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MEMORANDUM

TO: The Honorable City Council Members

FROM: Jessica Deal, Director of City Policy
Don Shea, Economic Development Advisor
Jerry Mallot, Economic Development Advisor

RE: Ordinances # 2012-212 and #2012-213; Responses to City Council Auditor Comments

DATE: April 25, 2012

The Mayor's Administration respectfully submits its responses to those issues raised in the Council Auditor's list of queries which are policy related, as circulated prior to the Rules Committee meeting on Monday, April 16, 2012. In keeping with the General Counsel's format of responses to the following questions: for ease of reference, the Council Auditor questions are posed and reproduced in *italics*, followed by the Administration's answers, as set forth below. Please note that our responses policy-based commentary.

Ordinance 2012-212

(1) Council Auditor Commentary: *Page 3, Lines 21-23, Section 51.101*

Question: Where will the Office of Economic Development be housed? Mayor's Office? Auditor Recommended Amendment: Include statement in establishment section of MC which department the OED will be housed.

• **Administration Response:** According to the passage of 2011-732-E, the Office of Economic Development will be a direct report to the Mayor's Office.

(2) Council Auditor Commentary: *Page 3, Lines 24-31, Section 55.102*

Amend: Correct title of section to "Chief Operating Officer"; Concern: Qualifications for the Chief Operating Officer are not identified; Concern: Office of Economic Development Chief Operating Officer appointment does not require Council Approval. Auditor Recommended Amendment: Due to the number of responsibilities the Chief Operating Officer should be confirmed by Council.

• **Administration Response:** Correct title should be Economic Development Officer according to Ordinance 2011-732-E. Please see the qualifications below in regard to this position.

Position Requirements: A Bachelor's degree in real estate, finance, public administration, business, urban planning, economics, or related field is required; a Master's degree is preferred. Must possess at least 10 years professional experience in real estate deal structuring, fundamental economics, banking or related legal experience and, high-level negotiations, which must include at least two years of economic development and financial analysis.

(3) Council Auditor Commentary: *Page 3, Line 28, Section 55.102*

Amend: insert "of" after "supervision"

- **Administration Response:** Agreed.

(4) Council Auditor Commentary: *Page 4, Line 22, Section 55.103*

Auditor Recommended Amendment: Assets transferred need to be assigned to the City not the OED. Request: Provide a list of assets that will be transferred from JEDC to OED; Question: Has JEDC ever issued bonds? Auditor Recommended Amendment: Delete reference to bonding responsibilities.

- **Administration Response:** Please see the Office of General Counsel's response in the Memo dated April 23, 2012, with regard to transferred assets. The Administration is currently compiling a comprehensive list of assets that will be transferred from the JEDC to OED.

(5) Council Auditor Commentary: *Page 5, Lines 10-11, Section 55.201(c)*

Amend: Strike reference "operating as staff to the Council" and insert "providing support to the Council".

- **Administration Response:** Agreed.

(6) Council Auditor Commentary: *Page 5, Line 15, Section 55.201(d)*

Amend: Strike "Operating as staff" and insert "Providing support".

- **ADMINISTRATION Response:** Agreed.

(7) Council Auditor Commentary: *Page 5, Lines 23-25, Section 55.201(h) - (i)*

Concern: Appointment of Chief for listed responsibilities should be approved by Council.

- **ADMINISTRATION Response:** See the response from the Office of General Counsel.

There is no precedence for the Mayor's staff to be approved by Council; To the extent that this person is a staff member of the Mayor, no confirmation is needed. Thus, this is a policy call.

(8) Council Auditor Commentary: *Page 6, Lines 1-13, Section 55.202*

Amend: Add the Ritz Theatre and Museum as a facility as they are included in the facilities manager RFP. Concern: In consideration of the passage of Resolution 2012-732-E does Council want OED to manage the Equestrian Facility?

● **ADMINISTRATION Response:** The Equestrian Facility is housed with the other City's entertainment facilities under the Office of Economic Development. This facility is currently a part of the overall management contract for all facilities and remains under the oversight of one entity. It is the Administration's preference for the Equestrian Center to remain under the oversight of one office within the City and with the other Better Jacksonville Public Entertainment Facilities.

(9) Council Auditor Commentary: *Page 6, Lines 14-22, Section 55.202(a)*

Concern: Gives broad authority to execute agreements. Recommend Amendment: Clarify authority given by this provision and require compliance with Ch 126 Procurement Code. Question: Explain what is a "nominal gratuity system"? Question: Explain the staffing and maintaining of the restroom facilities.

