sales.		
<b>Investment Income</b>	\$ (839)	(39.65%)
This decrease is attributed to lower interest rates and investable balances.		
<b>Capacity &amp; Extension Fees</b>	\$ 2,000	25.00%
Reflects current construction trends.		
<b>Other Revenue</b>	\$ 4,723	58.70%
Reflects the current trend plus \$3.2 million in Build America Bonds. Build America Bonds were authorized under the Economic Recovery and Reinvestment Act. . Accounting methodology of the interest rate subsidy is classified as other revenues.		
<b>Expenses:</b>		
<b>Contributed Capital Transfer</b>	\$ (7,400)	(42.29%)
This decrease is due to reduced contributed capital as a result of a reduction in Better Jacksonville project funds. Previous fiscal years contributed capital consisted of reimbursable BJP ,septic tank phase-out projects, and grants from SJRWMD that were for reclaimed water projects.		
<b>Operating Capital Outlay (OCO)</b>	\$ 32,777	364.19%
This increase is due to an environmental capital transfer & fully funded OCO. Our target for revenue based OCO is \$28 million plus another \$13 million is budgeted for environmental related OCO. A list of environmental funded projects has been submitted.		
<b>Debt Service</b>	\$ 19,998	15.52%
Increase to fund capital projects and defease debt.		
<b>Contracts &amp; Contingencies</b>	\$ (6,442)	(100.00%)
JEA has traditionally budgeted working capital in this budget line. In the proposed FY2011 budget, the funding is being used towards operating capital outlay.		
<b>Renewal &amp; Replacement Fund</b>	\$ 1,733	12.75%
Reflects bond covenant requirements to contribute a minimum of 5% of prior year gross Water and Sewer revenues.		

**JEA**  
**ANALYSIS OF OPERATING AND MAINTENANCE EXPENSE**  
**WATER & SEWER SYSTEM**  
**FY 2009/10 BUDGET COMPARED TO FY 2010/11 PROPOSED BUDGET**  
**(000's)**

	<b>2009/10 Original Budget</b>	<b>2009/10 Revised Budget</b>	<b>Actual Thru May</b>	<b>JEA 2009/10 Projected</b>	<b>2010/11 Proposed Budget</b>	<b>% Increase (Decrease) Proposed Budget Over</b>	
						<b>2009/10 Original Budget</b>	<b>JEA 2009/10 Projected</b>
<b>Salaries</b>	\$ 34,264	\$ 34,335	\$ 21,319	\$ 33,522	\$ 33,619	(1.88%)	0.29%
<b>Employee Benefits</b>	10,742	10,686	6,781	10,565	11,590	7.89%	9.70%
<b>Supplies</b>	9,212	9,213	6,339	9,983	9,532	3.47%	(4.52%)
<b>Other Services &amp; Charges</b>	62,669	62,994	35,773	59,046	63,083	0.66%	6.84%
<b>United Water Contract</b>	7,500	7,500	4,923	9,423	7,100	(5.33%)	(24.65%)
<b>Purchased Water &amp; Treatment</b>	200	200	13	93	100	(50.00%)	7.25%
<b>Property Insurance</b>	1,939	1,939	176	808	1,939	0.02%	140.17%
<b>Operating Reserves</b>	500	68	0	68	500	0.00%	635.29%
<b>Interest on Customer Deposits</b>	0	0	(13)	0	0	NA	NA
<b>Expense Credits</b>	(2,088)	(2,088)	(1,514)	(2,217)	(2,003)	(4.06%)	(9.64%)
<b>Transfers to WIP Salaries</b>	(9,585)	(9,585)	(5,042)	(7,563)	(7,131)	(25.60%)	(5.70%)
<b>Transfers to WIP Emp. Benefits</b>	(3,253)	(3,253)	(1,584)	(2,376)	(2,603)	(19.99%)	9.52%
<b>Total O &amp; M Expense</b>	<u>\$ 112,100</u>	<u>\$ 112,009</u>	<u>\$ 67,171</u>	<u>\$ 111,352</u>	<u>\$ 115,726</u>	<u>3.23%</u>	<u>3.93%</u>

