

OFFICE OF THE COUNCIL AUDITOR

FY2010/2011 PROPOSED BUDGET

FINANCE COMMITTEE MEMBERS

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Meeting #4
August 19, 2010

**COUNCIL AUDITOR'S OFFICE
TABLE OF CONTENTS
MEETING #4**

| | |
|--|----|
| Property Appraiser..... | 1 |
| Environmental Resource Management..... | 3 |
| Mosquito Control..... | 5 |
| Air Pollution Tag Fee | 6 |
| Air Pollution EPA..... | 7 |
| Ambient Air Monitoring..... | 9 |
| Hazardous Waste Program | 10 |
| Environmental Protection Board | 12 |
| Veterinary Services..... | 13 |
| Animal Care & Control | 14 |
| Public Parking System..... | 15 |
| Parking Garage Revenue | 17 |
| Parking Garage Debt..... | 19 |
| JEDC..... | 20 |
| JEDC- Cecil Field Trust Fund | 24 |
| Municipal Stadium..... | 25 |
| Memorial Arena..... | 30 |
| Baseball Stadium Events | 34 |
| Times Union for the Performing Arts Events | 38 |
| Convention Center Events | 42 |
| Equestrian Center Events..... | 46 |
| Sports Complex Capital Maintenance | 49 |
| Tax Increment Districts | 50 |
| Downtown Vision..... | 55 |
| JAA/CIP..... | 59 |

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2010/11 BUDGET
PROPERTY APPRAISER (S/F 015)**

Proposed Budget Book Page # 243

BACKGROUND:

The Property Appraiser is a constitutional officer within the consolidated City of Jacksonville. As established in Article 10 of the Jacksonville Charter, the Property Appraiser is responsible for assessing all real and personal property in Duval County. The Property appraiser's Office is governed by the Florida Statutes and the Jacksonville Municipal Code. Pursuant to Section 193.1142 of the Florida Statutes, the Department of Revenue is responsible for reviewing and approving the Property Appraiser's assessment roll on a yearly basis. However, funding for the Property Appraiser's Office is mainly through a General Fund Contribution.

The Property Appraiser's Office is divided into seven departments, which include Residential, Commercial, Land Records, Personal Records, Field Operations, Administration and Records Management.

REVENUES:

1. Charges for Services:

- The decrease of \$27,748 is attributable to a decrease in the fees billed to the Florida Inland Navigation District and the St. Johns River Water Management District. The amount of the fees is dependent upon the size of the Property Appraiser's annual budget.

2. Miscellaneous Revenue:

- The decrease of \$34,545 is mainly attributable to a decrease of \$33,645 in investment earnings.

3. Transfers from Fund Balance:

- There is a decrease of \$300,000. A transfer from fund balance will not be required this year as there is a decrease in total expenditures

4. Transfers-Non Departmental:

- The decrease of \$75,362 is due to a reduction in the amount of the general fund contribution.

EXPENDITURES:

1. Lapse:

- The increase of \$137,094 is attributable to the removal of a lapse imposed in FY 10.

2. Salaries:

- The decrease of \$278,641 is due mainly to a 3% decrease in the salary line item of \$303,502.

3. Employer Provided Benefits:

- The net decrease of \$51,021 is primarily attributable to decreases in FICA taxes of \$86,399, workers' compensation of \$64,734, group life insurance of \$25,542 and group health insurance of \$13,277. This is offset somewhat with an increase in pension costs of \$120,711.

4. Internal Service Charges:

- The net decrease of \$233,115 is mainly due to a decrease in ITD charges of \$159,039, telecommunication charges of \$92,125 and fleet vehicle rental of \$21,069. This is offset somewhat with an increase in legal expenses of \$35,959.

5. Other Operating Expenses:

- The net decrease of \$7,237 is mainly attributed to decreases of \$1,200 in professional services, \$6,630 in travel, \$10,471 in supplies and \$3,680 in employee training. This is offset somewhat with an increase of \$11,722 in repairs and maintenance.

6. Banking Fund Debt Repayment:

- The decrease of \$4,735 is attributable to lower banking fund debt.

SERVICE LEVEL CHANGES:

There are no significant service level changes.

EMPLOYEE CAP CHANGES:

There is no change in the cap.

RECOMMENDATIONS:

None.

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

PROPOSED BUDGET BOOK- Page # 41

BACKGROUND:

The Department of Environmental and Compliance contains the Environmental Quality, Municipal Code Compliance, Mosquito Control, Animal Care & Protective Services and Public Parking divisions. The Mayor's recommended budget for FY11 for the Environmental & Compliance department will support the agency in completing a range of regulatory functions that will ensure the improvement in the health of the St. Johns River, maintain healthy air quality levels, improve sustainability practices, and reduce environmental and safety hazards that impact the citizens of Duval County.

REVENUES:

1. Charges for Services:

- The increase of \$38,810 is mainly due to increases of \$88,170 in water conservation permits, \$42,840 in water air maintenance fees and \$35,200 in air pollution application fees. These increases are partially offset by reductions of \$100,000 in siltation inspection fees, \$5,450 in maintenance code inspection fees and \$22,000 in animal care and protective services permits and fees.

2. Fines and Forfeits:

- The increase of \$13,408 is mainly due to increases in animal care and control fines and civil penalties. These fees result from violations of local ordinances.

3. Miscellaneous Revenue:

- The net decrease of \$1,456 is mainly due to reduced citations from code compliance.

EXPENDITURES:

1. Salaries:

- The decrease of \$284,410 is due to a 3% salary line item reduction.

2. Lapse:

- The \$25,784 change represents the removal of a salary lapse for the Environmental Department.

3. Employer Provided Benefits:

- There are no significant changes to this line item.

4. Internal Service Charges:

- The net reduction of \$103,333 is due mainly to reductions in banking fund allocations of \$53,626, telecommunications of \$32,396, radio of \$15,445 and copier consolidation of \$13,602, ITD network group of \$11,753, offset by increases in ITD GIS aerials of \$24,735.

5. Other Operating Expenses:

- The net increase of \$84,575 is primarily due to an increase in professional services of \$85,749.

6. Banking Fund Debt Repayment:

- The decrease of \$53,626 is primarily due to a decrease in the payment required for the Code Enforcement System. The project was completed for \$17,472 less than originally borrowed.

SERVICE LEVEL CHANGES:

The Animal Care and Control Division is outsourcing the data entry of animal licenses and vaccination records. The estimated cost of this contract is \$0.79 for every tag entered into the database. The Department estimated that the current cost of entering this information in-house is \$1.37 per tag, for a savings of \$.69 for each tag entered. There are currently two full time positions in the General Fund devoted to data entry.

IT SYSTEM DEVELOPMENT PROJECTS:

| Project | Total Cost of Project | Current Year's Cost |
|--|------------------------------|----------------------------|
| Water Quality Permit Reporting System | \$103,030 | \$18,846 |
| Environmental Compliance Inspection System | \$58,664 | \$49,231 |
| TOTALS | \$161,694 | \$68,077 |

EMPLOYEE CAP CHANGES:

The employee cap was decreased by two positions. These were vacant animal care assistant senior positions.

RECOMMENDATIONS:

1. We recommend \$30,000 be transferred from the Environmental Protection Board's salary line to the Laboratory Services division's part time salary line to fund 1,040 part time hours. These hours will allow a retiring lab specialist to complete the process of getting the City's lab certified for fecal coliform. There is no impact on Special Council Contingency.
2. Revenues collected from the Owner Surrender Fee are currently accounted for with revenues derived from the sale of Animal Licenses and Permits. The Owner Surrender Fee is expected to generate \$50,000 in FY 2010/11. We recommend that these funds be accounted for separately.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2010/11 BUDGET
ENVIRONMENTAL & COMPLIANCE
MOSQUITO CONTROL STATE 1 (012)**

PROPOSED BUDGET BOOK-Page # 44

BACKGROUND:

The Mayor's recommended budget for the Mosquito Control Division in FY 11 will continue to support efforts to control the population of mosquitoes and help reduce mosquito borne illnesses in Duval County.

REVENUES:

1. Intergovernmental Revenue:
 - The reduction of \$16,910 is due to reduced state funds for this activity.
2. Miscellaneous Revenue:
 - The reduction of \$4,039 is due to reduced investment earnings.
3. Transfers from Fund Balance
 - The reduced transfer of \$240,090 is due to there being no capital purchase required in FY 11.

EXPENDITURES:

1. Salaries:
 - The increase of \$2,947 is due to the conversion of one vacant position to part-time hours in FY 11.
2. Employer Benefits:
 - The reduction of \$6,866 is due to the conversion of one vacant position to part-time hours in FY 11.
3. Other Operating Expenses:
 - The reduction of \$36,923 is due to reduced purchases of insecticides.
4. Capital Outlay:
 - The reduction of \$220,745 is due to the purchase of a replacement helicopter in FY 2010 that will not take place in FY 2011.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

One vacant position was eliminated in favor of part time hours.

RECOMMENDATIONS:

None

**COUNCIL AUDITORS OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2010/11 BUDGET
ENVIRONMENTAL & COMPLIANCE
AIR POLLUTION TAG FEE (121)**

PROPOSED BUDGET BOOK-Page # 46

BACKGROUND:

The Air Pollution Tag fee within the Environmental Quality Division helps support activities to ensure compliance with the National Ambient Air Quality Standards. Activities include but are not limited to permit compliance, inspection of air pollution sources, and citizen complaints.

REVENUES:

1. Intergovernmental Revenue:

- The reduction of \$16,594 is due to reduced contribution from the state.

2. Miscellaneous Revenue:

- The increase of \$13,069 is due to an increase in investment earnings.

EXPENDITURES:

1. Salaries:

- The reduction of \$38,564 is due to the retirement of an Environmental Program Supervisor, resulting in lower budgeted amounts for FY 11.

2. Employer Benefits:

- There were no significant changes.

3. Internal Service Charges:

- The net reduction of \$23,252 is due mainly to ITD network center services of \$19,959, telecommunication of \$3,782, fleet vehicle rental of \$600, offset by technology refresh of \$1,668 and fleet repairs/maintenance of \$1,505.

4. Other Operating Expenses:

- There were no significant changes.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no changes to the employee cap.

RECOMMENDATION:

None.

**COUNCIL AUDITORS OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2010/11 BUDGET
ENVIRONMENTAL & COMPLIANCE
AIR POLLUTION EPA (127)**

PROPOSED BUDGET BOOK-Page # 48

BACKGROUND:

The Air Pollution EPA grant, within the Environmental Quality Division, helps support activities to ensure compliance with Federal and State Air Quality Standards. Activities include but are not limited to permit compliance, ambient air monitoring, and citizen complaints.

REVENUES:

1. Intergovernmental Revenue:

- The increase of \$208,282 represents additional funding from the EPA

2. Miscellaneous Revenue:

- There were no changes in miscellaneous revenue.

3. Transfers:

- The increase of \$67,001 is due to an increased subsidy required by the federal grantor.

EXPENDITURES:

1. Salaries:

- The increase of \$45,088 is due to the addition of two positions.

2. Employer Provided Benefits:

- The net increase of \$25,467 is due to an increase in pension contributions of \$13,614, workers' compensation of \$8,182, and group hospitalization of \$7,758. These increases are partially offset by a decrease in payroll taxes of \$5,217.

3. Internal Service Charges:

- The net decrease of \$26,404 is due to a decrease in ITD data center service of \$14,995, telecommunication costs of \$6,166, fleet vehicle rental of \$2,999 fleet vehicle rental \$3,053, fleet parts, oil and gas of \$2,904 and ITD network group of \$913. These are partially offset by increases in fleet repairs of \$2,478 and technology refresh of \$1,430.

3. Other Operating Expenses:

- The net increase of \$10,512 is mainly due to increases in other operating supplies of \$4,744, office supplies of \$4,000, and repairs and maintenance of \$1,000.

4. Capital Outlay:

- The increase of \$152,526 is attributable to the purchase of upgrades for ambient air monitoring equipment.

5. Indirect Cost:

- The increase of \$7,064 is due to a recalculation of indirect cost.

6. Cash Carryovers:

- The increase of \$44,472 is due to excess funds being allocated to the cash carryover line item.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There were two positions added to this subfund. The two new positions are an environmental specialist and an environmental technician.

RECOMMENDATIONS:

None.

**COUNCIL AUTORS COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2010/11 BUDGET
ENVIRONMENTAL & COMPLIANCE
AMBIENT AIR MONITORING (128)**

PROPOSED BUDGET BOOK-Page # 51

BACKGROUND:

The Environmental Quality Division is mandated by the U.S. Department of Environmental Protection to monitor air quality in Duval County and observe progress whenever possible.

REVENUES:

1. Intergovernmental Revenue:

- This is a grant from the Florida State Department of Environmental Protection. There are no changes in FY 11.

2. Miscellaneous Revenue:

- The increase of \$10,736 is due to investment earnings.

EXPENDITURES:

1. Other Operating Expenses:

- The increase of \$10,736 is due to excess funds allocated in trust fund authorized expenditures.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no positions associated with this sub fund.

RECOMMENDATION:

None.

**COUNCIL AUDITOR’S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR’S PROPOSED FY 2010/11 BUDGET
ENVIRONMENTAL & COMPLIANCE
HAZARDOUS WASTE PROGRAM (154)**

PROPOSED BUDGET BOOK –Page # 53

BACKGROUND:

The Environmental Quality Division is mandated by Florida Statute 403.7225 to perform hazardous waste assessments within the county. Employees perform hazardous waste verification inspections that include pollution prevention, outreach, and education and compliance assistance activities. They inspect types, amounts and sources of hazardous waste generated by generators and companies.