● **ADMINISTRATION Response:**

There is nothing exempting the DIA from Chapter 126 (Procurement Code) and thus it applies as an agency of the City. Their authority to execute documents is consistent with other independent agencies, such as the Children's Commission, that has authority to execute documents.

With regard to the nominal gratuity system and restroom facilities, this is existing language under the present JEDC organization that is being transferred over to the Office of Economic Development. Please see the Office of General Counsel's response below from the Memo dated April 23, 2012, with regard to these matters.

As for the nominal gratuity system – to our knowledge, it has been implemented within Special Events, and includes lunch and parking for volunteers. As to restroom facilities, dependent on the skill-set and number of the volunteers, maintaining the restroom facilities for a function is at times included by the volunteers as opposed to requiring the City's contractor to perform it for a fee. See "Special Events" for a lead.

(10) Council Auditor Commentary: *Page 6, Lines 23-26, Section 55.202(b)&(c)*

Question: Should direct marketing of City sponsored events be a function of the OED or Special Events?

● **ADMINISTRATION Response:** Under ORD 2011-732-E, the function of Special Events was placed under the Office of Economic Development, under the oversight of the Sports and Entertainment Division.

(11) Council Auditor Commentary: *Pages 6-7, Lines 30-31; 1-2, Section 55.202(d)*

Question: What are "hospitality expenses" and list examples? Recommended Amendment: Require hospitality expenses to be specifically identified within the budget ordinance without transfer ability.

● **ADMINISTRATION Response:** The term "hospitality expenses" can and does relate to a variety of situations. Examples of scenarios that require these types of promotions would include

potential sponsorship companies, potential naming rights companies and potential promoters that would not otherwise be familiar with the facility. These are unanticipated events that could include tickets, food and miscellaneous City novelties. These costs are included in the budget for the facility's management company and are included in the contract.

(12) Council Auditor Commentary: Page 7, Lines 9 & 23, Section 55.203

Amend: Strike "Jacksonville" in reference to the Economic Development Officer.

(13) Council Auditor Commentary: Page 8, Line 14, Section 55.205

Amend: Strike "Jacksonville" in reference to the Economic Development Officer.

(14) Council Auditor Commentary: Page 9, Lines 7-8, Section 55.206 (e)

Amend: Remove drafting note.

(15) Council Auditor Commentary: Page 9, Lines 14-16, Section 55.206(h)

Amend: Remove drafting note.

• **ADMINISTRATION Response:** Agreed (regarding items 12 through 15).

(16) Council Auditor Commentary: Page 9, Lines 17-18, Section 55.206(i)

Question: Is the DDRB dissolving? If so, MC sections 656.361.1 and 656.361.7, .8 and .9 will need to be amended. Concern: If the DDRB is to be dissolved where will the appeals be heard? Request: Diagram to explain what advisory boards will fall under OED.

• **ADMINISTRATION Response:** After a thorough review of the roles and responsibilities of the DDRB, the proposal is to keep the DDRB, but simply have them serve under the DIA (rather than under the JEDC as is currently).

(17) Council Auditor Commentary: Page 10, Lines 5-9, Section 55.304(a)

Question: Does the City have the authority to create an independent agency?

• **ADMINISTRATION Response:** Please see the Office of General Counsel's response in the Memo dated April 23, 2012.

Yes

Question: Will this authority have taxing ability and or will they be able to impose fees?

• **ADMINISTRATION Response:** No

Question: Where will the funds come from to operate this agency?

• **ADMINISTRATION Response:** This will be presented and determined in the 2012/2013 Annual Budget Process. Please see the Office of General Counsel's response in the Memo dated April 23, 2012.

Annually appropriated funds, grants, and tax increment funding within the downtown CRAs -- to the extent that a development or downtown improvement falls within a City Council approved CRA plan. See Sec. 55.310 (p. 20).

Question: If the Authority is sued who would pay for the judgment?

- **ADMINISTRATION Response:** The City as they are presently structured as a City agency.

Question: Why should the Authority need to adopt a corporate seal?

- **ADMINISTRATION Response:** Please see the Office of General Counsel's response in the Memo dated April 23, 2012.

If they are a separate corporation, they would need it. Compare JEA with the Library. Whichever structure the Council agrees to will ultimately define the need for this.

