



Taxation, Revenue, and Utilization of Expenditures (TRUE) Commission

Marc El Hassan, Chair
Greg Radlinski, Vice Chair
Diane Brown, Secretary

TRUE Commission Meeting Minutes

March 7, 2013
4:00 p.m.

Attendance: Marc El Hassan (Chair), Greg Radlinski, Ted Wendler, Thomas Martin, Joe Andrews, Danny Becton, Diane Brown Patti Anania, Marcella Lowe, James Edwards, Ernest McDuffie, Leroy Kelly, Alex Marerro, Daniel Blanchard

Also: Supervisor of Elections Jerry Holland, Tommy Carter– Council Auditor’s Office, Jeff Clements – City Council Research, TRUE Commissioner-designate John Campbell

Chairman El Hassan convened the meeting at 4:08 p.m. with a quorum present.

Minutes

The revised minutes of the February 7, 2013 commission meetings were approved as distributed.

Elections operations center

Supervisor of Elections Jerry Holland discussed the several bills pending before City Council that propose various locations for the elections operations center, currently located at the Gateway Center shopping center on Norwood Avenue. Mr. Holland stressed that he is not considering moving the Supervisor of Elections (SOE) headquarters office located on Monroe Street downtown. He recounted the history of the location of the operations center. When the decision was made to move from Superior Street in 2005-6, other City buildings were examined and found to be unsuitable for the purpose. The City decided on a lease/purchase arrangement at the Gateway Center, which was not his preferred location. That original lease expired in October 2011 and the SOE has been in the facility on a month-to-month lease at \$51,000 per month since then. Because of the poor condition of the facility and expensive rent another examination of available City buildings was done in 2012, again to no avail. The most feasible building by virtue of size and parking availability seemed to be the Armory on North Market Street, but renovation cost was estimated at \$9 million and the building suffers from flooding during heavy rains due to its location perched on the bank of Hogan’s Creek.

Mr. Holland noted that the Supervisor’s office does not build or lease buildings – that is the responsibility of the City’s Real Estate Division with the assistance of the Office of General Counsel. Council Member Yarborough introduced a bill that called for issuance of an RFP seeking proposals for construction of a new operations center location and pledging \$8 million (later reduced to \$6 million) for the purpose. The bill was later amended to include lease proposals in the RFP. Unsolicited proposals have been received from several companies offering available space, including a lease renewal option for the Gateway space

from Terranova Inc., the building's new owner, and from the owner of One Imeson Place on the Northside. Mr. Holland said that a decision needs to be made by June 1 of this year in order to ensure that the operations center is moved into a new location (if the decision is made to move from Gateway) in time for the start of preparations for the 2014 gubernatorial election. It is his belief that both Gateway and One Imeson would meet the necessary criteria for size, location, bus line accessibility, parking availability, loading docks, etc. and that whichever of those two facilities offered the best deal for the taxpayers would be acceptable to him, assuming that renovations are made as proposed. Mr. Holland also stated that he would only consider leaving the Monroe Street headquarters if a new combined headquarters/operations center building was built in the downtown area.

Commissioner Radlinski advocated for a City-owned facility as a more economical option in the long run than leasing space and asked if the former Haydon Burns library, the old county courthouse and the former City Hall had been evaluated. Mr. Holland stated that those facilities all have problems either with access, parking availability, loading dock availability, or conditions such as lead paint and/or asbestos. If and when the City ever decided to build a new convention center, the Prime Osborn Convention Center could be a potential SOE site, although the entire building would not be needed. Commissioner Lowe suggested a lease-to-buy arrangement and offered the Regency Square area as another potential site with a large amount of vacant commercial space. Mr. Holland said he believes the City's analysis of the relative merits of leasing vs. new construction is skewed by its decision to amortize the cost of new construction over 7-10 years, when in reality a new building would be used for 25 or more years. He believes the construction option should be amortized over that full time period to get an accurate comparison to paying a lease for that length of time.

Motion (Radlinski): the TRUE Commission urges the City Council to consider the costs and benefits of constructing a new building for the Supervisor of Elections' operations center, and to make a fair comparison of the new building option with lease options by amortizing the cost of a new building over the expected lifespan of that building (at least 20-25 years) rather than some artificially shorter period of time – **approved unanimously.**

Committee Reports

Legislative Tracking Committee – Commissioner Andrews reported that the committee will be inviting an appropriate City representative to come to a future meeting to discuss the finances of the Better Jacksonville Plan – how much of the authorized bonding capacity has been actually issued? How much has been expended and/or encumbered? How well are the original revenue projections holding up? What projects will not be constructed because revenue is falling short?