REVENUES:

1. Charges for Services:
 - The increase of \$104,135 in revenue is primarily due to normal fluctuations in the number of citations as well as an increase in the fees charged for hazardous waste inspections.
2. Miscellaneous Revenue:
 - The increase of \$7,833 is due to investment earnings.
3. Transfers from Fund Balance:
 - The increase of \$21,453 is due to fund balance contributions in order to cover expenses.

EXPENDITURES:

1. Salaries:
 - The decrease is due to a 3% salary reduction in this line item.
2. Employer Provided Benefits
 - The net increase of \$1,765 is due mainly to pension costs.
3. Internal Service Charges:
 - The net reduction of \$10,282 is mainly due to reductions in telecommunications of \$5,728 and ITD data center service of \$5,477.
4. Other Operating Expenses:

The increase of \$123,697 is mainly due to increased Trust Fund Authorized expenditures.
5. Indirect Cost:
 - The increase of \$21,725 is due to a recalculation of indirect costs based on the KPMG cost report.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no changes to the employee cap.

RECOMMENDATION:

We recommend that the transfer from fund balance of \$33,595 be eliminated. At this time, these funds are not necessary to maintain operations. The decrease will be offset by a corresponding reduction in authorized trust fund expenditures. There is no impact on Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2010/11 BUDGET
ENVIRONMENTAL & COMPLIANCE
ENVIRONMENTAL PROTECTION (15A)**

PROPOSED BUDGET BOOK- Page # 55

BACKGROUND:

Ordinance 2006-1310-E provides for \$25,000 to be transferred from the Environmental Protection Fund in to the General Fund each year for 5 years beginning FY 07 through FY 11 for the Florida Yards & Neighborhoods Program administered by the Duval County Cooperative Extension Office in the Recreation and Community Services Department.

REVENUES:

There are no changes.

EXPENDITURES:

There are no changes.

SERVICE LEVEL CHANGES:

There are no service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no changes.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2010/11 BUDGET
ENVIRONMENTAL & COMPLIANCE
VETERINARY SERVICES (15G)**

PROPOSED BUDGET BOOK- Page # 57

BACKGROUND:

The Animal Care and Control Division oversees the Veterinary Services Trust Fund. Revenues are derived from a surcharge added to civil penal penalties related to animal cruelty ordinances. In addition, the trust fund receives one dollar from each animal license sold.

REVENUES:

1. Miscellaneous Revenue:

- The increase of \$438 is due to investment earnings.

EXPENDITURES:

1. Other Operating Expenditures:

- The increase of \$438 is due to excess funds that are placed in authorized trust fund expenditures.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no positions associated with this sub fund.

RECOMMENDATIONS:

The revenues for animal licenses and permits appear to be overstated. We recommend a reduction of \$5,000; this will be offset by a reduction in authorized trust fund expenditures. There is no impact on Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2010/11 BUDGET
ENVIRONMENTAL & COMPLIANCE
ANIMAL CARE & CONTROL PROGRAMS (1H2)**

PROPOSED BUDGET BOOK-Page # 59

BACKGROUND:

The Animal Care and Control Division oversees the Veterinary Services and Spay and Neuter Rebate Trust Funds. Revenues are derived from additional licensing fees for unaltered animals and revenues generated by the adoption of animals from the City's Animal Care and Control facilities. This subfund receives \$10 for animal licensing \$1 for duplicate licenses and up to \$80 for animal adoption fees.

REVENUES:

1. Charges for Services:

- The increase of \$112,000 is due to an increase in animal licenses fees.

EXPENDITURES:

1. Salaries:

- The reduction of \$4,191 includes the 3% salary line item reduction, as well as other salary adjustments.

2. Employer Benefits:

- There were no significant changes.

3. Internal Service Charges:

- The net reduction of \$2,494 is due to reductions in ITD data center service of \$2,819 and ITD network group of \$407, offset by an increase in wireless communication of \$732.

4. Other Operating Expenses:

- The net increase of \$52,364 is mainly due to increases in contractual services of \$80,000 and reductions in trust fund authorized expenditures of \$25,658.

SERVICE LEVEL CHANGES:

None.

EMPLOYEE CAP CHANGES:

There are no changes for FY 11.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2010/11 BUDGET
ENVIRONMENTAL & COMPLIANCE
PUBLIC PARKING SYSTEM (411)**

PROPOSED BUDGET BOOK –Page # 61

BACKGROUND:

The Public Parking Division manages both On-Street (parking meters) and Off-Street parking, specifically, the Municipal Stadium Shuttle Lot, Bay Street, Courthouse, Forsythe, JEA and Market Street parking lots. Revenues are generated through daily and monthly parking fees, as well as other fines and forfeitures.

REVENUES:

1. Charges for Services:
 - The reduction of \$176,961 is based on declines in monthly parking fee revenue at some of the city parking lots.
2. Fines and Forfeits:
 - The reduction of \$59,281 is due to reduced parking fines revenue.
3. Miscellaneous Revenue:
 - The reduction of \$14,928 is due to reduced interest earnings.
4. Transfers from Fund Balance:
 - The increase of \$16,884 represents a transfer from fund balance to cover expenses.
5. Transfers from Other Funds:
 - The increase of \$60,427 represents a general fund transfer to cover expenses.

EXPENDITURES:

1. Salaries:
 - This decrease is mainly due to a 3% reduction in the salary line item.
2. Employer Benefits:
 - This increase is mainly due to an increase in pension contribution of \$39,443, these increases are partially offset by decreases of \$25,393 in fica taxes, \$2,644 in life insurance.
3. Internal Service Charges:
 - The net increase of \$14,141 is mainly due to increases in telecommunication of \$52,482, technology refresh of \$6,196, ITD network of \$4,589, these increases are partially offset by decreases in ITD data center services of \$47,509.
4. Other Operating Expenses:
 - The net decrease of \$9,700 in operating expenses is mainly due to increases in hardware/software / maintenance of \$21,873, operating expenses of \$9,800, and insurance of \$2,666, building rental of \$25,281 and plant renewal of \$7,345. These increases are partially

offset by decreases of \$37,695 in civil defense, \$15,100 in contractual services, and \$19,106 in rentals.

5. Capital Outlay:

- The increase of \$198,464 is for cathodic testing at the courthouse parking lot. Cathodic testing helps to detect erosion.

7. Indirect Costs:

- There are no significant changes.

8. Lapse

- The lapse of \$75,724 is to account for routine fluctuations due to employee turnover.

9. Transfers to other funds:

- The reduction of \$377,711 is due to the removal of a transfer to parking garage subfund 412. In prior years, this transfer was required to pay for a portion of the debt service for the Water Street Garage. This debt was partially paid off in FY 2009/10.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no changes to the employee cap of 43 positions.

PARKING LOT OCCUPANCY: Information provided by Public Parking Department

| | Bay Ocean | & Forsyth St | Shuttle Lot | West Lot |
|--------------------------------|----------------------|-----------------------------|--------------------|-----------------|
| Average Monthly Parkers | 41 | 76 | 292 | 38 |
| Lot Capacity | 45 | 88 | 693 | 58 |
| Vacancy | 4 | 12 | 402 | 20 |

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2010/11 BUDGET
ENVIRONMENTAL & COMPLIANCE
PARKING GARAGE REVENUE (412)**

PROPOSED BUDGET BOOK- Page # 65

BACKGROUND:

The Public Parking Division manages the Ed Ball Garage, St. James Building, Yates, City Hall Annex and Water Street garages. Revenues are generated through daily and monthly parking fees, as well as a transfer from the general fund to supplement debt service payments originating from Parking related debt issuance.

REVENUES:

1. Charges for Services:

- The decrease of \$503,215 results from the loss of daily and monthly parking fees, primarily due to fewer spaces being rented at the Water St. and Yates garages.

2. Other Sources:

- The \$1,075,715 budgeted as a Transfer from Other Funds is all General Fund dollars. In FY 2009/10, the Public Parking System (Subfund 411) was able to provide funding to support the Public Parking Garages. However, given that the Public Parking System in the proposed 2010/11 budget will not have excess revenues available, the General Fund is providing the subsidy of \$1,075,715 for the garages.

EXPENDITURES:

1. Other Operating Expenses:

- The increase of \$179,023 is due mainly to an increase in plant renewal charges, and a decrease in repairs and maintenance.

2. Indirect Cost:

- The increase of \$26,224 is due to changes in indirect costs based on the KPMG cost report.

3. Debt Service:

- The reduction of \$1,364,265 is due to debt service now being paid out of parking garage debt subfund 415 rather than directly from the parking garage revenue in subfund 412.

4. Transfers to Other Funds:

- The increase of \$1,353,807 is due to debt service now being paid out of parking garage debt subfund 415.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no positions associated with this subfund.

NOTE:

Due to the unrented spaces at the Water Street Parking Garage, the Administration has introduced promotional parking rates. The promotional rate is \$50 for automobiles and \$90 for reserved spaces. The promotional rates will be in effect through June 30, 2011.

GARAGE OCCUPANCY: Information Provided by Public Parking Department

| | Annex - Underneath | Ed Ball | St. James | Water Street | Yates |
|------------------------------------|-------------------------------|----------------|------------------|-------------------------|--------------|
| Average Monthly Parkers | 5 | 318 | 78 | 96 | 352 |
| Lot Capacity | 9 | 377 | 94 | 1,497 | 667 |
| Vacancy | 4 | 59 | 17 | 1,401 | 315 |

The lot capacity for the St. James garage is 82 parking spaces. The number of spaces shown in the table above includes 12 parking spots in the First Baptist Church parking garage. Six of the 12 spots are currently vacant.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2010/11 BUDGET
ENVIRONMENTAL & COMPLIANCE
PARKING GARAGE DEBT (S/F 415)**

PROPOSED BUDGET BOOK – Page #67

BACKGROUND:

This is a debt service fund utilized for the payment of long-term debt principal, interest and fiscal agent fees associated with bond issues supporting the Public Parking (411) and Parking Garage (412) enterprise funds.

REVENUES:

1. Transfers - Non Departmental:

- The increase of \$1,353,807 represents a transfer from the parking garage subfund (412) for the purpose of servicing debt from the parking garages. Previously funds were transferred directly from the parking garage subfund to the debt service fund.

EXPENDITURES:

1. Transfers - Non Departmental:

- The increase of \$1,353,807 is due to the creation of this subfund, for the purpose of servicing debt from the parking garages. Previously funds were transferred directly from the parking garage subfund to the debt service fund.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no city employees associated with this subfund.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2010/11 BUDGET
JACKSONVILLE ECONOMIC DEVELOPMENT COMMISSION (751)**

PROPOSED BUDGET BOOK- Page #183

BACKGROUND:

The JEDC serves as the economic development agency for the City of Jacksonville, implementing policies that result in sustainable job growth, raising personal incomes and creating broader tax base for the community. The JEDC oversees the administration of local and state incentives, the redevelopment of Cecil Commerce Center, Downtown development and permitting, Film and Television initiatives and Sports and Entertainment programs including administration of the SMG Contract.

REVENUES:

1. Miscellaneous Revenue:
 - The reduction of \$74,254 is due to a reduction in interest earnings.
2. Transfers from Component Units:
 - The increase of \$451,661 represents an increased transfer from the general fund to cover expenditures.
3. Transfers from Fund Balance:
 - Per the Budget Office, the reduction of \$647,807 is due to the unavailability of fund balance in this subfund. However, our calculations indicate that there is available fund balance to be utilized. See recommendation below.

EXPENDITURES:

1. Salaries:
 - The decrease of \$66,927 is mainly due to the 3% line item salary reduction as well as a reduction in part-time salaries of \$10,000.
2. Employer Provided Benefits:
 - The decline of \$5,496 is primarily due to the reductions of \$16,700 in FICA and Medicare taxes, \$5,651 in group health insurance and \$5,590 in life insurance. These decreases are mostly offset by an increase of \$24,797 in pension and disability costs.
3. Internal Service Charges:
 - The net decrease of \$24,510 is mainly due to reductions in ITD data center service of \$42,441, telecommunications of \$18,948 and copier consolidation of \$15,394. These decreases are partially offset by an increase in legal expenses of \$53,439.

4. Other Operating Expenses:

- The net decrease of \$219,212 is due primarily to the reduction of the economic grant program of \$121,820 and the qualified targeted industries program of \$108,325.
- Economic Grant Program is a countywide Recaptured Enhanced Value (REV) program that is designed to bring private capital investment and redevelopment into a nonresidential project site. For the FY 2010/11, \$3,794,176 will be spent on this program (see table below).

| Company Name | Budget Request |
|-----------------------------|-----------------------|
| Advantus Corporation | \$1,000 |
| Ameristeel | \$210,000 |
| BMW | \$32,000 |
| Dupuy | \$101,000 |
| Elkins Constructors, Inc. | \$18,000 |
| Fidelity Global Brokerage | \$60,000 |
| Fidelity National Financial | \$360,000 |
| Flagler Interchange | \$2,100,000 |
| Kaman Aerospace Corporation | \$23,000 |
| Laney & Duke | \$51,000 |
| Parks @ Cathedral | \$40,176 |
| Southeast Toyota | \$245,000 |
| Trend Offset Printing | \$82,000 |
| Volvo Parts North America | \$35,000 |
| Winn-Dixie Distribution | \$320,000 |
| BJ's/Casto Southeast | \$116,000 |
| TOTAL | \$3,794,176 |

- Qualified Targeted Industries Program is the State-sponsored (although local match of 20% is required) tax refund program based on the creation of high-wage jobs in the following five sectors that are considered to be major targeted industries – Aviation and Aerospace, Supply Chain Logistics, Finance and Insurance, Information Technologies and Manufacturing. For the FY 2010/11, \$1,246,000 will be spent on this program (see table below).

| Company Name | Budget Request |
|--|-----------------------|
| CIT Technology Financial Services | \$45,900 |
| Deutsche Bank | \$37,500 |
| Everbank | \$18,000 |
| Fidelity Global Brokerage | \$160,500 |
| Fidelity National Financial (Part 1) | \$102,375 |
| Fidelity National Financial (Part 2) | \$285,000 |
| Fidelity National Information Services | \$95,000 |
| FNIS/ Lender Processing Services | \$38,500 |
| Flightstar Aircraft Services | \$38,100 |
| FSV Payment Systems | \$7,500 |
| Gestalt | \$5,000 |
| Merrill Lynch | \$200,000 |
| PHH Mortgage Corporation | \$90,000 |
| Pilot Corporation of America | \$2,000 |
| PSS World Medical | \$39,400 |
| Samsonite | \$6,625 |
| Trend Offset Printing | \$45,000 |
| Volvo | \$7,800 |
| Website Pro's | \$21,800 |
| TOTAL | \$1,246,000 |

5. Grants and Aids:

- There were no significant changes.