Question: Will the DIA manage City employees? If so, then how is the DIA an independent agency?

- **ADMINISTRATION Response:** See the response from the Office of General Counsel dated April 23, 2012.

The two questions have no legal import. City employees are managed by the independent Constitutional Officers, for example.

Question: What is the role of Downtown Vision Inc's?

- **ADMINISTRATION Response:** DVI exists independently of DIA, with its own millage authorization. A strong coordinating relationship is anticipated between DVI and DIA.

(18) Council Auditor Commentary: Page 12, Lines 4-26, Section 55.306

Question: Where did the definition of public facilities come from? Why is it so broad of a definition?

- **ADMINISTRATION Response:** Please see the Office of General Counsel's response in the Memo dated April 23, 2012.

These are standard definitions throughout the City's Ordinance Code. This is a standard definition based on common usage. The remainder of the question is difficult to answer as it is more philosophical. If there is an element included that the Council as a matter of policy has determined it did not want to include, or vice versa, then it can be changed by the Council.

Question: Why should the DIA have the authority to issue bonds?

- **ADMINISTRATION Response:** Please see the Office of General Counsel's response in the Memo dated April 23, 2012.

This is a City function. City Council is charged with authorizing the issuance of revenue bonds. See FS 163.358, and Sec. 104.203, Ord Code.

Question: Why is the definition of "project" so broad? What is the intent?

Question: Will the DIA be constructing roads?

Question: On line 14 what is "works road"?

Question: Clarify the definition of "public body"?

● **ADMINISTRATION Response:** With regard to the terms, these are definitions used throughout code and not specialized to this Ordinance. The DIA would work with the appropriate City departments with regard to road construction. Please see the Office of General Counsel's response in the Memo dated April 23, 2012.

Regarding the "project" definition, same answer applies as to the "public facilities" question above. With respect to constructing roads, please see Sec. 55.308(x) (p. 20) which includes "as subject to applicable laws." Regarding "works road" that is a typo which can be stricken. Much like the other identified terms, the definition of "public body" is defined, to which the question then becomes, what part of the definition is concerning or in need of clarity?

(19) Council Auditor Commentary: *Page 13, Lines 9-29, Section 55.306*

Question: Is it the intent of DIA to be performing the work or giving out incentives?

● **ADMINISTRATION Response:** The intent is for the DIA to participate in both functions—performing work in coordination with the appropriate City Departments and providing incentives, subject to the appropriated annual budget and the City's Investment Policy. Please see the Office of General Counsel's response in the Memo dated April 23, 2012.

As with any other CRA, they will sometimes engage a contractor to perform work (think of landscaping, for example) and will sometimes reach agreements with incoming businesses.

Question: What is the intent of DIA regarding Real Property?

● **ADMINISTRATION Response:** The Administration is putting together a comprehensive list of these properties for Council's review and consideration.

As presently drafted, the DIA would manage those City real properties downtown that are leaseable. See Sections 55.308(u)-(w).

Question: Explain the reference to "Obligee".

● **ADMINISTRATION Response:** Please see the Office of General Counsel's response in the Memo dated April 23, 2012.

"Obligee" is defined and pertinent in the bond issuance context – the obligee is person in whose favor the bond/obligation is created (remember that Council approves authorization for bond issuance).

(20) Council Auditor Commentary: *Page 14, Line 13, Section 55.307(b)(1)*

Amend: Strike "Chapter" and insert "Section".

- **ADMINISTRATION Response:** Agreed.

(21) Council Auditor Commentary: *Page 14, Lines 29-31, Section 55.307(b)(4)*

Question: Who deems the board members' office vacant?

- **ADMINISTRATION Response:** Please see the Office of General Counsel's response in the Memo dated April 23, 2012.

By operation of law. See Chapter 50, Ordinance Code.

(22) Council Auditor Commentary: *Page 15, Lines 6-7, Section 55.307(b)(4)*

Amend: Strike the last sentence it is duplicative.

- **ADMINISTRATION Response:** Will defer to legal counsel.

(23) Council Auditor Commentary: *Page 15, Lines 17 & 20, Section 55.307(b)(5)(1)*

Amend: Strike "Chairman" and insert "Chair".

- **ADMINISTRATION Response:** Please see the Office of General Counsel's response in the Memo dated April 23, 2012.