**JEA**  
**FY 2009/10 Original Budget Vs. FY 2010/11 Proposed Budget**  
**Expenditure Variance Overview - Water and Sewer System**

	Increase/(Decrease)	
	(\$000's)	%
<b>Operating &amp; Maintenance</b>		
<b>Employee Benefits</b>	\$ 848	7.89%
Primarily attributed to a \$500 thousand increase in health insurance & \$400 thousand in Other Post Employment Benefits (OPEB).		
<b>Expense Credits</b>	\$ 85	(4.06%)
Expense credit means an amount set aside as an offset against an appropriation, representing an intrafund or interfund transfer of revenues and/or expenses. For example, electric billing credits are recorded as an expense credit against the water and sewer operating fund to properly charge the cost spent working on electric system related activities to the electric system operating fund.		
<b>Transfers to WIP Salaries</b>	\$ 2,454	(25.60%)
Transfers to WIP Salaries are capitalized salaries captured in the Operating Budget. It represents the salaries charged to capital workorders and is a credit to the operating fund.		
<b>Transfers to WIP Emp. Benefits</b>	\$ 650	(19.99%)
Transfers to WIP Employee Benefits are capitalized benefits captured in the Operating Budget. It represents the benefits charged to capital workorders and is a credit to the operating fund.		

**JEA**  
**ANALYSIS OF PROPOSED FY 2010/11 CAPITAL BUDGET**  
**WATER & SEWER SYSTEM**  
**(000's )**

						% Increase (Decrease)	
						Proposed Budget	Over
	2009/10 Original Budget	2009/10 Revised Budget	Actual Thru May	2009/10 Projected	2010/11 Proposed Budget	2009/10 Original Budget	JEA 2009/10 Projected
Capital Funds							
Debt & Other Proceeds	\$ 82,872	\$ 82,872	\$ 16,953	\$ 40,301	\$ 74,910	(9.61%)	85.88%
Renewal & Replacement Deposits	13,586	13,586	9,117	13,676	15,319	12.76%	12.01%
Operating Capital Outlay	9,000	9,000	11,000	19,553	41,777	364.19%	113.66%
Contributed Capital	9,500	9,500	119	2,993	100	(98.95%)	(96.66%)
Capacity Fees	8,000	8,000	7,088	9,755	10,000	25.00%	2.51%
Investment Income	42	42	15	23	94	123.81%	317.78%
Total Capital Funds	\$ 123,000	\$ 123,000	\$ 44,292	\$ 86,300	\$ 142,200	15.61%	64.77%
Capital Projects							
Water	\$ 37,907	\$ 37,907	\$ 11,742	\$ 27,149	\$ 56,447	48.91%	107.92%
Sewer	67,579	67,579	27,475	46,343	66,753	(1.22%)	44.04%
Other	17,514	17,514	5,076	12,808	19,000	8.48%	48.35%
Total Capital Projects	\$ 123,000	\$ 123,000	\$ 44,292	\$ 86,300	\$ 142,200	15.61%	64.77%
Surplus (Deficit)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	NA	NA