6. Indirect Costs:

- The increase of \$11,669 is due to increases in indirect cost of General Government.

7. Transfers to other Funds:

- The decrease of \$27,021 represents a reduced transfer to the Cecil Field Trust Fund.

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:

Increase Transfer from Fund Balance by \$750,000 to reduce the subsidy from the General Fund. There will be a positive impact of \$750,000 on Special Council Contingency. This would be a one-time savings to the General Fund.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2010/11 BUDGET
JACKSONVILLE ECONOMIC DEVELOPMENT COMMISSION
CECIL FIELD TRUST FUND (759)**

PROPOSED BUDGET BOOK- Page #186

BACKGROUND:

All revenues received or earned by the City from the development and operation of the Cecil Commerce Center (excluding revenues related to an interlocal agreement with the Jacksonville Aviation Authority) are deposited into this trust fund.

REVENUES:

1. Miscellaneous Revenue:

- The net increase of \$26,021 is mainly due to increases in rental of city facilities of \$24,478 and in investment earnings of \$29,273 that are somewhat offset by reductions in timber products of \$27,730.

3. Transfers from Other Funds:

- The decrease of \$27,021 represents a reduced transfer from subfund 751 to cover expenses.

EXPENDITURES:

1. Other Operating Expenses:

- There are no changes from the FY 10 Budget.

SERVICE LEVEL CHANGES:

There are no service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no employees in this subfund.

RECOMMENDATION:

Since this subfund is an all-years subfund, no transfers from fund balance are recommended. Since it was done in the past, we recommend an adjusting entry that would decrease all transfers from fund balance to zero by appropriating excessive revenues collected over the years and deappropriating unspent appropriations. We also recommend that the City's Accounting Division be permitted to correct actual revenues and expenditures.

If these correcting entries are approved, available unspent appropriations would allow us to reduce the proposed Transfer from the General Fund (via JEDC) for FY 2010/11 by \$500,000. This will be a one time savings to the General Fund, and it will have a positive impact of \$500,000 on Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED 2010/2011 BUDGET
MUNICIPAL STADIUM- CITY (4A1)**

PROPOSED BUDGET BOOK – Page # 142

BACKGROUND:

SMG was hired by the City to manage six public entertainment facilities which include the Jacksonville Municipal Stadium, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for Performing Arts, the Convention Center and the Equestrian Center. The Jacksonville Economic Development Commission (JEDC) serves as a liaison for SMG. Ordinance 2007-1265-E extended the contract between the City of Jacksonville and SMG through March 30, 2013.

REVENUES:

1. Charges for Services:

- The reduction of \$186,122 is primarily due to Contractual Services Revenue for the Gator Bowl game of \$300,000 not budgeted in this sub-fund.
- This reduction is offset by an increase in facility fee surcharge of \$170,000 based on actual collections for fiscal year 2009/2010.

2. Miscellaneous Revenue:

- The Jacksonville Jaguar supplemental rent payment per Amendment 8 for 2010/2011 is \$4,127,519 which is an increase of \$162,658 from the previous year.

3. Taxes:

- This includes the 2 Cent Tourist Development Tax budgeted at \$4,211,816 and the State Sales Tax Rebate budgeted at \$2,000,004. The decrease of \$554,316 is due to a budgeted reduction in the 2 Cent Tourist Development Tax due to the economy.

4. Transfers from Other Funds:

- The transfers of \$8,766,071 include:
 - A General Fund contribution of \$8,077,071 which is an increase of \$276,196 from the previous year.
 - A transfer from the Arena of \$688,301.

EXPENDITURES:

1. Internal Service Charges:

- The reduction of \$38,419 is mainly due to a decrease in ITD Data Center Service of \$46,788.

2. Other Operating Expenses:

- The increase of \$24,582 is mainly due to increases in Electricity of \$394,976 and Water of \$32,000. The increase in Electricity takes into account the actual payments made and a rate increase.
- This increase is offset by the reduction of the Gator Bowl game expenses of \$300,000 no longer being budgeted in this sub-fund and Miscellaneous Insurance reductions of \$102,394.

3. Debt Service:

- The increase of \$11,321,869 is due to debt being correctly classified as a Debt Service Transfer.

4. Transfers to Other Funds:

- The reduction of \$12,045,472 is mainly due to correctly classifying funds as a debt service transfer to the debt service trust fund.
- The \$6,462,168 consists of:
 - \$1,751,100 payback of City Loan from sub-fund 322 which was eliminated during discussion of sub-fund 322.
 - \$100,000 payback of Jaguar Loan from sub-fund 322. This was increased to \$300,000 during discussions of sub-fund 322.
 - \$100,000 for payback of \$2,115,000 made from sub-fund 322.
 - \$4,511,068 is a transfer to Municipal Stadium – SMG (4A2).

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no city positions associated with this sub-fund.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED 2010/2011 BUDGET
MUNICIPAL STADIUM- SMG (4A2)**

PROPOSED BUDGET BOOK – Page # 145

BACKGROUND:

SMG was hired by the City to manage six public entertainment facilities which include the Jacksonville Municipal Stadium, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for Performing Arts, the Convention Center and the Equestrian Center. The Jacksonville Economic Development Commission (JEDC) serves as a liaison for SMG. Ordinance 2007-1265-E extended the contract between the City of Jacksonville and SMG through March 30, 2013.

REVENUES:

1. Charges for Service:

- The reduction of \$410,467 is primarily due to a decrease in Contractual Services Revenue for not hosting a college football game other than the Florida/Georgia and Gator Bowl game.

2. Miscellaneous Revenue:

- The increase of \$144,337 is due to increases in concession sales of \$147,059, non-dwelling rent of \$70,000, interest earnings of \$23,785, advertising fee of \$20,000 and miscellaneous sales of \$5,000. These increases are partially offset by the reduction of rental of city facilities of \$97,672.

3. Transfers from Other Funds:

- This is a transfer from Municipal Stadium – City (4A1).

EXPENDITURES:

1. Salaries:

- The reduction of \$191,927 is due to salary adjustments for SMG employees.

2. Employer Provided Benefits:

- The decrease of \$92,830 is mainly due to the elimination of the SMG employee 401K matching cost of \$48,000 and a reduction of the SMG Health Insurance of \$45,110.

3. Other Operating Expenses:

- The reduction of \$747,536 is mainly due to reductions in Contractual Services of \$487,417 for not hosting a college football game and Repairs and Maintenance of \$246,500 due to a required reduction in the budget.
- Game Day Expenses are included in the budget for Contractual Services. On the next page is a summary.

| | 2009/10 Original | 2010/11 Proposed | Dollar Change | Percent Change |
|--------------------------|-----------------------------|-----------------------------|--------------------------|---------------------------|
| Game Day Budget per Game | \$ 202,088 | \$ 199,671 | \$ (2,417) | -1% |
| # of games budgeted | 10 | 10 | \$ - | 0% |
| | \$ 2,020,880 | \$ 1,996,710 | \$ (24,170) | -1% |
| 24 hour turnaround | 25,000 | 11,582 | \$ (13,418) | -116% |
| Holiday Game Cost | - | - | \$ - | N/A |
| Total Game Day Expenses | <u>\$ 2,045,880</u> | <u>\$ 2,008,292</u> | <u>\$ (37,588)</u> | -2% |

4. Capital Outlay:

- The \$70,000 includes:
 - Riding Carpet Cleaning Machine \$15,000
 - Pressure Washers \$20,000
 - Field Marking Machines \$8,000
 - Turf Blower \$7,000
 - Network Test Equipment \$10,000
 - Trash Cans \$10,000
- These expenses should move to the City side of the Municipal Stadium (4A1).

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no city employees associated with this sub-fund.

RECOMMENDATIONS:

1. We recommend that the Capital Outlay expenses of \$70,000 be moved to Municipal Stadium – City (4A1) since these purchases will be going through the City’s Procurement Division and following the purchasing code.

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED 2010/2011 BUDGET
 MUNICIPAL STADIUM - DEBT SERVICE (4A6)**

PROPOSED BUDGET BOOK – Page # 147

BACKGROUND:

SMG was hired by the City to manage six public entertainment facilities which include the Jacksonville Municipal Stadium, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for Performing Arts, the Convention Center and the Equestrian Center. The Jacksonville Economic Development Commission (JEDC) serves as a liaison for SMG. Ordinance 2007-1265-E extended the contract between the City of Jacksonville and SMG through March 30, 2013. This sub-fund is for debt service specifically pertaining to the Municipal Stadium.

REVENUES:

1. Transfers – Non Departmental:

- The transfer of \$11,321,869 is from Municipal Stadium – City (4A1). The change in the revenue line is to correctly classify the transfers as a debt transfer. The transfer also includes Fiscal Agent Fees of \$2,793.

EXPENDITURES:

1. Debt Service:

- The debt service payments include:

| <u>Account Title</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|------------------|------------------|-------------------|
| 1997 Municipal Stadium Capital Improvement | 265,000 | 294,784 | 559,784 |
| 1998 Municipal Stadium Capital Improvement | 215,000 | 1,622,954 | 1,837,954 |
| 2002A Capital Improvement | 335,000 | 2,533,451 | 2,868,451 |
| 2002B Capital Improvement | 2,465,000 | 1,490,520 | 3,955,520 |
| 2002C Capital Improvement | 1,045,000 | 1,052,368 | 2,097,368 |
| Total Payments | <u>4,325,000</u> | <u>6,994,076</u> | <u>11,319,076</u> |

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no city employees associated with this subfund.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED 2010/2011 BUDGET
JACKSONVILLE MEMORIAL ARENA- CITY (4B1)**

PROPOSED BUDGET BOOK – Page # 149

BACKGROUND:

SMG was hired by the City to manage six public entertainment facilities which include the Jacksonville Municipal Stadium, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for Performing Arts, the Convention Center and the Equestrian Center. The Jacksonville Economic Development Commission (JEDC) serves as a liaison for SMG. Ordinance 2007-1265-E extended the contract between the City of Jacksonville and SMG through March 30, 2013.

REVENUES:

1. Charges for Services:
 - The increase of \$60,000 is for Other Ticket Surcharge – Facility Fees based on actual collections from 2009/2010.
2. Transfers from Other Funds:
 - The transfer of \$2,272,924 is a transfer from the Memorial Arena – SMG. This is an increase of \$935,689.

EXPENDITURES:

1. Internal Service Charges:
 - The decrease of \$32,575 is primarily due to a decrease in ITD Data Center Service of \$38,470.
2. Other Operating Expenses:
 - The increase of \$325,922 is mostly due to an increase in Electricity of \$335,000 due to an increased rate and the number of events that will be held at the Arena. This increase is offset by a reduction of \$25,202 in Miscellaneous Insurance.
5. Transfers to Other Funds:
 - The transfers include:
 - A transfer to the Municipal Stadium in the amount of \$688,301.
 - A transfer to the Baseball Stadium in the amount of \$93,403.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no city positions associated with this sub-fund.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYROR'S PROPOSED 2010/2011 BUDGET
MEMORIAL ARENA- SMG (4B2)**

PROPOSED BUDGET BOOK – Page # 151

BACKGROUND:

SMG was hired by the City to manage six public entertainment facilities which include the Jacksonville Municipal Stadium, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for Performing Arts, the Convention Center and the Equestrian Center. The Jacksonville Economic Development Commission (JEDC) serves as a liaison for SMG. Ordinance 2007-1265-E extended the contract between the City of Jacksonville and SMG through March 30, 2013.

REVENUES:

1. Charges for Services:

- The increase of \$573,396 is primarily due to an increase in Parking Fees of \$147,540 and Other Ticket Surcharge – Incentive Fees of \$570,000 due a re-class of the rebates associated with the Incentive Fee. In fiscal year 2009/2010 the rebates were netted against the revenue. For fiscal year 2010/2011 the expense of the rebates will be budgeted in Contractual Services Expense.
- There is a decrease of \$225,000 for Other Ticket Surcharge – Club/Suites due to general economic conditions.

2. Miscellaneous Revenue:

- The increase of \$706,173 is mainly due to an increase of Concession Sales of \$824,508 because of increased sales per attendee and more events that have food and beverage opportunities.

EXPENDITURES:

1. Salaries:

- The reduction of \$58,833 is due to salary adjustments for SMG employees.

2. Employer Provided Benefits:

- The reduction of \$82,926 is due to the elimination of the SMG employee 401K matching of \$42,000 and a reduction of the SMG health insurance of \$51,640.