2013-90 (appropriating \$140,373 from the Special Law Enforcement Trust Fund to various non-profit agencies for crime prevention purposes): the committee is informed that the grant recipients are not audited by the Council Auditor's Office for use of that funding, but some are recipients of other City funding and do submit financial performance information in connection with those other funds.

2013-92 (appropriating \$898,105 of Supervisor of Elections Office FY12 budgetary savings to pay down the office's Banking Fund debt)

Motion (Lowe): the TRUE Commission recommends approval of this bill and applauds the Supervisor of Elections for achieving the cost savings and applying it to debt reduction purposes rather than to additional expenditures – **approved unanimously.**

2013-94 (3-year moratorium on collection of the mobility fee)

Motion (Andrews on behalf of the Legislative Tracking Committee): the TRUE Commission opposes adoption of the moratorium.

After considerable discussion among the members about the pros and cons of a moratorium and its potential effects on job creation, the local economy, and the availability of funding for needed capital improvement projects, the motion **failed by a vote of 2-13**.

2013-116 (amending the Ordinance Code to revise the Public Service Grant scoring and ranking process):

Motion (Andrews): the TRUE Commission supports passage of the bill – **approved unanimously**.

Performance Committee – Commissioner Wendler reported that the committee had met today and discussed the reasons for the Police and Fire Pension Fund’s unfunded liability. The basic problem appears to be that returns on investments have not met the fund’s assumed rate of return (8.5%) for many years in the past couple of decades, except for a few isolated boom years in the stock market. The continued failure to achieve the assumed returns both produces both a revenue shortfall in that particular year, and also deprives the fund of the benefits of compounded returns in future years on those earnings not realized in down years. Mr. Wendler will draft a report on this history of PFPF funding contributions and UAAL (unfunded accrued actuarial liability) and distribute it to the committee for their review and discussion at a future meeting. The commission will not meet in April due to the federal tax filing season (the chairman, being a CPA, will be otherwise occupied until the filing deadline is passed), and will resume in May.

Audit Review Committee – Commissioner Lowe expressed the committee’s thanks for the responses to its questions on Audit #726 – Code Enforcement Division Revenue Audit – received from the Council Auditor’s office and the Code Enforcement Division.

#726 – Municipal Code Compliance Division Revenue Audit:

Motion (Lowe): that the commission accepts the Code Enforcement Revenue audit (#726) with thanks for the responses received from the Council Auditor’s office and the Code Enforcement Division to questions posed at the last commission meeting – **approved**.

#727 – Quarterly Summary for FY11-12 ended September 31, 2012:

Motion (Lowe): that the commission accepts Report #727 without comment – **approved**.

The committee’s next meeting will be on Thursday, April 4th at 3:00 in place of the Performance Committee prior to the full TRUE Commission meeting at 4:00 that day.

Auditor’s Report

Tommy Carter of the Council Auditor’s office reported that the office has released one new audit, #730 – Quarterly Budget Summary for the Three Months Ending December 31, 2012. Several more audits are underway. Commissioner Martin asked Mr. Carter why the quarterly budget summaries don’t show the \$11 million available in the Public Works Department’s capital maintenance fund, from which \$5.1 million is proposed to be appropriated by pending ordinances 2013-136, -137, -140 and -141 (capital repairs to various City buildings). Mr. Carter stated that the Auditor’s Office’s quarterly summary is reported on a cash accrual basis and the choice of funds covered in the report is made by the Council Auditor’s staff based on what will be most informative to City Council.

Chair’s Comments

Chairman El Hassan noted that TRUE Commissioner-designate John Campbell was in the audience. Mr. Campbell's appointment resolution is on the City Council agenda for next Tuesday's meeting. Mr. El Hassan also said that contract management continues to be a perennial problem for City government. He has spoken to Chief Financial Officer Ronnie Belton recently and Mr. Belton stated that the City intends to do a better job of contract tracking and management, but does not intend to purchase a contract management computer package. He suggested that the TRUE Commission take this issue directly to the City Council and see if some interest can be generated to make improvements. Perhaps a particular city council member will be interested in championing the issue. Mr. El Hassan will request a spot on the agenda of the next meeting of the council's Audit Committee to raise the issue.

Old Business

Commissioner Wendler said that he is still having no success in getting audited financial statements or actuarial reports of the Police and Fire Pension Fund despite repeated requests to both the PFPF office and the City Treasurer. Commissioner Radlinski suggested that the Chairman take up this matter with the Mayor directly, which Mr. El Hassan agreed to pursue.

New Business

None

Commissioner Comments

None

Public Comments

None

Next meeting

The commission's next meeting is scheduled for Thursday, April 4th at 4:00 p.m.

There being no further business, the meeting was adjourned at 5:58 p.m.

Posted 3.14.13

3:00 p.m.

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City Council electronic file
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