**JEA**  
**Water & Sewer System**  
**5 Year Capital Budget**  
**(000's Omitted)**

	<b>PROPOSED</b>	<b>PROPOSED</b>	
	<b>FY11</b>	<b>FY11</b>	
<b>Description</b>	<b>SUB TOTAL</b>	<b>TOTAL</b>	
MAIN ST WTP - ORANGE ST RESERVOIR REHAB - W	4,500		
W NASSAU REGIONAL WTP 1 MGD - W	2,291		
WATER CAPACITY IMPROVEMENTS (SUPPORTS RIVER CROSSING)	2,000		
RIVER OAKS RESERVOIR REHABILITATION	1,440		
WATER PLANT CAPITAL RENEWAL AND REPLACEMENT - W	1,000		
CORONA WTP IMPROVEMENTS - W	713		
WELL REHABILITATION AND BACKPLUGGING - W	400		
MAIN ST WTP REHAB AND REPLC - W	250		
FAIRFAX WTP RESERVIOIR REHAB	125		
WTP RESERVOIR R AND R - W	100		
<b>WATER TREATMENT TOTAL</b>	<b>12,819</b>	<b>1</b>	<b>56,447 = 1+2</b>
ST JOHNS RIVER - SS GEN TO CESERY RD - TWMP- W	14,045		
WATER DELIVERY SYS R AND R - W	6,800		
ARLINGTON EXPRESS ACCESS RD - CESERY RD TO SOUTHSIDE B	4,250		
MINOR - JP PROJECTS - W	2,835		
WATER METER DCO INSTALL FOR GROWTH AND EMERGENCY REPLC	1,886		
HENDRICKS WTP TO ST JOHNS RIVER - TWMP- W	1,850		
WATER METER GROWTH	1,759		
FT CAROLINE RD - TOWNSEND BV TO MERRILL RD - W	1,363		
NORMANDY BV - LA MARCHE DR TO VERNA BV - W	1,087		
BRADLEY RD - SOUTHSIDE BV TO ST JOHNS BLUFF RD - TWMP	1,000		
ROOSEVELT BV - BIRMINGHAM GATE TO COLLINS RD - W	1,000		
DEVELOPMENT - MINOR PROJECTS - W	780		
RIVERSIDE AV - SAN JUAN TO EDISON AV - W	750		
MELVIN RD - RICKER RD TO MELVIN CIR E - W	720		
SAN MARCO BV - HENDRICKS AV TO RIVERPLACE AV - W	695		
WATER METER INSTALLATIONS FOR NMR	600		
UNIVERSITY BV - STETSON RD TO ST AUGUSTINE RD - W	550		
MAIN EXTENSIONS AND TAPS- W	500		
OAKLEAF IMPROVEMENTS; PRESSURE SUSTAINING VALVE	242		
NOCATEE PHASE II - W	200		
FILL LINE AT HENDRICKS WTP - TWMP - W	192		
RIVERTOWN - SJC - W	186		
GRID CAPACITY DEVELOPMENT COST PARTICIPATION - W	100		
NEW WATER SERVICE ADDITIONS - DCO - W	72		
AVONDALE TOWN CENTER - W	66		
WATER R&R RELATED TO WSEA PROJECTS	50		
FIRE HYDRANT IN-FILL	50		
<b>WATER DISTRIBUTION TOTAL</b>	<b>43,628</b>	<b>2</b>	
SEWER COLLECTION SYS R AND R - S	4,700		
TARGETED SEWER R AND R - S	4,200		
SR200 - A1A - US17 TO YULEE WRF - FM - S	3,791		
ROYAL LAKES WWTP PHASE OUT	3,703		
JAX HIEGHTS - 103RD AND RICKER RD SEWER UPGRDS - S	3,263		
MINOR - JP PROJECTS - S	2,661		