3. Other Operating Expenses:

- The increase of \$429,432 is mainly due to an increase in Contractual Services of \$729,763 due to the Incentive Fee Rebates expense budgeted in this line item.
- The increase is offset by reductions in Event Contributions of \$130,000 and Professional Services of \$96,000. These decreases are due to a reduction in security and advertising deals not being renewed because of the downturn in the economy.

4. Capital Outlay:

- The \$30,000 includes:
 - \$15,000 for Banquet Tables
 - \$15,000 for Arena Floor Seating
- These expenses should move to the City side of the Memorial Arena (4B1).

5. Transfers to Other Funds:

- The transfer of \$2,272,924 is a transfer to the Memorial Arena – City (4B1).

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no city employees associated with this sub-fund.

RECOMMENDATIONS:

1. We recommend that the Capital Outlay expenses of \$30,000 be moved to Memorial Arena – City (4B1) since these purchases will be going through the City's Procurement Division and following the purchasing code. This will have no impact on Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED 2010/2011 BUDGET
 MEMORIAL ARENA- DEBT SERVICE (4B6)**

PROPOSED BUDGET BOOK – Page # 154

BACKGROUND:

SMG was hired by the City to manage six public entertainment facilities which include the Jacksonville Municipal Stadium, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for Performing Arts, the Convention Center and the Equestrian Center. The Jacksonville Economic Development Commission (JEDC) serves as a liaison for SMG. Ordinance 2007-1265-E extended the contract between the City of Jacksonville and SMG through March 30, 2013. This sub-fund is for debt service specifically pertaining to the Memorial Arena.

REVENUES:

1. Other Sources:

- The revenue is a transfer from the Better Jacksonville Trust Fund.

EXPENDITURES:

1. Debt Service:

- The Debt Service payments include:

| <u>Account Title</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|-------------------------|-------------------------|-------------------------|
| 2001 Better Jacksonville Sales Tax Revenue Bonds | 967,605 | 1,795,498 | 2,763,104 |
| 2003 Better Jacksonville Sales Tax Revenue Bonds | 1,009,032 | 1,668,610 | 2,677,641 |
| 2004 Better Jacksonville Sales Tax Revenue Bonds | <u>1,172,765</u> | <u>1,486,599</u> | <u>2,659,364</u> |
| Total Payments | <u><u>3,149,403</u></u> | <u><u>4,950,707</u></u> | <u><u>8,100,110</u></u> |

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no city employees associated with this sub-fund.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
RECOMMENDATIONS AND COMMENTS
MAYOR'S PROPOSED 2010/2011 BUDGET
JACKSONVILLE BASEBALL STADIUM- CITY (4C1)**

PROPOSED BUDGET BOOK – Page # 156

BACKGROUND:

SMG was hired by the City to manage six public entertainment facilities which include the Jacksonville Municipal Stadium, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for Performing Arts, the Convention Center and the Equestrian Center. The Jacksonville Economic Development Commission (JEDC) serves as a liaison for SMG. Ordinance 2007-1265-E extended the contract between the City of Jacksonville and SMG through March 30, 2013.

REVENUES:

1. Charges for Services:

- The reduction of \$53,000 is due to lower projections for other ticket surcharge revenue.

2. Miscellaneous Revenue:

- The \$95,000 represents the Rental of City Facilities – Supplemental which is paid by Baseball Jax, Inc. The rent payment is adjusted by the CPI each year according to the contract.

3. Transfers from Other Funds:

- The transfers of \$775,127 include:
 - A General Fund transfer of \$681,724
 - A transfer from the Memorial Arena in the amount of \$93,403

EXPENDITURES:

1. Internal Service Charges:

- The increase of \$6,168 is due to an increase in System Development costs of \$7,027 for replacement of CATV equipment.

4. Other Operating Expenses:

- The increase is primarily due to an increase in Electricity of \$25,000 and an increase of Water for \$30,500.

6. Transfers to Other Funds:

- This is a transfer to the SMG side of the Baseball Stadium (4C2).

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no city positions associated with this sub-fund.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
RECOMMENDATIONS AND COMMENTS
MAYOR'S PROPOSED 2010/2011 BUDGET
JACKSONVILLE BASEBALL STADIUM- SMG (4C2)**

PROPOSED BUDGET BOOK – Page # 158

BACKGROUND:

SMG was hired by the City to manage six public entertainment facilities which include the Jacksonville Municipal Stadium, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for Performing Arts, the Convention Center and the Equestrian Center. The Jacksonville Economic Development Commission (JEDC) serves as a liaison for SMG. Ordinance 2007-1265-E extended the contract between the City of Jacksonville and SMG through March 30, 2013.

REVENUES:

1. Charges for Services:

- The increase of \$11,480 is due to higher revenues for Contractual Services of \$34,807 and Other Ticket Surcharge of \$13,500 that are mostly offset by a reduction in Parking Fees of \$36,827.

2. Miscellaneous Revenue:

- There were no significant changes.

3. Transfers from Other Funds:

- The increase of \$12,841 is due to an increased transfer from the Baseball Stadium-City sub-fund in order to cover expenses.

EXPENDITURES:

1. Salaries:

- SMG salaries declined overall throughout the venues; however, the baseball park increased due to reallocation personnel from the Municipal Stadium.

2. Employer Provided Benefits:

- The increase of \$5,705 is due to increases in SMG health insurance of \$6,875 and SMG payroll taxes of \$3,330 that is somewhat offset by the elimination of SMG pension 401K match of \$4,500.

3. Other Operating Expenses:

- The reduction of \$15,295 is mainly due to a decrease in Contractual Services of \$28,636 to bring the expense more in line with actual amounts.

4. Capital Outlay:

- The increase of \$10,000 is due to concourse trash can replacement.
- These expenses should move to the City of the Baseball Stadium (4C1).

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no city employees associated with this sub-fund.

RECOMMENDATION:

1. We recommend that the Capital Outlay expenses of \$10,000 be moved to Baseball Stadium – City (4C1) since these purchases will be going through the City’s Procurement Division and following the purchasing code. This will have no impact to the General Fund contribution or Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED 2010/2011 BUDGET
 BASEBALL STADIUM- DEBT SERVICE (4C6)**

PROPOSED BUDGET BOOK – Page # 161

BACKGROUND:

SMG was hired by the City to manage six public entertainment facilities which include the Jacksonville Municipal Stadium, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for Performing Arts, the Convention Center and the Equestrian Center. The Jacksonville Economic Development Commission (JEDC) serves as a liaison for SMG. Ordinance 2007-1265-E extended the contract between the City of Jacksonville and SMG through March 30, 2013. This sub-fund is for debt service specifically pertaining to the Baseball Stadium.

REVENUES:

1. Other Sources:

- The revenue is a transfer from the Better Jacksonville Trust Fund.

EXPENDITURES:

1. Debt Service:

- The Debt Service payments include:

| <u>Account Title</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|------------------|------------------|------------------|
| 2001 Better Jacksonville Sales Tax Revenue Bonds | 255,655 | 474,396 | 730,051 |
| 2003 Better Jacksonville Sales Tax Revenue Bonds | 266,601 | 440,870 | 707,471 |
| 2004 Better Jacksonville Sales Tax Revenue Bonds | 309,861 | 392,781 | 702,642 |
| Total Payments | <u>832,117</u> | <u>1,308,047</u> | <u>2,140,164</u> |

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no city employees associated with this sub-fund.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED 2010/2011 BUDGET
TIMES UNION CENTER FOR THE PERFORMING ARTS- CITY (4D1)**

PROPOSED BUDGET BOOK – Page # 163

BACKGROUND:

SMG was hired by the City to manage six public entertainment facilities which include the Jacksonville Municipal Stadium, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for Performing Arts, the Convention Center and the Equestrian Center. The Jacksonville Economic Development Commission (JEDC) serves as a liaison for SMG. Ordinance 2007-1265-E extended the contract between the City of Jacksonville and SMG through March 30, 2013.

REVENUES:

1. Charges for Services:

- The increase of \$50,000 is due to higher revenue projections for the Other Ticket Surcharge-Facility Fee due to booking the Rockettes show held in December.

2. Miscellaneous Revenue:

- There were no significant changes.

3. Transfers from Other Funds:

- This is a transfer from the General Fund.

EXPENDITURES:

1. Internal Service Charges:

- There were no significant changes.

2. Other Operating Expenses:

- The increase of \$11,659 is due to increases in Water of \$21,800 and Electricity of \$20,000. This increase is offset by a decrease in Miscellaneous Insurance of \$30,141.

3. Debt Service:

- The \$51,257 reflects this venue's debt expense that will be transferred to the newly established 4D6 debt service sub-fund.

4. Transfers to Other Funds:

- The reduction of \$373,679 represents a reduced transfer to Times Union Center - SMG (4D2) sub-fund.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no city positions associated with this sub-fund.

RECOMMENDATIONS:

None

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED 2010/2011 BUDGET
TIMES UNION CENTER FOR THE PERFORMING ARTS- SMG (4D2)**

PROPOSED BUDGET BOOK – Page # 165

BACKGROUND:

SMG was hired by the City to manage six public entertainment facilities which include the Jacksonville Municipal Stadium, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for Performing Arts, the Convention Center and the Equestrian Center. The Jacksonville Economic Development Commission (JEDC) serves as a liaison for SMG. Ordinance 2007-1265 extended the contract between the City of Jacksonville and SMG through March 30, 2013.

REVENUES:

1. Charges for Services:

- The reduction of \$174,147 is due to a decrease of Contractual Services Revenue of \$184,147 due to a decrease of 71 events.

2. Miscellaneous Revenue:

- The increase of \$236,999 is primarily due to an increase in Concession Sales of \$170,221 due to more events budgeted with food and beverage opportunities.
- Also included in Miscellaneous Revenue is Tenant Rental Income in the amount of \$135,000 which includes approximately \$20,000 from the Cultural Council and approximately \$115,000 from the Symphony.

3. Transfers from Other Funds:

- The reduction of \$373,679 represents a reduced transfer from the Times Union Center-City (4D1) sub-fund.

EXPENDITURES:

1. Salaries:

- The reduction of \$19,118 is due to salary adjustments for SMG employees.

2. Employer Provided Benefits:

- The reduction of \$33,675 is due to the elimination of SMG pension of \$18,000 and reduction of SMG health insurance of \$16,740, offset by an increase of \$1,265 in SMG payroll taxes.

3. Other Operating Expenses:

- The reduction of \$287,628 is mainly due to a decrease of Contractual Services Expense of \$159,911 due to a decrease of 71 events.
- The decrease also includes decreases in Professional Services of \$85,500, Repairs and Maintenance of \$31,950 and SMG Insurance Expense of \$15,000.

4. Capital Outlay:

- The \$15,000 includes:
 - Banquet Tables \$5,000
 - Exterior Furniture \$10,000
- These expenses should move to the City side of the Times Union Center (4D1)

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no city employees associated with this sub-fund.

RECOMMENDATION:

1. We recommend that the Capital Outlay expenses of \$15,000 be moved to Times Union Center – City (4D2) since these expenditures will be going through the City’s Procurement Division and following the purchasing code. This will have no impact to the General Fund contribution or the Special Council Contingency.

ADMINISTRATION REQUEST:

1. The administration requests that the Symphony Rent be reduced to \$95,000. The lease agreement will come back to Council for approval. This will increase the General Fund contribution and have a negative impact on Special Council Contingency in the amount of \$20,000.

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED 2010/2011 BUDGET
 TIMES UNION CENTER FOR THE PERFORMING ARTS
 DEBT SERVICE (4D6)**

PROPOSED BUDGET BOOK – Page # 167

BACKGROUND:

SMG was hired by the City to manage six public entertainment facilities which include the Jacksonville Municipal Stadium, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for Performing Arts, the Convention Center and the Equestrian Center. The Jacksonville Economic Development Commission (JEDC) serves as a liaison for SMG. Ordinance 2007-1265-E extended the contract between the City of Jacksonville and SMG through March 30, 2013. This sub-fund is for debt service specifically pertaining to the Times Union Center for the Performing Arts.

REVENUES:

1. Other Sources:

- This is a transfer from Times Union Center – City (4D1).

EXPENDITURES:

1. Debt Service:

- The Debt Service payments include:

| <u>Account Title</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|------------------|-----------------|--------------|
| 1996 Sales Tax Revenue Bonds RCR | - | 51,257 | 51,257 |

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no city employees associated with this sub-fund.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED 2010/2011 BUDGET
CONVENTION CENTER- CITY (4E1)**

PROPOSED BUDGET BOOK – Page # 169

BACKGROUND:

SMG was hired by the City to manage six public entertainment facilities which include the Jacksonville Municipal Stadium, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for Performing Arts, the Convention Center and the Equestrian Center. The Jacksonville Economic Development Commission (JEDC) serves as a liaison for SMG. Ordinance 2007-1265 extended the contract between the City of Jacksonville and SMG through March 30, 2013.

REVENUES:

1. Taxes:

- The decrease of \$4,503,995 is due to Convention Development Tax proceeds no longer being appropriated in this venue, the tax is now used to fund capital projects for the sports complex in a newly created trust fund called the Sport Complex Capital Maintenance Trust Fund established by 2009-817-E.

2. Miscellaneous Revenue:

- The reduction of \$71,360 is due to Interest Earnings not being budgeted. Actual interest earning received as of June 30, 2010 was \$9,636.

3. Transfers from Fund Balance:

- A transfer from Fund Balance in the amount of \$370,000 pursuant to Ordinance 2010-493-E will need to be appropriated. The funds will be transferred to the Sports Complex Capital Maintenance Trust Fund.

4. Transfers from Other Funds:

- The \$1,252,369 is a transfer from the general fund.