Too colloquial for formal legislation although often used when someone finds the historically-applied "Chairman" to be offensive in some way; Chairman applies to members of both sexes who are acting as presiding officers. Prefer to maintain the use of Chairman.

(24) Council Auditor Commentary: *Page 16, Line 26, Section 55.307(b)(5)(8)*

Amend: Strike the "s" from "Chapters".

- **ADMINISTRATION Response:** Agreed.

(25) Council Auditor Commentary: *Page 16, Lines 28-29, Section 55.308*

Amend: Revise language to read as follows - "The Board shall have the power, subject to appropriated funds, to do the following as to the Downtown:"

- **ADMINISTRATION Response:** Agreed.

(26) Council Auditor Commentary: *Page 17, Lines 1-10, Section 55.308(a)*

Recommended Amendment: Board should not be authorized to approve a contract with any employee that binds the City longer than one fiscal year.

- **ADMINISTRATION Response:** Need additional clarification from the Council Auditors as to the reason and purpose of this recommendation.

Question: What are the qualifications of the Chief Executive Officer appointed by the DIA?

- **ADMINISTRATION Response:** The qualifications will be developed by the DIA Board once assembled. The Executive Officer will be hired by the Board as proposed in this legislation.

(27) Council Auditor Commentary: Page 15, Lines 17-20, Section 55.308(c) - (x)

*Recommended Amendment: All of the powers and duties should be subject to Council Approval
Major Concern: Powers given to the DIA are very broad with little or no oversight.*

- **ADMINISTRATION Response:** Council maintains traditional authority and oversight through its ability to review the operations and use of funds during the annual budget process. See the Memo from Office of General Counsel dated April 23, 2012

These powers are akin to other independent agencies.

(28) Council Auditor Commentary: Page 17, Line 24, Section 55.308(c)(1)

Amend: Include the title of the document and Ordinance number 2012-212.

- **ADMINISTRATION Response:** Agreed.

(29) Council Auditor Commentary: Page 17, Lines 25-27, Section 55.308(c)(2)

Amend: Include the title of the document and Ordinance number 2012-212.

Question: What property will be leased?

Concern: The leasing of property is a function of the City Real Estate Office and requires Council approval.

- **ADMINISTRATION Response:** Agreed as to amending the title. The Administration is reviewing the inventory of property owned by the City within the Downtown boundary and will provide a comprehensive list for your review and consideration.

The DIA would serve as the City's Real Estate arm for the downtown boundary. This will not only enable one organization to implement a plan for redevelopment cognizant of an overall vision, but would also provide for an efficient, "one-stop" organization. There may be opportunities for the DIA to work with the Real Estate Division

The time required to proceed through the City Council process is often detrimental to the signing of a lease. The timing for a business to occupy a City facility will still require the competitive RFP process.

Leasing property is approved if the attached lease is acceptable to the Council.

(30) Council Auditor Commentary: Page 17, Line 28, Section 55.308(d)

Question: Explain reference to "Administer and manage the downtown tax increment finances".

- **ADMINISTRATION Response:** See the Memo from Office of General Counsel dated April 23, 2012

This is in accordance with long-established Florida law for a CRA. They are the designated CRA for the downtown. They devise a plan (subject to Council approval) and then execute that plan accordingly.

(31) Council Auditor Commentary: Page 18, Lines 9-10, Section 55.308(h)

Question: Explain the intent to allow the DIA to receive, dispose of and bond (subject to City approval) all authorized revenue?

- **ADMINISTRATION Response:** See the Memo from Office of General Counsel dated April 23, 2012

Self-evident as a CRA and under the legislation. See Chapter 163, Part III, FS.

(32) Council Auditor Commentary: Page 18, Lines 19-23, Section 55.308(l)

Question: Should the City allow someone besides the Mayor or designee be authorized to execute contracts and other documents?

- **ADMINISTRATION Response:** See the Memo from Office of General Counsel dated April 23, 2012

The City already does this, for example, having passed such authority to the Jacksonville Children's Commission, to name one entity.

(33) Council Auditor Commentary: Page 19, Lines 3-9, Section 55.308(p)

Question: Why should DIA be given such broad authority over public facilities without Council review and approval?

- **ADMINISTRATION Response:** Intent is to enable DIA to act as City's agent to promptly lease or sell any city-owned facility not actively used for city governmental functions, subject to customary Council oversight of City real estate activities and subject also to annual budget approval by Council and consistent with Council approved downtown redevelopment plans.