**JEA**  
**Water & Sewer System**  
**5 Year Capital Budget**  
**(000's Omitted)**

	PROPOSED		PROPOSED
	FY11		FY11
Description	SUB TOTAL		TOTAL
LEM TURNER FORCE MAIN - S	1,750		
ROYAL LAKES SOUTHSIDE BV - JTB EAST RAMP	1,668		
TURBERCULATED IRON GRAVITY PIPE R AND R - S	1,600		
SJC - NOCATEE - CR 210 - US 1 TO WILSON RD - S	1,500		
N JAX FM - PULASKI TO MAIN ST	1,412		
DIVISION ST - WEBSTER ST TO 3RD ST - S - S	1,328		
LAKE SHORE BIOSOLIDS FM EXT - LAKE SHORE BV - S	1,222		
GROVE PARK BV - ALTAMA RD TO AQUARIUS CIR - FM	864		
CARDER ST. TO KINGSBURY FM REPLACEMENT - S	797		
KINGSBURY TO PHYLLIS ST FM REPLACEMENT - S	700		
AVALON ST - NORTH SHORE DR TO CRESTWOOD ST - FM	500		
FT CAROLINE RD - TOWNSEND BV TO MERRILL RD- S	439		
DEVELOPMENT - MINOR PROJECTS - S	432		
ORTEGA FARMS BV - S	400		
ORTEGA HILLS SEWER FORCE MAIN	325		
RIVERTOWN - SJC - S	270		
AIR RELIEF VALVES - S	250		
NOCATEE PHASE II - S	250		
GRID CAPACITY DEVELOPMENT COST PARTICIPATION - S	200		
SAN MARCO BV - HENDRICKS AV TO RIVERPLACE AV - S	179		
EASEMENT LOCATION AND ACQUISITIONS - S	150		
MANHOLE SCADA R AND R - S	110		
MAIN EXTENSIONS AND TAPS - S	100		
GROVE PK BV - 1833 HOLIDAY RD TO GROVE PK MPS - S	100		
NEW SEWER SERVICE ADDITIONS - DCO - S	60		
KENYON ST - PARK TO 68TH - GRAVITY - S	50		
UTILITY LOCATE GROUP - CAPITAL EQUIP - S	25		
<b>SEWER COLLECTION TOTAL</b>	<b>39,000</b>	<b>3</b>	<b>66,753 = 3+4+5+6</b>
PUMPING STATIONS - CAPITAL EQUIP REPLC - S	2,500		
SCADA RTU AND CONTROL PANEL UPGRDS - S	2,019		
PUMPING STATIONS - CLASS 1 2 STATION REHAB - S	1,900		
KINGSBURY MPS IMPROVEMENTS - PS - S	1,791		
ALACHUA MASTER PUMP STATION IMPROVEMENTS	1,100		
WATER ST MPS - PS - S	750		
SCADA EXPANSION - RENEWAL AND REPLC - S	500		
HARTS RD PUMPING STATION IMPRV - PONY PUMPS AND MIXERS	498		
RANCH RD PUMP STATION UPGRADES	473		
DIESEL-DRIVEN BACKUP PUMPS	350		
ODOR CONTROL SYSTEM FOR STANDISH PLACE MPS	300		
KEYHAVEN PUMP STATION - FORCE MAIN IMPROVEMENTS	250		
DIESEL-DRIVEN BACKUP PUMP R&R	200		
PUMP STATIONS - PRESSURE RECORDING INSTALLATION - S	176		
ROYAL LAKES PUMP STATION - S	100		
PUMPING STATIONS - LOW PRESSURE SYS R AND R - S	50		
<b>SEWAGE PUMP STATIONS TOTAL</b>	<b>12,957</b>	<b>4</b>	