EXPENDITURES:

1. Internal Service Charges:

- The reduction of \$22,687 is mainly due to a decrease in ITD Data Center Service of \$24,953.

2. Other Operating Expenses:

- Other Operating Expenses includes Electricity with a budget of \$330,000 which is an increase of \$40,000.

3. Capital Outlay:

- No capital outlay is being budgeted in FY 11.

4. Transfers:

- The reduction of \$3,468,661 in transfers is primarily due to no longer having excess funds from tax revenues and transferring those funds to the other venues.
- The transfer of \$574,742 is a transfer to Convention Center – SMG (4E2).

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no city positions associated with this sub-fund.

RECOMMENDATIONS:

1. Pursuant to Ordinance 2010-493-E action was taken to approve a transfer from Fund Balance in the amount of \$370,000 and move those funds to the Sports Complex Capital Maintenance Trust Fund. We recommend that the appropriation be established pursuant to the action taken in accordance with Ordinance 2010-493-E for fiscal year 2010/2011.

**COUNCIL AUDITOR'OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED 2010/2011 BUDGET
CONVENTION CENTER (4E2)**

PROPOSED BUDGET BOOK – Page # 172

BACKGROUND:

SMG was hired by the City to manage six public entertainment facilities which include the Jacksonville Municipal Stadium, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for Performing Arts, the Convention Center and the Equestrian Center. The Jacksonville Economic Development Commission (JEDC) serves as a liaison for SMG. Ordinance 2007-1265-E extended the contract between the City of Jacksonville and SMG through March 30, 2013.

REVENUES:

1. Charges for Services:

- The reduction of \$72,639 is primarily due to a reduction in Contractual Services Revenue of \$89,260 due to a decrease of 14 events budgeted for the venue.

2. Miscellaneous Revenue:

- The increase of \$27,554 is primarily due to an increase in Concession Sales of \$37,358 due to increased sales per attendee.

3. Transfers from Other Funds:

- The reduction of \$196,150 represents a reduced transfer from Convention Center - -City (4E1).

EXPENDITURES:

1. Salaries:

- The reduction of \$50,473 is due to salary adjustments for SMG employees.

2. Employer Provided Benefits:

- The reduction of \$45,715 is due to reductions in SMG health insurance of \$26,790 and SMG pension 401K of \$18,000.

3. Other Operating Expenses:

- The reduction of \$236,270 is mainly due to reductions in Contractual Services Expense of \$89,540 due to a decreased number of events budgeted and a decrease in Repairs and Maintenance decreased by \$68,300.

4. Capital Outlay:

- The \$75,000 includes:
 - Banquet Tables \$10,000
 - Pressure Washers \$15,000
 - Banquet Chairs \$50,000
- These expenses should move to the City side of the Convention Center (4E1)

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no city employees associated with this sub-fund.

RECOMMENDATIONS:

1. We recommend that the Capital Outlay expenses of \$75,000 be moved to Convention Center – City (4E1) since these purchases will be going through the City’s Procurement Division and the following the purchasing code. This will have no impact to the General Fund contribution or Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED 2010/2011 BUDGET
EQUESTRIAN CENTER – CITY (4F1)**

PROPOSED BUDGET BOOK – Page # 174

BACKGROUND:

SMG was hired by the City to manage six public entertainment facilities which include the Jacksonville Municipal Stadium, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for Performing Arts, the Convention Center and the Equestrian Center. The Jacksonville Economic Development Commission (JEDC) serves as a liaison for SMG. Ordinance 2007-1265-E extended the contract between the City of Jacksonville and SMG through March 30, 2013.

REVENUES:

1. Miscellaneous Revenue:

- The reduction in Miscellaneous Sales and Charges of \$2,000 is due to reduced events and attendance at this venue.

2. Transfers from Other Funds:

- This is a transfer from the General Fund.

EXPENDITURES:

1. Internal Service Charges:

- The reduction of \$26,196 is mainly due to reductions in Fleet Parts/Oil/Gas of \$17,828 and ITD Data Center Services of \$10,397.

2. Other Operating Expenses:

- The increase of \$12,474 is primarily due to an increase in PB Building Plant Renewal of \$29,628 due to allocations returning to the level from two years ago. This increase is offset by reductions in Electricity of \$12,000 due to a decrease in events and attendance.

3. Debt Service:

- The increase of \$123,668 is due to the transfer of Debt Service payments to the Equestrian Center debt sub-fund (4F6).

3. Transfers:

- This is a transfer to Equestrian Center – SMG (4F2).

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no city positions associated with this sub-fund.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED 2010/2011 BUDGET
EQUESTRIAN CENTER- SMG (4F2)**

PROPOSED BUDGET BOOK – Page # 176

BACKGROUND:

SMG was hired by the City to manage six public entertainment facilities which include the Jacksonville Municipal Stadium, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for Performing Arts, the Convention Center and the Equestrian Center. The Jacksonville Economic Development Commission (JEDC) serves as a liaison for SMG. Ordinance 2007-1265-E extended the contract between the City of Jacksonville and SMG through March 30, 2013.

REVENUES:

1. Charges for Services:

- The reduction of \$141,008 is due to reductions in Contractual Services Revenue of \$125,494 and Parking Fees of \$12,014 as a result of fewer events at the venue.

2. Miscellaneous Revenue:

- The reduction of \$60,296 is mainly due to reductions in Rental of City Facilities of \$39,559 and Concession Sales of \$12,987 due to fewer events at the venue.

3. Transfer from Other Funds:

- This is a transfer from Equestrian Center – City (4F1).

EXPENDITURES:

1. Salaries:

- The reduction of \$56,009 is due to salary adjustments for SMG employees.

2. Employer Provided Benefits:

- The reduction of \$29,955 is due to reductions in SMG health insurance of \$18,465 and SMG pension 401K of \$7,000 and SMG payroll tax of \$4,490.

3. Other Operating Expenses:

- The reduction of \$210,374 is mainly due to reductions in Repairs and Maintenance of \$112,000 due to the reduction in the revenue by the general economic conditions.
- Contractual Service Expense reduced by \$71,274 because of fewer events budgeted at the venue. Also, Professional Services is reduced by \$24,000.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no city employees associated with this sub-fund.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED 2010/2011 BUDGET
 EQUESTRIAN CENTER- DEBT SERVICE (4F6)**

PROPOSED BUDGET BOOK – Page # 179

BACKGROUND:

SMG was hired by the City to manage six public entertainment facilities which include the Jacksonville Municipal Stadium, the Memorial Arena, Jacksonville Baseball Stadium, Times Union Center for Performing Arts, the Convention Center and the Equestrian Center. The Jacksonville Economic Development Commission (JEDC) serves as a liaison for SMG. Ordinance 2007-1265-E extended the contract between the City of Jacksonville and SMG through March 30, 2013. This sub-fund is for debt service specifically pertaining to the Equestrian Center.

REVENUES:

1. Other Sources:

- The transfer of \$123,668 is from the Equestrian Center-City (4F1) sub-fund to cover debt payments of \$119,946 and Fiscal Agent Fees of \$3,722.

EXPENDITURES:

1. Debt Service:

- The Debt Service payments include:

| <u>Account Title</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------------|------------------|-------------------|--------------------|
| 2005A Excise Tax Revenue Bonds | - | 94,370 | 94,370 |
| 2008A Capital Projects Revenue Bonds | 6,391 | 6,398 | 12,788 |
| 2008B Capital Projects Revenue Bonds | 6,391 | 6,398 | 12,788 |
| Total Payments | <u>\$12,781</u> | <u>\$ 107,165</u> | <u>\$119,947 *</u> |

* The \$1 difference is due to rounding

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no city employees associated with this sub-fund.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED 2010/2011 BUDGET
SPORTS COMPLEX CAPITAL MAINTENANCE (4G1)**

PROPOSED BUDGET BOOK – Page # 181

BACKGROUND:

Ordinance 2009-817-E mandates that the Convention Development Tax collected pursuant to Municipal Code Chapter 764, be allocated to the Sports Complex Capital Maintenance Enterprise Fund. The 4G1 sub-fund was established for this purpose. These funds are to be used exclusively to construct, extend, enlarge, remodel, repair, improve or maintain the sports complex, which includes the Memorial Arena, the Municipal Stadium and the Baseball Stadium.

REVENUES:

1. Taxes:

- The \$3,933,253 reflects the Convention Development Tax revenue being allocated to this fund.
- In accordance with Ordinance 2010-493-E a transfer from the Convention Center was approved in concept in the amount of \$370,000.

EXPENDITURES:

1. Capital Outlay:

- The Municipal Stadium will have a Capital Outlay budget of \$3,146,602 which is 80% of the Convention Development Tax. Pursuant to Ordinance 2010-493-E Stadium projects in the amount of \$2,470,695 have been approved. The projects include a point-of-sale system upgrade and digital menu boards, replay systems and electronic signs. After to approval of the projects by Ordinance 2010-493 the Stadium will have an available amount of \$675,907 for January 2011 JJJ pre-spending after the appropriation of the transfer from the Convention Center.
- The Baseball Stadium will have a Capital Outlay budget of \$446,651 after the appropriation of the transfer from the Convention Center.
- The Memorial Arena will have a Capital Outlay budget of \$710,000 after the appropriation of the transfer from the Convention Center.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no city employees associated with this sub-fund.

RECOMMENDATIONS:

1. We recommend that the \$370,000 transferred in from the Convention Center –City (4E1) be used to appropriate \$46,651 of Capital Outlay to the Baseball Stadium, \$113,349 of Capital Outlay to the Municipal Stadium and \$210,000 of Capital Outlay to the Memorial Arena.

**COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
NORTHWEST/NORTHSIDE EAST TAX INCREMENT DISTRICT USD1B & USD1C (SUB-FUND 181)
2010/11 PROPOSED BUDGET**

BUDGET BOOK REFERENCE- Page # 132-133

| | 2009/10 | 2010/11 | ORIGINAL TO PROPOSED | |
|--|-----------------------|-----------------------|------------------------|-------------------|
| | ORIGINAL BUDGET | PROPOSED BUDGET | DOLLAR CHANGE | PERCENT CHANGE |
| TAXABLE VALUES & RATES | | | | |
| Base Year | 1981/1984 | 1981/1984 | | |
| Preliminary Taxable Values | \$ 1,109,566,649 | \$ 1,011,146,579 | \$ (98,420,070) | -8.9% |
| Less Taxable Value in Base Year | 416,379,969 | 416,379,969 | - | |
| Taxable Value Incremental Increases | \$ 693,186,680 | \$ 594,766,610 | \$ (98,420,070) | -8.9% |
| Taxable Value Percentage Changes | 166.48% | 142.84% | | |
| Operating Millage Rates | 9.2727 mills | 10.1193 mills | | |
| Collection Rate | 95.0% | 95.0% | | |
| REVENUES | | | | |
| Ad Valorem Taxes - GF / GSD | \$ 6,106,327 | \$ 5,717,691 | \$ (388,636) | -6.4% |
| Transfer from General Fund | - | 2,173,080 | 2,173,080 | N/A |
| Total Revenues | \$ 6,106,327 | \$ 7,890,771 | \$ 1,784,444 | 29.2% |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| (A) 06C ETR, Carling | \$ 442,054 | \$ 2,114,335 | \$ 1,672,281 | 378.3% |
| HUD Section 108, 1997, LaVilla | 121,729 | 136,065 | 14,336 | 11.8% |
| (B) Fiscal Agent Fee (Misc) | - | 775 | 775 | N/A |
| Total Debt Service | \$ 563,783 | \$ 2,251,175 | \$ 1,687,392 | 299.3% |
| (C) Contribution to Community Development | 75,000 | 75,000 | - | 0.0% |
| Other Current Charges and Obligations: | | | | |
| Vestcor (Lynch Building)- Payback | \$ 1,294,313 | \$ 1,294,313 | \$ - | 0.0% |
| MPS Library Garage | 75,000 | 75,000 | - | 0.0% |
| (D) MPS Urban Core Garage | 2,067,788 | 2,116,773 | 48,985 | 2.4% |
| JTA/Fidelity Parking Lease | 11,755 | 12,000 | 245 | 2.1% |
| (D) MPS Arena and Sports Complex | 2,018,689 | 2,066,510 | 47,821 | 2.4% |
| Total Other Current Charges & Obligations | \$ 5,467,545 | \$ 5,564,596 | \$ 97,051 | 1.8% |
| Total Expenditures | \$ 6,106,327 | \$ 7,890,771 | \$ 1,784,444 | 29.2% |

FOOTNOTES

- (A) The debt service payments on the Carling are increasing because this will be the first year in which payments must be made on the principal of the bond.
- (B) This payment represents debt related fees attributable to the Carling obligation. The fee was previously paid out of the general fund.
- (C) The Contribution to Community Development is for payments on the CDBG loan for the Museum of Modern Art. This is an interest-free loan of \$1,500,000 to be repaid in twenty annual installments of \$75,000. This payment is the 11th installment.
- (D) The increase is due to the contract the City has with Metro Parking Solutions, in which the City guarantees an 8% return on MPS's initial investment of \$3,000,000 in three of the City's parking garages. The funds are paid to MPS in the form of a loan on a biannual basis. MPS's lack of profitability has resulted in increased costs to the city in order to assure a return on MPS's investment.