(34) Council Auditor Commentary: Page 19, Line 13, Section 55.308(q)

Question: When would outside private counsel be employed?

Recommended Amendment: Specify conditions that outside counsel would be allowed to be employed on a temporary basis.

- **ADMINISTRATION Response:** See the Memo from Office of General Counsel dated April 23, 2012

Same as any other independent authority. See Sec. 108.505, Ord. Code.

(35) Council Auditor Commentary: Page 19, Line 18, Section 55.308(t)

Amend: Insert "non-financial" before agreements.

- **ADMINISTRATION Response:** The term “non-financial” would not enable or empower the DIA to be successful in the quick action necessary for development and redevelopment deals. This would hamstring the Authority by extending the time to take action and implement the Community Redevelopment Area plan (which would have been approved by City Council).

(36) Council Auditor Commentary: *Page 19, Lines 21-30, Section 55.308(u)*

Concern: The Acquisition of property should be required to be approved by Council.

Question: What is the intent in allowing DIA broad real estate authorization?

Recommended Amendment: Require Real Estate transaction to be approved by Council and limit DIA requested real estate transactions to the downtown boundaries.

- **ADMINISTRATION Response:** See the Memo from Office of General Counsel dated April 23, 2012

In Sec. 55.308(u) (p. 19), remove reference that would allow the DIA to operate outside of the downtown boundaries. The intent is to allow the DIA to operate an independent agency and to buy and sell real estate with appropriated funds.

(37) Council Auditor Commentary: *Page 20, Lines 1-6, Section 55.308(v)*

Question: What is the intent in allowing DIA to dispose of assets and properties?

- **ADMINISTRATION Response:** This is allowing the DIA the ability to make decisions regarding the revitalization of Downtown. Other independent agencies have the ability to transact in this manner.

(38) Council Auditor Commentary: *Page 20, Lines 7-12, Section 55.308(w)*

Concern: Listed items are a function and responsibility of the Real Estate Office.

- **ADMINISTRATION Response:** Please see the Office of General Counsel’s response in the Memo dated April 23, 2012.

The intent is for the new agency to focus on real estate downtown, with whatever assistance they need from the City or legal counsel.

(39) Council Auditor Commentary: *Page 20, Lines 13-15, Section 55.308(x)*

Question: What is the intent of allowing DIA to plan or modify streets and roads? Isn't this a Public Works function?

- **ADMINISTRATION Response:** The DIA will be required to work under existing Ordinances and State law which will require the DIA to coordinate its efforts with Public Works and other City Departments/Divisions. See the Memo from Office of General Counsel dated April 23, 2012.

The intent is to allow modifications and landscaping, and the like subject to the Council's ordinances and State law in order to accommodate new businesses where needed downtown.

(40) Council Auditor Commentary: Page 20, Lines 16-23, Section 55.309

Recommended Amendment: Require Council approval of budget.

Amend: "Officer" should be changed to CEO of DIA.

- **ADMINISTRATION Response:** See the Memo from Office of General Counsel dated April 23, 2012.

The Council approves all budgets under the Charter and State law. This reference is in many agency ordinances, including the independent agencies, making clear that their budgets are given to the Mayor for input and inclusion in the City's budget. Nothing here excludes the Council; it includes the Mayor's office in the process, which has always incorporated those budgets into its submission to Council. Name changes are policy issues.

(41) Council Auditor Commentary: Pages 20-21, Section 55.310

Recommended Amendment: All Financial transactions should be in accordance with the Municipal Code regarding Budgeting, Procurement, Budgeting and Council Approval.

- **ADMINISTRATION Response:** The language referenced only outlines potential funding sources. It is the expectation that the DIA's budget will reference the funding needed and the source of those funds each year for the City Council to approve. There are no waivers requested from the Municipal Code.

(42) Council Auditor Commentary: Page 21, Lines 13-26, Section 55.312

Recommended Amendment: Delete Authorization for Eminent Domain in its entirety.

- **ADMINISTRATION Response:** Eminent Domain is a tool referred to in the Florida Statutes as a tool afforded to CRA's. The elimination of this tool for the DIA (acting as the CRA) would severely limit the ability of the DIA to be successful in the development and redevelopment of Downtown. The acquisition of property and the assembling of that property are critical to development deals. All Eminent Domain requests require Council approval.

Please see the Office of General Counsel's response in the Memo dated April 23, 2012.