**JEA**  
**Water & Sewer System**  
**5 Year Capital Budget**  
**(000's Omitted)**

	<b>PROPOSED</b>		<b>PROPOSED</b>	
	<b>FY11</b>		<b>FY11</b>	
<b>Description</b>	<b>SUB TOTAL</b>		<b>TOTAL</b>	
BIOSOLIDS PROCESSING SYSTEM EXPANSION	4,936			
YULEE WWTF OUTFALL	3,791			
WWTP FACILITIES - CAPITAL EQUIP REPLC - S	2,000			
DIGESTERS 1 & 2 - COVER REPLACEMENT	1,300			
WWTP BIOSOLIDS PROCESS RENEWAL AND REPLC - S	821			
BUCKMAN WWTP BNR - S	446			
BEACON HILLS WWTP DEMOLITION	389			
WWTP ODOR CONTROL ALL PLANTS AND PS - S	250			
ARLINGTON EAST WWTP BNR CAPACITY UPGRADES - S	213			
<b>WASTEWATER TREATMENT TOTAL</b>	<b>14,146</b>	<b>5</b>		
UPGRADE PUMPS AT MANDARIN	300			
NOCATEE PHASE II - RECLAIMED	190			
DEVELOPMENT – MINOR PROJECTS – R	60			
REUSE DELIVERY R AND R - RCW	50			
REUSE FACILITY - CAPITAL EQUIPMENT REPLACEMENT	50			
<b>RECLAIM WATER DISTRIBUTION TOTAL</b>	<b>650</b>	<b>6</b>		
FLEET REPLACEMENT - W	3,394			
CAPITAL ADMINISTRATIVE OVERHEAD - W	2,600			
JEA.COM - W	2,100			
PLAZA III PARKING GARAGE CONCRETE RESTORATION - W	1,400			
IVR_CONTACT CALL CENTER	1,000			
NMR - GROWTH - SMART GRID	1,000			
FACILITY GENERATORS - W	858			
DESKTOP PRINTERS - W	800			
SERVICE ORIENTED ARCHITECTURE - ESB - W	700			
TALLEYRAND LS VENTILATION IMPROVEMENTS - W	603			
VP APPROVED EXPANSION OF FLEET_SUPPORT OF MISC VEHICLE	568			
FACILITIES HEATING_VENTILATION AND AIR - W	544			
BRADLEY RD LS VENTILATION IMPROVEMENTS - W	512			
FACILITIES LANDSCAPING_PAVING_SIGNAGE AND SITE IMPRV -	425			
FACILITIES ROOF REPLACEMENT - W	418			
FACILITIES IMPRV - PLUMBING AND FIRE SYS UPGRDS - W	310			
FACILITIES IMPRV - ELECTRIC AND LIGHTING SYS UPGRDS - W	300			
FACILITIES IMPROVEMENTS BUILDING UPGRDS - W	300			
FACILITIES SECURITY - WATER	290			
FACILITIES JEA PLASA I HVAC UPGRD PROJECT - W	240			
FACILITIES IMPRV - ELEVATORS - W	230			
LABORATORY EQUIPMENT UPGRD - W	115			
FACILITIES PLAZA L TOWER WATERPROOFING AND ROOF UPGRDS	100			
WATER_WASTEWATER SERVICE RESPONSE TOOLS AND EQUIP - S	80			
PROJECT OUTREACH PROGRAM - W	64			
GREEN MONITORING EQUIP_SOFTWARE - W	50			
<b>WATER OTHER CAPITAL PROJECTS TOTAL</b>	<b>19,000</b>	<b>7</b>	<b>19,000</b>	<b>= 7</b>
<b>GRAND TOTAL</b>	<b>142,200</b>		<b>142,200</b>	

**JEA**  
**ANALYSIS OF PROPOSED FY 2010/11 DISTRICT ENERGY SYSTEM OPERATING AND CAPITAL BUDGET**  
**FY 2009/10 BUDGET COMPARED TO FY 2010/11 PROPOSED BUDGET**  
**(000'S)**