RECOMMENDATIONS: None

**COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
SOUTHBANK TAX INCREMENT DISTRICT USD1 A (SUB-FUND 182)
2010/11 PROPOSED BUDGET**

BUDGET BOOK REFERENCE - Page # 134-135

| | 2009/10 | 2010/11 | ORIGINAL TO PROPOSED | |
|--|-----------------------|-----------------------|------------------------|-------------------|
| | ORIGINAL BUDGET | PROPOSED BUDGET | DOLLAR CHANGE | PERCENT CHANGE |
| TAXABLE VALUES & RATES | | | | |
| Base Year | 1980 | 1980 | | |
| Preliminary Taxable Values | \$ 507,495,544 | \$ 440,507,691 | \$ (66,987,853) | (13.2%) |
| Less Taxable Value in Base Year | 89,127,781 | 89,127,781 | - | |
| Taxable Value Incremental Increases | \$ 418,367,763 | \$ 351,379,910 | \$ (66,987,853) | (16.0%) |
| Taxable Value Percentage Increases | 469.4% | 394.2% | | |
| Operating Millage Rates | 9.2727 mills | 10.1193 mills | | |
| Collection Rate | 95.0% | 95.0% | | |

REVENUES

| | | | | |
|--|---------------------|---------------------|---------------------|----------------|
| Ad Valorem Taxes - GF / GSD | \$ 3,685,429 | \$ 3,377,933 | \$ (307,496) | (8.3%) |
| Debt Repayment Revenue (Hilton) (A) | \$ 101,830 | \$ 79,000 | \$ (22,830) | (22.4%) |
| Total Revenues | \$ 3,787,259 | \$ 3,456,933 | \$ (330,326) | (8.7%) |

EXPENDITURES

| | | | | |
|---|---------------------|---------------------|---------------------|---------------|
| Debt Service: | | | | |
| HUD Section 108, Hampton Inn | \$ 67,077 | \$ 63,659 | \$ (3,418) | (5.1%) |
| HUD Section 108, Hilton Hotel | 326,078 | 344,286 | 18,208 | 5.6% |
| 05A ETR, Strand | 189,886 | 188,739 | (1,147) | (0.6%) |
| Total Debt Service | \$ 583,041 | \$ 596,684 | \$ 13,643 | 2.3% |
| (B) Other Current Charges and Obligations | 2,413,271 | 2,300,000 | (113,271) | (4.7%) |
| Transfer to General Fund | 790,947 | 560,249 | (230,698) | (29.2%) |
| Total Expenditures | \$ 3,787,259 | \$ 3,456,933 | \$ (330,326) | (8.7%) |

FOOTNOTES

(A) This amount is decreasing due to higher than anticipated ad valorem tax revenues from Hilton.

(B) Other Current Charges and Obligations include the following items:

| | 2009/10 | 2010/11 | | |
|-------------------------|---------------------|---------------------|---------------------|---------------|
| San Marco Place | 325,000 | 300,000 | (25,000) | (7.7%) |
| Strand/Peninsula (REV) | 934,796 | 1,000,000 | 65,204 | 7.0% |
| Southbank Riverwalk {C} | 1,107,871 | 1,000,000 | (107,871) | (9.7%) |
| Ocwen/South Shore | 45,604 | - | (45,604) | (100.0%) |
| Total | \$ 2,413,271 | \$ 2,300,000 | \$ (113,271) | (4.7%) |

{C} This funding will be used to connect the riverwalk on one side of the Acosta Bridge with the other side.

RECOMMENDATIONS: None.

**COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
JACKSONVILLE BEACH TAX INCREMENT DISTRICTS USD2 A&B (SUB-FUND 184)
2010/11 PROPOSED BUDGET**

BUDGET BOOK REFERENCE- Page # 136-137

| | 2009/10 | 2010/11 | ORIGINAL TO PROPOSED | |
|--|------------------------------|------------------------------|-------------------------------|-------------------|
| | ORIGINAL BUDGET | PROPOSED BUDGET | DOLLAR CHANGE | PERCENT CHANGE |
| TAXABLE VALUES & RATES | | | | |
| Base Years | <u>1983 & 1988</u> | <u>1983 & 1988</u> | | |
| Preliminary Taxable Values | \$ 930,516,145 | \$ 864,654,409 | \$ (65,861,736) | (7.1%) |
| Less Taxable Value in Base Years | 48,790,640 | 48,790,640 | - | |
| Taxable Value Incremental Increases | <u>\$ 881,725,505</u> | <u>\$ 815,863,769</u> | <u>\$ (65,861,736)</u> | (7.5%) |
| Taxable Value Percentage Increases | 1807.2% | 1672.2% | | |
| Operating Millage Rates | 5.4480 mills | 6.8286 mills | | |
| Collection Rate | 95.0% | 95.0% | | |
| REVENUES | | | | |
| Ad Valorem Taxes - GF / GSD | <u>\$ 4,563,459</u> | <u>\$ 5,292,647</u> | <u>\$ 729,188</u> | 16.0% |
| EXPENDITURES | | | | |
| Contribution to Jacksonville Beach | <u>\$ 4,563,459</u> | <u>\$ 5,292,647</u> | <u>\$ 729,188</u> | 16.0% |

Percentage of USD2 Taxes Received by City of Jacksonville

| | <u>Countywide Levy</u> | <u>USD2 Levy</u> | |
|--|-----------------------------|-----------------------------|--|
| 2010/11 Beaches Preliminary Taxable Values | \$ 2,875,534,208 | \$ 2,875,534,208 | |
| Levy (A) | 10.1193 mills | 6.8286 mills | |
| Collection Rate | <u>95.0%</u> | <u>95.0%</u> | |
| Taxes | \$ 27,643,474 | \$ 18,654,079 | |
| Less TIF | - | 5,292,647 | |
| Net Revenue to City | <u>\$ 27,643,474</u> | <u>\$ 13,361,432</u> | |
| | 100.00% | 48.33% | - Percentage of countywide levy collected from USD2 after TIF and Interlocal Agreement reductions. |

(A) 6.8286 mills is 3.2907 mills less than the rolled back General Service District millage. Per interlocal agreement, Jacksonville Beach's millage rate shall be 3.2907 mills less than the General Service District rate. The USD2 levy is 67.48% of the 10.1193 mill rollback rate levied county-wide.

RECOMMENDATIONS: N/A

**COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
JACKSONVILLE INTERNATIONAL AIRPORT AREA REDEVELOPMENT
TAX INCREMENT DISTRICT GSA (SUB-FUND 185)
2010/11 PROPOSED BUDGET**

BUDGET BOOK REFERENCE- Page # 138-139

| | 2009/10 | 2010/11 | ORIGINAL TO PROPOSED | |
|--|-----------------------|-----------------------|------------------------|-------------------|
| | ORIGINAL BUDGET | PROPOSED BUDGET | DOLLAR CHANGE | PERCENT CHANGE |
| TAXABLE VALUES & RATES | | | | |
| Base Year | 1993 | 1993 | | |
| Preliminary Taxable Values | \$ 913,192,202 | \$ 866,716,067 | \$ (46,476,135) | (5.1%) |
| Less Taxable Value in Base Year | 189,200,262 | 189,200,262 | - | |
| Taxable Value Incremental Increases | \$ 723,991,940 | \$ 677,515,805 | \$ (46,476,135) | (6.4%) |
| Taxable Value Percentage Increases | 382.7% | 358.1% | | |
| Operating Millage Rates | 9.2727 mills | 10.1193 mills | | |
| Collection Rate | 95.0% | 95.0% | | |

REVENUES

| | | | | |
|---|---------------------|---------------------|--------------------|-----------------|
| Ad Valorem Taxes - GF / GSD | \$ 6,377,692 | \$ 6,513,186 | \$ 135,494 | 2.1% |
| (A) Debt Repayment Revenue (Coach) | \$ 34,777 | \$ - | \$ (34,777) | (100.0%) |
| Total Revenues | \$ 6,412,469 | \$ 6,513,186 | \$ 100,717 | 1.6% |

EXPENDITURES

| | | | | |
|---|---------------------|---------------------|-------------------|-------------|
| Debt Service: | | | | |
| HUD Section 108, 1994, Coach | \$ 492,877 | \$ 507,098 | \$ 14,221 | 2.9% |
| HUD Section 108, 1996, Sally Beauty | 95,814 | 89,876 | (5,938) | (6.2%) |
| HUD Section 108, 1997, Body Armor | 88,832 | 89,552 | 720 | 0.8% |
| 05A ETR, RAMCO | 1,112,833 | 1,107,721 | (5,112) | (0.5%) |
| (B) Fiscal Agent Fees | - | 810 | 810 | N/A |
| Total Debt Service | \$ 1,790,356 | \$ 1,795,057 | \$ 4,701 | 0.3% |
| Other Current Charges and Obligations (C) | 317,000 | 450,000 | 133,000 | 42.0% |
| Transfer Out to the General Fund | 4,305,113 | 4,268,129 | (36,984) | (0.9%) |
| Total Expenditures | \$ 6,412,469 | \$ 6,513,186 | \$ 100,717 | 1.6% |

FOOTNOTES

(A) Per JEDC, the debt repayment revenue represented shortfall payments made by Coach when tax revenues were not sufficient to pay the debt service on their loan. Major improvements in 2008 have increased tax revenues attributed to them to the point that shortfall payments are no longer needed to cover the debt service.

(B) This payment represents debt related fees attributable to the Coach obligation. The fee was previously paid out of the general fund.

(C) Other Current Charges and Obligations include the following items:

| | 2009/10 | 2010/11 | | |
|--|-------------------|-------------------|-------------------|--------------|
| Airport Road Sidewalk Improvements (D) | \$ - | \$ 150,000 | \$ 150,000 | N/A |
| Enkei - REV | 57,000 | - | (57,000) | (100.0%) |
| RAMCO (REV) | 260,000 | 300,000 | \$ 40,000 | 15.4% |
| Total | \$ 317,000 | \$ 450,000 | \$ 133,000 | 42.0% |

(D) Per JEDC, currently the section of Airport Road from where the hotels are located west of I-95 to the River City Marketplace does not have a sidewalk for pedestrians to walk between the hotels and the Marketplace. It is believed that adding a sidewalk will be a safer alternative to pedestrians walking on the street in this area, which contains an interstate on/off ramp.

RECOMMENDATIONS: None.

**COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
SOUTEL-MONCRIEF
TAX INCREMENT DISTRICT GSK (SUB-FUND 186)
2010/11 PROPOSED BUDGET**

BUDGET BOOK REFERENCE- Page # 140-141

| | 2009/10 ORIGINAL BUDGET | 2010/11 PROPOSED BUDGET |
|--|--|--|
| TAXABLE VALUES & RATES | | |
| Base Year | N/A | 2008 |
| Preliminary Taxable Values | N/A | \$ 118,211,116 |
| Less Taxable Value in Base Year | N/A | 71,064,917 |
| Taxable Value Incremental Increases | N/A | \$ 47,146,199 |
| Taxable Value Percentage Increases | N/A | 66.3% |
| Operating Millage Rates | N/A | 10.1193 mills |
| Collection Rate | N/A | 95.0% |
| REVENUES | | |
| Ad Valorem Taxes - GF / GSD | N/A | \$ 453,232 |
| Total Revenues | N/A | \$ 453,232 |
| EXPENDITURES | | |
| Cash Carryover | N/A | \$ 453,232 |
| Total Expenditures | N/A | \$ 453,232 |

NOTE

The Soutel/Moncrief TID Trust Fund was established per Ordinance 2006-591-E.

RECOMMENDATIONS: None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED 2010/11 BUDGET
DOWNTOWN VISION, INC.**

BACKGROUND:

Downtown Vision Inc. (DVI) is a not-for-profit 501 (c) organization whose mission is to build and maintain a healthy and vibrant Downtown community dedicated to promoting the Downtown area.

REVENUES:

1. Special Assessment

- DVI's main source of revenue will be from a 1.1 mill special assessment of Downtown commercial property owners as per Ordinance 2005-785-E. This assessment is estimated to be \$840,000, a decrease of \$150,000 from the previous year. The estimate assumes 5% of the assessments will be uncollectible, and that the remaining assessments will be paid on or before November 30 qualifying all property owners for a 4% discount.

2.) City Contribution

- The City's contribution to DVI's budget for Fiscal Year 2010/11 is \$229,747. This amount is consistent with the City's 2009/10 contribution.

EXPENDITURES:

1. Salaries:

- There is a decrease in salaries and employer provided benefits of \$427,268. This decrease is the result of DVI contracting out its Ambassador program to a 3rd party service provider. The service contract includes salaries and benefits for nine (9) Ambassadors, three (3) Cleaners and one (1) program manager, whereas DVI previously employed 14.5 Ambassadors (one part-time) and one (1) Project Manager. This is a net reduction of 2.5 employees.

2. Other Operating Expenses:

- There is an increase in Professional Fees and Contract Services of \$445,983. This increase is the result of DVI entering into a \$494,690 contract with Total Service Group, Inc (TSG). The contractor will provide the Ambassador Service as well as graffiti and litter removal, pressure washing and tree fall abatement. This increase was offset by the elimination of a \$36,000 contract with Catholic Charities for litter removal services. The contract with TSG eliminated the need for multiple contracts and provides additional services not before funded such as graffiti removal and pressure washing. However, the contract resulted in a reduction in the number of Ambassadors and an increase in overall cost of \$5,036.
- There is an increase in Program Support of \$8,227 to a total of \$121,150. The increase is attributable to advertising and planning expenses used to promote downtown events including "Art Walk", "Hemming Plaza Market", "Eat Up Downtown" and "Movies in the Park." In addition, the increase includes funds to plant flower baskets and spread mulch and to cover the costs of the annual State of Downtown report.
- There is an increase in Travel/Conference/Meetings of \$237 for a total of \$20,205. These funds finance employee travel, monthly Board and Executive Committee meetings, retailer meetings, quarterly operational meetings and quarterly/annual property owner meetings.