The request has to start somewhere; with a CRA it starts with a request from the CRA. This is always subject to City Council approval. Both in the Ordinance Code, and in FS 163.358 for CRA purposes. The proposed ordinance recognizes this in Section 55.312, particularly lines 13-14 on page 21.

(43) Council Auditor Commentary: Page 21, Line 27

*Amend: Remove the ****

- **ADMINISTRATION Response:** Agreed.

(44) **Council Auditor Commentary:** Page 23, Line 28, Section 111.640(a)

Question: What funds would be "deposited to" the redevelopment trust fund?

- **ADMINISTRATION Response:** The proposed ordinance intends for all funds received by the DIA as a CRA under Chapter 163, Part III, FS, to be deposited to the redevelopment trust fund.

(45) **Council Auditor Commentary:** Page 24, Line 7, Section 111.640(b)

Amend: Relocate the "," after City.

- **ADMINISTRATION Response:** Agreed.

(46) **Council Auditor Commentary:** Page 24, Lines 17-19, Section 111.640(d)

Amend: Require City Council Approval.

- **ADMINISTRATION Response:** The DIA is proposed to have the authority to appropriate funds within their jurisdiction, based on the plan adopted by the City Council and the investment policy created by the City. See the Memo from Office of General Counsel dated April 23, 2012

The question of how and under what conditions the redevelopment trust fund is expended is a policy discussion. Also, to the extent that funds are received in accordance with FS 163.387 pursuant to a redevelopment plan approved by the City Council, funds are expended by CRAs throughout the State under these same types of constraints.

(47) **Council Auditor Commentary:** Page 24, Lines 20-31, Section 111.645

Question: Should this section define how long jobs should be kept?

Recommended Amendment: Include reporting requirement, limitation on the type of project eligible, max amounts.

Concern: Will the meeting of the Mayor and Council for the purpose of distributing funds be a Sunshine Law issue?

- **ADMINISTRATION Response:** The monitoring and requirements for job development and anything else required for a closing fund grant should follow the state's requirements, i.e. incited jobs must be maintained for 3 years, incited capital expenditure (dollar amount) must remain in place for 4 years (company cannot sell capital assets right after getting grant and pocket the cash). See the Memo from Office of General Counsel dated April 23, 2012

To the extent that the Council President is making a decision with the Mayor, it would be subject to the Sunshine Law and would need to be noticed 24 hours in advance.

(48) **Council Auditor Commentary:** Page 25, Lines 14-20, Section 111.645(c)

*Amend: Strike paragraph (c) and ****

- **ADMINISTRATION Response:** Agreed.

(49) Council Auditor Commentary: Page 29, Line 7, Section 9

Amend: Define "technical amendments"

- **ADMINISTRATION Response:** We would like to know what definition the Auditors would like to use and provide comment at that point.

(50) Council Auditor Commentary: *New: Amend: Amend Municipal Code Sections 500.102 and 500.104 to declare that the DIA will be the governing body for the Downtown CRA, and Council will be the governing body for the JIA CRA and the Soutel/Moncrief CRA.*

- **ADMINISTRATION Response:** Agreed.

(51) Council Auditor Commentary: *New: Recommended Amendment: Identify and state who will be responsible for the preparation of the preliminary statement of intent and review of Industrial Development Revenue Bonds.*

- **ADMINISTRATION Response:** This is intended to be the OED; Agreed.

(52) Council Auditor Commentary: Exhibit 4

Page 11 of 41, Section 5.2(d)

Recommend Amendment: Companies should comply with all requirements of the MC Section instead of Ord 2002-395.

- **ADMINISTRATION Response:** Agreed.

Page 12 of 41, Section 6.1

Recommended Amendment: Limit incentives to just Duval County.

- **ADMINISTRATION Response:** Agreed.

Page 21 of 41, Section 14.1

Recommended Amendment: Require annual job verification by State Records of Unemployment Forms.

- **ADMINISTRATION Response:** Agreed. Compliance is to be handled in accordance with a report being delivered in May by the existing commission that is reviewing these matters. Use the same reporting requirements that state requires when documenting job development, i.e. filing forms showing payment of unemployment compensation.

Page 24 of 41, Section 16.1

Amend: Delete the provision concerning the Duval County Job Opportunity Bank.