	<b>2009/10 Original Budget</b>	<b>2009/10 Revised Budget</b>	<b>Actual Thru May</b>	<b>JEA 2009/10 Projected</b>	<b>2010/11 Proposed Budget</b>	<b>Proposed Budget Over 2009/10 Original Budget</b>	<b>JEA 2009/10 Projected</b>
<b>OPERATING BUDGET:</b>							
<b>REVENUES:</b>							
Revenues	\$ 7,400	\$ 7,400	\$ 4,627	\$ 7,416	\$ 8,984	21.41%	21.15%
Investment Income	-	-	-	-	-	NA	NA
Total Operating Revenues	<u>\$ 7,400</u>	<u>\$ 7,400</u>	<u>\$ 4,627</u>	<u>\$ 7,416</u>	<u>\$ 8,984</u>	<u>21.41%</u>	<u>21.15%</u>
<b>EXPENSES:</b>							
Operating and Maintenance	\$ 3,993	\$ 3,993	\$ 2,178	\$ 3,892	\$ 5,254	31.58%	34.99%
Operating Capital Outlay	100	100	-	100	301	200.57%	200.57%
Total Expenses	<u>4,093</u>	<u>4,093</u>	<u>2,178</u>	<u>3,992</u>	<u>5,555</u>	<u>35.71%</u>	<u>39.14%</u>
<b>NET REVENUES FROM OPERATIONS</b>	<u>3,307</u>	<u>3,307</u>	<u>2,449</u>	<u>3,424</u>	<u>3,430</u>	<u>3.71%</u>	<u>0.16%</u>
<b>OTHER DEDUCTIONS:</b>							
Debt Service	2,963	2,963	1,775	2,936	3,092	4.35%	5.31%
Renewal & Replacement	344	344	167	250	338	(1.79%)	35.14%
Total Other Deductions	<u>3,307</u>	<u>3,307</u>	<u>1,941</u>	<u>3,186</u>	<u>3,430</u>	<u>3.71%</u>	<u>7.65%</u>
<b>Budget Surplus (Deficit)</b>	-	-	508	238	0		
<b>CAPITAL BUDGET:</b>							
<b>CAPITAL FUNDS</b>							
Debt Proceeds and Other	\$ 602	\$ 602	\$ -	\$ -	\$ -	(100.00%)	NA
Renewal & Replacement	344	344	167	250	338	(1.79%)	35.14%
Operating Capital Outlay	100	100	-	100	301	200.57%	200.57%
	<u>1,046</u>	<u>1,046</u>	<u>167</u>	<u>350</u>	<u>638</u>	<u>(38.97%)</u>	<u>82.40%</u>
<b>CAPITAL PROJECTS</b>							
District Energy System Projects	<u>\$ 1,046</u>	<u>\$ 1,046</u>	<u>\$ 23</u>	<u>\$ 350</u>	<u>\$ 638</u>	<u>(38.97%)</u>	<u>82.40%</u>

**JEA  
ANALYSIS OF OPERATING AND MAINTENANCE EXPENSE  
DISTRICT ENERGY SYSTEM  
FY 2009/10 BUDGET COMPARED TO FY 2010/11 PROPOSED BUDGET  
(000's)**

	<b>2009/10 Original Budget</b>	<b>2009/10 Revised Budget</b>	<b>Actual Thru May</b>	<b>JEA 2009/10 Projected</b>	<b>2010/11 Proposed Budget</b>	<b>% Increase (Decrease) Proposed Budget Over</b>	
						<b>2009/10 Original Budget</b>	<b>JEA 2009/10 Projected</b>
<b>Salaries</b>	\$ 312	\$ 312	\$ 218	\$ 327	\$ 317	1.64%	(2.89%)
<b>Employee Benefits</b>	93	93	57	86	101	8.33%	16.98%
<b>Supplies</b>	90	90	52	82	90	0.00%	9.76%
<b>Other Services &amp; Charges</b>	3,240	3,240	1,818	3,355	4,320	33.33%	28.76%
<b>Property Insurance</b>	42	42	32	42	46	9.52%	9.52%
<b>Operating Reserve</b>	216	216	-	-	380	76.03%	NA
<b>O &amp; M Expense</b>	<u>\$ 3,993</u>	<u>\$ 3,993</u>	<u>\$ 2,178</u>	<u>\$ 3,892</u>	<u>\$ 5,254</u>	<u>31.58%</u>	<u>34.99%</u>

**JEA**  
**District Energy System**  
**5 Year Capital Budget**  
**(000's Omitted)**

	<b>PROPOSED</b>
	<b>FY11</b>
<b>Description</b>	<b>TOTAL</b>
WATER TREATMENT SYSTEM	255
FACILITIES DISTRICT ENERGY SYSTEM - DES	383
<b>DISTRICT ENERGY SYSTEM TOTAL</b>	<b>638</b>

**Council Auditor's Office  
Review of JEA FY 09/10 Budget  
Recommendation**

**Recommendation:**

1. Remove and replace Schedule D, JEA Consolidated Capital Budget with Revised Schedule D (attached) in order to correct an error found where the Environmental Capital Outlay amount was not carried into the JEA Total column.