OVERALL COMMENTS:

- Per Ordinance 2005-785-E, the City is not obligated to contribute a 1.1 mill special assessment of the City's downtown taxable property value. Furthermore, the City's contribution is subject to Council approval on an annual basis.
- The balance of DVI's Special Project Reserve Fund is currently \$508,815. The source of the funds in the Special Project Reserve has been from excess revenues in previous fiscal years. The funds are reserved to fill budgetary gaps and to finance future downtown enhancement projects.

RECOMMENDATIONS:

1.) We recommend that Council approve the attached revision of Schedules AD and AE (FY 2010/11 budget for the Business Improvement District) from Budget Ordinance 2010-557. In July, DVI's Board of Director's approved a revised budget for Fiscal Year 2010/11. The City's contribution of \$229,747 is unaffected by the revision. In addition, the revision does not affect the City's General Fund.

**BUSINESS IMPROVEMENT DISTRICT
JACKSONVILLE, FLORIDA
BUDGET - FISCAL YEAR 2009/10**

ESTIMATED REVENUES

| | DVI Proposed |
|---|---------------------|
| Assessed Properties * | \$ 840,000 |
| City Contribution | 229,747 |
| Gap Funding from Special Project Reserve Fund | 95,564 |
| Other Sources | 54,793 |
| Total Estimated Revenues | \$ 1,220,104 |

REVISED SCHEDULE AD

APPROPRIATIONS

| | |
|---|--------------|
| Contribution to Downtown Vision, Inc. | \$ 840,000 |
| Reverse Contribution to Downtown Vision, Inc. | \$ (840,000) |

| | The Environment | The DT Experience | Business & Stakeholder Support | Management & General | Total | |
|-----------------------------|--------------------|----------------------|--------------------------------------|-------------------------|---------------|------------------|
| Personnel Services | 80,312 | 234,283 | 80,312 | 43,502 | 438,409 | |
| Operating Expenses | 516,726 | 191,488 | 46,446 | 22,035 | 776,695 | |
| Capital Outlay | | | | | | |
| Contingency | | | | | 5,000 | |
| Total Appropriations | 0 | 597,038 | 425,771 | 126,758 | 65,537 | 1,220,104 |

* Represents the estimated revenue from 1.1 mils special assessment on the 2009 properties in the Business Improvement District.

REVISED SCHEDULE AE

Downtown Vision, Inc. FY 10/11 Budget

| | <u>BUDGETED 10/11</u> | <u>BUDGETED 09/10</u> | <u>CHANGE</u> | | | | | |
|--|---------------------------|---------------------------|-------------------------------------|---------------------------|---------------------------------|---------------------------|---------------------------|---------------------|
| REVENUES | | | | | | | | |
| City of Jacksonville | \$229,747 | \$229,747 | 0 | | | | | |
| Gap Funding from Special Project Reserve (1) | \$95,564 | \$0 | 95,564 | | | | | |
| Private Property Assessments | \$840,000 | \$950,000 | (110,000) | | | | | |
| JEA Payment for Services | \$29,241 | \$0 | 29,241 | | | | | |
| Interest Income | \$6,000 | \$12,000 | (6,000) | | | | | |
| Clean & Safe Revenues/Federal Payment for Services | \$10,552 | \$10,552 | 0 | | | | | |
| Other | \$9,000 | \$12,000 | (3,000) | | | | | |
| TOTAL REVENUES | <u>\$1,220,104</u> | <u>\$1,214,299</u> | <u>5,805</u> | | | | | |
| | The Environment | The DT Experience | Business/Stakeholder Support | Total Programs | Management & General | | | |
| EXPENDITURES | | | | | | | | |
| Salaries | \$65,351 (2) | \$188,921 (4) | \$65,351 (7) | \$319,623 | \$35,351 | \$354,974 | \$695,789 | (340,815) |
| Employee Benefits | \$8,012 | \$22,167 | \$8,012 | \$38,191 | \$4,460 | \$42,651 | \$84,455 | (41,804) |
| Payroll Taxes/Workers' Comp | \$6,949 | \$23,195 | \$6,949 | \$37,093 | \$3,691 | \$40,784 | \$85,433 | (44,649) |
| Total Salaries & Related Expenses | \$80,312 | \$234,283 | \$80,312 | \$394,907 | \$43,502 | \$438,409 | \$865,677 | (427,268) |
| Professional Fees and Contract Services | \$497,754 (3) | \$60,117 (5) | \$3,062 | \$560,933 | \$3,063 | \$563,996 | \$118,013 | 445,983 |
| Supplies/Equip. & Uniform Purchase & Maintenance | \$3,492 | \$6,491 | \$3,492 | \$13,475 | \$3,492 | \$16,967 | \$41,493 | (24,526) |
| Telephone | \$1,965 | \$1,965 | \$1,965 | \$5,895 | \$1,965 | \$7,860 | \$9,720 | (1,860) |
| Computers | \$1,405 | \$8,310 | \$1,405 | \$11,120 | \$1,405 | \$12,525 | \$9,720 | 2,805 |
| Insurance | \$2,200 | \$2,200 | \$2,200 | \$6,600 | \$2,200 | \$8,800 | \$5,500 | 3,300 |
| Accounting/Banking Services | \$3,538 | \$3,538 | \$3,538 | \$10,614 | \$3,538 | \$14,152 | \$14,750 | (598) |
| Postage | \$1,445 | \$1,445 | \$1,445 | \$4,335 | \$1,445 | \$5,780 | \$5,780 | 0 |
| Travel/Conferences/Meetings | \$2,662 | \$9,129 | \$5,752 | \$17,543 | \$2,662 | \$20,205 | \$19,968 | 237 |
| Subscriptions | \$369 | \$369 | \$369 | \$1,107 | \$369 | \$1,476 | \$1,486 | (10) |
| Organization Dues | \$921 | \$921 | \$921 | \$2,763 | \$921 | \$3,684 | \$4,169 | (485) |
| Program Support | \$950 | \$96,978 (6) | \$22,272 (8) | \$120,200 | \$950 | \$121,150 | \$112,923 | 8,227 |
| Other Expenses | \$25 | \$25 | \$25 | \$75 | \$25 | \$100 | \$100 | 0 |
| Capital Expenses | | | | | | \$0 | \$0 | 0 |
| TOTAL EXPENDITURES | <u>\$597,038</u> | <u>\$425,771</u> | <u>\$126,758</u> | <u>\$1,149,567</u> | <u>\$65,537 (9)</u> | <u>\$1,215,104</u> | <u>\$1,209,299</u> | <u>5,805</u> |
| Contingency | | | | | | <u>\$5,000</u> | <u>\$5,000</u> | <u>0</u> |
| TOTAL EXPENDITURES AS PERCENTAGE | <u>48.9%</u> | <u>34.9%</u> | <u>10.4%</u> | <u>94.2%</u> | <u>5.4%</u> | <u>\$1,220,104</u> | <u>\$1,214,299</u> | <u>5,805</u> |
| EXCESS REVENUES OVER EXPENDITURES | | | | | | <u>\$0</u> | <u>\$0</u> | <u>0</u> |

- (1) DVI requested that the city pay its fair share for DVI services, which is \$325,311. If the city reverts to the 2008 base level, then DVI will use its Special Project Reserves to make up the funding gap.
- (2) In Feb 2010 DVI contracted all Ambassador services to Service Group, Inc. (SGI) (see footnote #3). This line item includes 25% (\$65,887) of entire admin budget plus 50% salary and benefits for Director of District Services.
- (3) SGI contract includes 9 Ambassadors, 3 cleaners and a project manager. Note: In 2010, the city subcontracted pressure washing and tree fall abatement through DVI's contract with SGI for \$79,715.
- (4) Includes salaries for Director of Marketing, Marketing and Events Manager, Web and Social Media assistant, and PT help with Hemming Mkt. Includes 25% of the admin budget.
- (5) Includes design fees, promotion support, advertising contracts, website, collateral and marketing materials.
- (6) Includes 74 days of Downtown event programming, including Art Walk, Hemming Plaza Market, Eat Up Downtown, Historic Church Tour and Movies in the Park, and Downtown retailer and nightlife promotions.
- (7) Includes salary for 1/2 of Director of District Services and 25% of entire admin budget.
- (8) Includes maintenance and replanting 70 flower baskets, tree bed mulching, volunteer program, special cleanliness & safety initiatives as needed and annual State of Downtown report.
- (9) This represents 25% of the entire admin budget of \$262,148 and includes the Executive Director and Office Manager positions.

**JACKSONVILLE AVIATION AUTHORITY
COMPARISON OF BUDGETS
ORIGINAL BUDGET FY 2009/2010 VERSUS PROPOSED BUDGET FY 2010/2011**

| | <u>Operating & Non Operating</u> | <u>Debt Service</u> | <u>Capital Outlay</u> | <u>Fund Transfers Out</u> | <u>Total</u> |
|------------------------|--|-------------------------|---------------------------|-------------------------------|-----------------|
| FY 2009/2010 Original | \$ 43,997,683 | \$ 19,312,545 | \$ 30,390,625 | \$ 12,165,113 | \$ 105,865,966 |
| FY 2010/2011 Proposed | \$ 43,843,176 | \$ 18,731,293 | \$ 18,097,269 | \$ 13,789,174 | \$ 94,460,912 |
| \$ Increase (Decrease) | \$ (154,507) | \$ (581,252) | \$ (12,293,356) | \$ 1,624,061 | \$ (11,405,054) |
| % Increase (Decrease) | -0.35% | -3.01% | -40.45% | 13.35% | -10.77% |

NOTE:

The FY 2010/2011 Proposed Budget includes 251 full time positions which is the same as the FY 2009/2010 Approved Budget. Part-time and Temp Agency hours are budgeted to decrease from 66,020 in the FY 2009/2010 Approved Budget to 41,800 in the FY 2010/2011 Proposed Budget.

**JACKSONVILLE AVIATION AUTHORITY
ANALYSIS OF THE FY 2010/2011 PROPOSED BUDGET**

| | 2009/2010 | 2009/2010 | 2009/2010 FORECAST | 2010/2011 | % Increase/Decrease of 2010/2011 Proposed Budget Over | |
|---|-------------------|-------------------|-----------------------|-------------------|--|---------------|
| | ORIGINAL | ACTUAL | | PROPOSED | 2009/2010 | 2009/2010 |
| | BUDGET | THRU MAY | | BUDGET | ORIGINAL | FORECAST |
| OPERATING REVENUES | | | | | | |
| Concessions | \$ 14,117,412 | \$ 9,323,146 | \$ 13,249,084 | \$ 13,636,482 | -3.41% | 2.92% |
| Fees & Charges | 12,591,580 | 7,987,820 | 12,249,231 | 12,207,134 | -3.05% | -0.34% |
| Space & Facility Rentals | 17,759,232 | 11,692,093 | 17,430,129 | 19,332,513 | 8.86% | 10.91% |
| Parking | 15,604,373 | 9,897,897 | 15,153,239 | 15,652,376 | 0.31% | 3.29% |
| Sale of Utilities | 1,513,033 | 1,084,966 | 1,511,872 | 1,497,351 | -1.04% | -0.96% |
| Other Operating Revenue | 121,296 | 261,032 | 391,548 | 306,207 | 152.45% | -21.80% |
| TOTAL OPERATING REVENUES | 61,706,926 | 40,246,954 | 59,985,103 | 62,632,063 | 1.50% | 4.41% |
| OPERATING EXPENDITURES | | | | | | |
| Salaries | 12,374,934 | 7,966,604 | 12,164,906 | 13,004,262 | 5.09% | 6.90% |
| Employee Benefits | 5,336,412 | 3,029,369 | 4,670,993 | 5,553,741 | 4.07% | 18.90% |
| Services & Supplies | 12,889,439 | 7,981,279 | 12,628,419 | 13,100,540 | 1.64% | 3.74% |
| Repairs & Maintenance | 2,286,989 | 1,344,556 | 2,178,006 | 2,030,630 | -11.21% | -6.77% |
| Promotion, Advertising and Dues | 548,625 | 418,739 | 566,199 | 567,705 | 3.48% | 0.27% |
| Registrations & Travel | 399,389 | 118,155 | 326,315 | 322,820 | -19.17% | -1.07% |
| Insurance Expense | 1,233,500 | 888,523 | 1,298,500 | 1,407,300 | 14.09% | 8.38% |
| Cost of Goods for Sale | 828,000 | 352,519 | 560,349 | 560,000 | -32.37% | -0.06% |
| Utilities, Taxes & Gov't Fees | 6,526,195 | 3,611,766 | 5,604,408 | 5,695,978 | -12.72% | 1.63% |
| Emergency Reserve | 1,500,000 | - | - | 1,500,000 | N/A | N/A |
| TOTAL OPERATING EXPENDITURES | 43,923,483 | 25,711,510 | 39,998,095 | 43,742,976 | -0.41% | 9.36% |
| INCOME FROM OPERATIONS | 17,783,443 | 14,535,444 | 19,987,008 | 18,889,087 | 6.22% | -5.49% |
| NON-OPERATING REVENUES/(EXPENSES) | | | | | | |
| Investment Income | 2,457,914 | 1,323,284 | 1,735,732 | 1,749,720 | -28.81% | 0.81% |
| Other Revenue | 495,860 | 81,445 | 358,088 | 475,860 | -4.03% | 32.89% |
| Other Expense | (74,200) | (144,540) | (161,810) | (100,200) | 35.04% | -38.08% |
| PFC Revenue | 10,814,641 | 7,298,458 | 11,000,448 | 11,506,000 | 6.39% | 4.60% |
| Debt Service | (19,312,545) | (15,476,004) | (19,080,380) | (18,731,293) | -3.01% | -1.83% |
| NET INCOME (LOSS) BEFORE OPERATING CAPITAL OUTLAY, PFC RESERVE AND RETAINED EARNINGS | 12,165,113 | 7,618,087 | 13,839,086 | 13,789,174 | 13.35% | -0.36% |
| Transfer (to)/from Operating Capital Outlay | (8,717,000) | (335,287) | (1,172,001) | (7,632,659) | -12.44% | 551.25% |
| Transfer (to)/from PFC Reserve | (2,915,382) | (1,931,247) | (2,896,871) | (3,547,991) | 21.70% | 22.48% |
| Transfer (to)/from Retained Earnings | (532,731) | (5,351,553) | (9,770,214) | (2,608,524) | 389.65% | -73.30% |
| SURPLUS/(DEFICIT) | \$ - | \$ - | \$ - | \$ - | N/A | N/A |