JEA concurs.

**JEA  
CONSOLIDATED CAPITAL BUDGET  
FISCAL YEAR 2011**

	Electric System	Water & Sewer System	District Energy System	Total
<b>CAPITAL FUNDS:</b>				
Renewal & Replacement Deposits	\$ 72,938,603	\$ 15,319,250	\$ 337,840	\$ 88,595,693
Construction Fund Investment Income	93,284	94,208	-	187,492
Debt Proceeds	93,944,243	74,909,650	-	168,853,893
Other Proceeds	23,200,000	-	-	23,200,000
Capacity Fees	-	10,000,000	-	10,000,000
Contributed Capital	-	100,000	-	100,000
Environmental Capital Outlay		13,679,973		13,679,973
Operating Capital Outlay	61,523,870	28,096,919	300,567	89,921,356
Total Capital Funds	<u>\$ 251,700,000</u>	<u>\$ 142,200,000</u>	<u>\$ 638,407</u>	<u>\$ 394,538,407</u>
<b>CAPITAL PROJECTS:</b>				
Generation Projects	\$ 109,600,000	\$ -	\$ -	\$ 109,600,000
Transmission & Distribution Projects	106,600,000	-	-	106,600,000
District Energy Projects	-	-	638,407	638,407
Water Projects	-	56,447,000	-	56,447,000
Sewer Projects	-	66,753,000	-	66,753,000
Other Projects	35,500,000	19,000,000	-	54,500,000
Total Capital Projects	<u>\$ 251,700,000</u>	<u>\$ 142,200,000</u>	<u>\$ 638,407</u>	<u>\$ 394,538,407</u>

**WSEA**  
**FY 2009/10 BUDGET COMPARED TO FY 2010/11 PROPOSED BUDGET**

					% Increase (Decrease)	
	2009/10 Ordinance Budget	Actual YTD May	Projected	2010/2011 Proposed Budget	2009/10 Original Budget	2009/10 Projected
<b>Revenues</b>						
Contribution from JEA	\$ 800,000	\$ 466,292	\$ 778,254	\$ 800,000	0.00%	2.79%
Carry over of STAG Grant	459,300	-	459,300	-	(100.00%)	(100.00%)
Contribution from City	436,030	-	436,030	334,672	(23.25%)	(23.25%)
<b>Total Revenues</b>	<b>\$ 1,695,330</b>	<b>\$ 466,292</b>	<b>\$ 1,673,584</b>	<b>\$ 1,134,672</b>	<b>(33.07%)</b>	<b>(32.20%)</b>
<b>Appropriations</b>						
Salaries	\$ 175,036	\$ 108,922	\$ 166,587	\$ 175,036	0.00%	5.07%
Benefits	52,500	32,530	43,767	52,500	0.00%	19.95%
Supplies	3,500	511	3,250	3,500	0.00%	7.69%
Other Services & Charges	1,028,264	324,329	1,023,950	568,964	(44.67%)	(44.43%)
Payment to City Loan Pool	436,030	-	436,030	334,672	(23.25%)	(23.25%)
<b>Total Appropriations</b>	<b>\$ 1,695,330</b>	<b>\$ 466,292</b>	<b>\$ 1,673,584</b>	<b>\$ 1,134,672</b>	<b>(33.07%)</b>	<b>(32.20%)</b>

**Council Auditor's Office**  
**WSEA FY 2009/10 vs. Proposed 2010/11**

	<b>2009/10 Original Budget</b>	<b>2010/2011 Proposed Budget</b>	<b>Increase/(Decrease) (\$000's)</b>	<b>%</b>
<b>REVENUES:</b>				
<b>Contribution from JEA</b>	\$ 800,000	\$ 800,000	\$ -	0.0%
JEA funds WSEA's operating budget. Based on expenditure rates, JEA has projected that WSEA would only spend \$800,000 this fiscal year and used that number as the basis for their contribution to WSEA for FY2010-2011.				
<b>Carryover of State Tribal Assistance Grant (STAG)</b>	459,300	-	\$ (459,300)	(100.00%)
Carry forward amount from Ordinance 2006-811(Grant Expires 2010).				
<b>Contribution from City</b>	436,030	334,672	\$ (101,358)	(23.25%)
This reflects the pass through by the City of the amount necessary to fund the debt service to the Banking Fund on the seed money given to WSEA by the City pursuant to Ordinance 2004-785-E.				
<b>APPROPRIATIONS:</b>				
<b>Salaries</b>	\$ 175,036	\$ 175,036	\$ -	0.00%
Salaries are for 3 full-time employees and 2,080 temporary hours.				
<b>Other Services &amp; Charges*</b>	1,028,264	568,964	(459,300)	(44.67%)
Professional Services	\$ 315,000 (a)	\$ 315,000 (a)	\$ -	0.00%
Travel	5,000	5,000	\$ -	0.00%
Licenses, Fees, Dues, Membership	1,000	1,500	\$ 500	50.00%
Subscriptions and Publications	300	300	\$ -	0.00%
Outside Consultants	706,964 (b)	247,164 (b)	\$ (459,800)	(65.04%)
* Total	<u>\$ 1,028,264</u>	<u>\$ 568,964</u>	<u>\$ (459,300)</u>	<u>(44.67%)</u>
(a) For Executive Director Fred Odom's contract				
(b) For engineering & planning services, contract management, funding support, and an annual audit				
<b>Payment to City Loan Pool</b>	436,030	334,672	(101,358)	(23.25%)
This represents the actual payment for the original "seed money" placed in reserve for WSEA's Capital Projects for water and sewer connections.				

**Council Auditor's Office**  
**Review of Proposed WSEA Budget for FY 2010/2011**  
**Recommendation**

**Recommendation:**

1. Correct language and errors within the 2010-557 Ordinance Narrative for WSEA including the following:

Page 13 line 27 and 28 strike language "and authorized capital for grant development"

On page 13 line 30 insert ".04" after § 26

On page 14 line 5 insert ".04" after § 26

**WATER AND SEWER EXPANSION AUTHORITY \***  
**JACKSONVILLE, FLORIDA**  
**UTILITY SYSTEM OPERATING BUDGET**  
**FISCAL YEAR 2010/2011**

<b>ESTIMATED REVENUES</b>	<b>10-'11 Budget</b>
Contributions from JEA	\$ 800,000
Contributions from City	334,672
<b>Total Estimated Revenues</b>	<b>\$ 1,134,672</b>

Schedule E

<b>APPROPRIATIONS</b>	
Salaries	\$ 175,036
Benefits	52,500
Supplies	3,500
(1) Other Services and Charges	568,964
Payment to City Loan Pool	334,672
<b>Total Estimated Appropriations</b>	<b>\$ 1,134,672</b>

Schedule F

**FTE Allocations = 3**

**Temporary Hours = 2,080**

<b>(1) Other Services and Charges</b>	
Professional Services	\$ 315,000 (a)
Travel	5,000
Licenses, Fees, Dues, Membership	1,500
Subscriptions and Publications	300
Outside Consultants	247,164 (b)
<b>Total Other Services &amp; Charges</b>	<b>\$ 568,964</b>

(a) For Fred Odom's consulting contract

(b) For engineering & planning services, contract management, funding support, and an outside audit  
 Salaries and Benefits includes 3 full-time employees: Communications Director,  
 Asst. Communications Director and GIS Specialist

\* The City and JEA will not actually transfer funds with WSEA however, the funds are included in the City's and JEA's budget.