**JACKSONVILLE AVIATION AUTHORITY
ORIGINAL BUDGET FY 2009/2010 VERSUS PROPOSED BUDGET FY 2010/2011**

| REVENUE OVERVIEW | Increase/(Decrease) | |
|---|---------------------|----------------|
| | \$ | % |
| Concessions | (480,930) | -3.41% |
| <p>Concessions were budgeted in FY2010 based on projections for the new terminal space and enplanements. Actual concession revenue has come in lower than budgeted for FY2010, due to lower enplanements. FY2011 concession revenue is budgeted to be 2.92% greater than the forecast revenue for FY2010 due to the budgeted increase in enplanements, but is still below what was originally budgeted in FY2010.</p> | | |
| Fees & Charges | (384,446) | -3.05% |
| <p>Termination fees charged to NorthWest Airlines (\$242K) have been reclassified to Miscellaneous Operating Revenue within Other Operating Revenue below.</p> | | |
| Space & Facility Rentals | 1,573,281 | 8.86% |
| <p>Airline Terminal Rentals fees increase as the revenue sharing amount decreases from the prior year.</p> | | |
| Parking | 48,003 | 0.31% |
| <p>Enplanements are expected to increase slightly in FY2011 resulting in increased revenues for parking.</p> | | |
| Other Operating Revenue | | |
| <p>Termination fees charged to NorthWest Airlines have been reclassified to Miscellaneous Operating Revenue (\$242K)</p> | | |
| | 184,911 | 152.45% |

**JACKSONVILLE AVIATION AUTHORITY
ORIGINAL BUDGET FY 2009/2010 VERSUS PROPOSED BUDGET FY 2010/2011**

| EXPENDITURE OVERVIEW | Increase/(Decrease) | |
|---|---------------------|----------------|
| | \$ | % |
| Salaries | 629,328 | 5.09% |
| The expansion/re-staffing of the Security Division is the primary driver of this increase. | | |
| Employee Benefits | 217,329 | 4.07% |
| Hospitalization and Dental premiums are expected to increase by 12% and 8% respectively. Also, Florida State Retirement pension rates increased effective July 1, 2010. | | |
| Services & Supplies | 211,101 | 1.64% |
| Increased due to normal price increases. | | |
| Repairs & Maintenance | (256,359) | -11.21% |
| Repairs & Maintenance costs were over budgeted in FY2010 due to over estimating what the new terminal would require in this area. In FY2011 the budget was adjusted down to better reflect the anticipated costs. | | |
| Registrations & Travel | (76,569) | -19.17% |
| Under the direction of the new CEO, Board and International travel have been cut significantly. | | |
| Insurance Expense | 173,800 | 14.09% |
| Insurance premiums for Worker's Compensation and Property are expected to increase. The addition of Terrorism Insurance has also increased this expense. | | |
| Cost of Goods for Sale | (268,000) | -32.37% |
| FY2010 budget anticipated an increase in the cost of fuel. This did not happen. FY2011 is anticipating cost similar to actual costs in FY2010. | | |
| Utilities, Taxes & Gov't Fees | (830,217) | -12.72% |
| Stormwater fees were budgeted in FY2010. In January of 2011 these fees were eliminated. | | |

**JACKSONVILLE AVIATION AUTHORITY
ORIGINAL BUDGET FY 2009/2010 VERSUS PROPOSED BUDGET FY 2010/2011**

| NON-OPERATING REVENUE (EXPENSE) OVERVIEW | Increase/(Decrease) | |
|--|---------------------|----------------|
| | \$ | % |
| <p>Investment Income Interest rates have remained low. Investments are not earning as much as last year. The Construction fund, a primary interest earner, will no longer have a balance.</p> | \$ (708,194) | -28.81% |
| <p>PFC Revenue Enplanements are expected to increase slightly.</p> | 691,359 | 6.39% |
| <p>Debt Service Interest is lower due to lower bond/note balances.</p> | \$ (581,252) | -3.01% |
| <p>Other Revenue Other Revenue includes revenue from timber sales and grant funds received from the Transportation Security Administration.</p> | \$ (20,000) | -4.03% |
| <p>Other Expense Other Expense consists primarily of investment advisory fees. A second agency was added to diversify the investment portfolio.</p> | \$ 26,000 | 35.04% |

**JACKSONVILLE AVIATION AUTHORITY
ANALYSIS OF PROPOSED 2010/2011 CAPITAL BUDGET**

| | 2009/2010 Original Budget | 2010/2011 Proposed Budget | % Increase (Decrease) Proposed Budget Over | |
|------------------------------------|---------------------------------|---------------------------------|---|------------------------------------|
| | | | Original Budget (Dollars) | Original Budget (Percentage) |
| Capital Funds | | | | |
| Federal Contributions | \$ 9,073,094 | \$ 4,110,119 | \$ (4,962,975) | -54.70% |
| State Contributions | 1,235,000 | 917,825 | (317,175) | -25.68% |
| Tenant/Other Contributions | 8,145,000 | - | (8,145,000) | -100.00% |
| PFC | 3,220,531 | 5,436,666 | 2,216,135 | 68.81% |
| Operating Capital Outlay | 8,717,000 | 7,632,659 | (1,084,341) | -12.44% |
| Total Capital Funds | \$ 30,390,625 | \$ 18,097,269 | \$ (12,293,356) | -40.45% |
| Capital Projects | | | | |
| Jacksonville International Airport | \$ 22,376,125 | \$ 13,018,284 | \$ (9,357,841) | -41.82% |
| Cecil Field | \$ 7,707,500 | \$ 3,414,650 | (4,292,850) | -55.70% |
| Craig Airport | 140,000 | 509,335 | 369,335 | 263.81% |
| Herlong Airport | 167,000 | 1,155,000 | 988,000 | 591.62% |
| Total Capital Projects | \$ 30,390,625 | \$ 18,097,269 | \$ (12,293,356) | -40.45% |
| Surplus (Deficit) | \$ - | \$ - | \$ - | |

JACKSONVILLE AVIATION AUTHORITY
CAPITAL BUDGET
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2011

| Airport | Proj No. | Description | Budget 2011 Total Capital Commitments | FUNDING SOURCES | | | | |
|---|------------------|---|---|------------------|------------------|------------------|----------------|----------|
| | | | | JAA | PFC | FAA GRANTS | FDOT GRANTS | OTHER |
| Jacksonville International Airport | J2007-08A(PhIV) | Electrical Sub-Station Upgrade (Ph IV) | 3,600,000 | 1,080,000 | 2,520,000 | | | |
| | J2011-01 | Terminal & Concourses-Terazzo Conversion-Upper Level | 2,166,666 | 650,000 | 1,516,666 | | | |
| | J2011-06 | Pavement Rehab Taxiway 'T' (\$1.3M) & 'H' (\$.70M)(E) | 2,000,000 | | 500,000 | 1,500,000 | | |
| | J2008-07(Ph I) | Tug Road Upgrade to Taxiway 'G'(Ph I) (E) | 1,000,000 | | 250,000 | 750,000 | | |
| | J2011-12 | ARFF Access Road Upgrade (E) | 600,000 | | 150,000 | 450,000 | | |
| | J2010-02 (Ph II) | Purchase & Installation of Security Cameras (Ph II) | 500,000 | 500,000 | | | | |
| | J2007-02(Ph V) | Airfield Lighting Rehab (Phase V) | 500,000 | | 500,000 | | | |
| | J2011-XX | Terminal Connector Enhancements | 450,000 | 450,000 | | | | |
| | J2011-02 | Upgrade Orbacom | 265,000 | 265,000 | | | | |
| | J2011-04 | Datastream Upgrade to Release 8.4 | 242,078 | 242,078 | | | | |
| | J2011-08 | Roadway Pavement Rehabilitation Evaluation | 200,000 | 200,000 | | | | |
| | J2011-15 | BIDs Display Rehab | 150,000 | 150,000 | | | | |
| | J2011-09 | Propworks Upgrade to Release 7.1 | 145,000 | 145,000 | | | | |
| | | Capital Below \$100,000 | 1,199,540 | 1,199,540 | | | | |
| | | | 13,018,284 | 4,881,618 | 5,436,666 | 2,700,000 | 0 | 0 |
| Cecil Field | F2011-05 | Rehab Roofs-Bldg 1823, Bldg 824 & Hangar 67 (E. Barrel Door | 1,300,650 | 650,325 | | | 650,325 | |
| | F2011-03 | Eastside Infrastructure-Design Spine Road | 750,000 | 750,000 | | | | |
| | F2011-04 | Drainage Rehabilitation | 500,000 | 12,500 | | 475,000 | 12,500 | |
| | F2011-01 | Taxiway B2 Rehab ('9R' to 'B') 800' x 75' (Asphalt) | 300,000 | 150,000 | | | 150,000 | |
| | F2011-02 | Taxiway D Rehab ('A1' to 'A2') (Concrete Slab Replacement) (E | 300,000 | 7,500 | | 285,000 | 7,500 | |
| | | Capital Below \$100,000 | 264,000 | 264,000 | | | | |
| | | | 3,414,650 | 1,834,325 | - | 760,000 | 820,325 | - |
| Craig Airport | C2011-02 | Drainage Rehab (E) | 384,335 | 19,216 | | 365,119 | - | |
| | | Capital Below \$100,000 | 125,000 | 125,000 | | | | |
| | | | 509,335 | 144,216 | 0 | 365,119 | 0 | 0 |
| Herlong Airport | H2010-01 (PHII) | Roof Rehab (Phase II) (H-2, T-2 & T-3) | 500,000 | 500,000 | | | | |
| | H2011-05 | Design & Rehab East Apron & Taxilane (E) | 300,000 | 7,500 | | 285,000 | 7,500 | |
| | H2011-02 | LPV Approaches Runway 7/25 | 100,000 | 50,000 | | | 50,000 | |
| | H2011-04 | Purchase & Install PAPI System | 80,000 | 40,000 | | | 40,000 | |
| | | Capital Below \$100,000 | 175,000 | 175,000 | | | | |
| | | | 1,155,000 | 772,500 | 0 | 285,000 | 97,500 | 0 |
| | | Total Capital | 18,097,269 | 7,632,659 | 5,436,666 | 4,110,119 | 917,825 | 0 |

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
JACKSONVILLE AIRPORT AUTHORITY
PROPOSED FY 2010/11 BUDGET**

RECOMMENDATIONS:

1. Remove Schedule H (Capital Schedule) and replace with Revised Schedule H documenting the detail of Capital Outlay.
2. Remove and replace the budget narrative language with the attached language, which is the most current language approved by Council.

Section 4.1 Estimated Revenues; Appropriations.

From the estimated operating and other revenues set forth on **Schedule G** and **Revised Schedule H**, there are hereby appropriated the sums set forth on Schedule G and Revised Schedule H for the indicated purposes of the Jacksonville Aviation Authority. The estimated revenues and appropriations provided therein, together with the other applicable provisions of this ordinance, shall constitute the annual budget and appropriations for the Jacksonville Aviation Authority for its fiscal year beginning October 1, 2010 and ending September 30, 2011, which budget is hereby adopted and approved by the Council pursuant to Section 5 of the Charter, as amended, and Chapter 2001-39, Laws of Florida, as amended.

Section 4.2 Allocations, Allotments and Transfers.

The Jacksonville Aviation Authority is authorized to allocate, allot and transfer within, but not between (unless less than \$50,000 cumulative), the sums herein appropriated for more specific purposes within each of the total sums specified on **Schedule G and Revised Schedule H** and to transfer from time to time, without Council approval, appropriated funds from one of the purposes for which funds are appropriated by this Part IV to another of such purposes, if, in the discretion of the Jacksonville Aviation Authority, such transfer is necessary to carry out all of the purposes for which funds are hereby appropriated, subject to applicable law; provided that the Jacksonville Aviation Authority shall pay over to the Board of Pension Trustees, in addition to any other contribution to the pension funds required by law, the employer's contribution

required by Section 9.4, which shall be paid as often as funds are available. Once cumulative transfers between **Schedule G and Revised Schedule H** exceed \$50,000, City Council approval must be obtained. There shall be provided to the Council Auditor, within twenty-four hours after Board approval, a copy of the written documentation of all proposed additional appropriations of funds. JAA shall not make any budget transfers related to any runway expansion at Craig Airport without seeking prior approval from City Council. There shall also be provided to the Council Auditor at the end of each quarter a copy or a summary of the written documentation of all transfers made between approved budget line items. The number of full-time employees authorized at any one time shall not exceed 251. The Council authorizes 41,800 temporary employee hours.

Section 4.3 Agreement for Firefighting Services.

The Jacksonville Aviation Authority shall report to the Jacksonville City Council Finance Committee no later than November 30, 2010 on the status of its negotiations with the Jacksonville Fire and Rescue Department for the provision of airport firefighting services.