- **ADMINISTRATION Response:** The Duval County Job Opportunity Bank is proposed to exist; however, the fund is subject to appropriation by the Administration and Council each

budget year. Job Opportunity Bank was a good idea at the time – 2006, when unemployment rate was less than 4% and it was hard to find people with qualifications. Conditions are much different now. Also, the current requirement mandates that the company payout before they ever receive any incentive. Incentives are performance based. Until the company actually creates the jobs which may take several years and makes the capital investment which also may take several years it will not receive anything in incentives. It is unfair to make the company pay up front for incentives that they have not received.

Page 25 of 41, Section 17.1

Recommended Amendment: Require supporting documentation necessary to verify base year and required investments.

- **ADMINISTRATION Response:** Agreed.

(53) Council Auditor Commentary: Exhibit 5

Page 2 of 55, Section 1.1.13

Question: Explain "Development Fees"?

- **ADMINISTRATION Response:**

See the Memo from the Office of General Counsel dated April 23, 2012.
Includes Tenant improvement costs included in approved budget.

(54) Council Auditor Commentary: Exhibit 6

Amend: Attach executed BT

- **ADMINISTRATION Response:** Agreed.

(55) Council Auditor Commentary: Exhibit 7

Amend: Attach Organizational Chart

- **ADMINISTRATION Response:** Agreed.

(56) Council Auditor Commentary: Overall Questions and Needs

(1) How many employees will be under the Office of Economic Development?

- **ADMINISTRATION Response:**

This is subject to the appropriate budget allocation. The current proposal is to transfer what exists in JEDC today through the end of this fiscal year. New budgets are submitted as of July 1, 2012.

(2) Provide a list of assets that will be transferred to the DIA.

- **ADMINISTRATION Response:** The Administration is working to provide a comprehensive list of assets specific to DIA.

(3) *Provide an organizational chart.*

- **ADMINISTRATION Response:** Agree

(4) *Provide a list of Counties where research was performed.*

- **ADMINISTRATION Response:**

Florida

Orange
St Johns
Hillsborough
Pinellas
Broward
Miami – Dade
Leon

Other States

Mecklenberg NC (Charlotte)
Guilford NC (Greensboro)
Marion IN (Indianapolis)
Davidson TN (Nashville)
Travis TX (Austin)

(5) *Provide a list of current accounts and balances for:*

Trust Funds
Incentive Funds
CRA's
TIF's

Ordinance 2012-213

(1) Council Auditor Commentary: *Page 3, Lines 4-7, Section 5.08*

Amend: Criteria regarding the number of readings required for legislation is addressed within the Council Rules therefore strike "Economic Development Incentives Policy" and insert "Council Rules".

- **ADMINISTRATION Response:** Agreed.

(2) Council Auditor Commentary: *Page 3, Lines 13-15, Section 2*

Amend: Include reference to the creation of Rule 3.306.

- **ADMINISTRATION Response:** Agreed.

(3) Council Auditor Commentary: *Page 3, Line 28, Section 3.101(a)*

Amend: Strike "Economic Development Investment Policy" and insert "Council Rules" and specifically identify which agreements/incentives will fall under this policy or criteria.

- **ADMINISTRATION Response:** It would include any incentives to total of which in city provided incentives is under \$300,000. In 90% of the cases, this will be the city's portion of a QTI match. In all but very small projects REV grants will exceed this amount.

The Economic Development Investment Policy outlines the shortened timeframe as responded in number (1) above. See Rule 3.101(b) regarding the identification of which agreements this impacts.

(4) Council Auditor Commentary: *Page 4, Lines 5-8, Section 3.101(b)*

Amend: Strike "City's Economic Development Investment Policy".

Amend: Identify specifically which agreements/incentives fall under this policy or criteria.

- **ADMINISTRATION Response:**

All economic development agreements would be approved by Resolution (see page 9 of the Economic Development Investment Policy). Listing each individual incentive program would unnecessarily duplicate the program descriptions in the Policy on file with Legislative Services. The language in question could be simplified as follows:

Proposed new language on page 4, lines 5-8:

“, or an approval of economic development agreements, including any appropriations relating to such agreements.”

(5) Council Auditor Commentary: *Page 4, Lines 18-31, Section 3.305(c)*

Amend: Strike "City's Economic Development Investment Policy" and identify which agreements/incentives fall under this policy or criteria.

- **ADMINISTRATION Response:** The only criteria for the two reading process (see page 9 of the Policy) is that the project is an economic development project approved by the Economic Development Officer and Mayor, that is over \$300,000.00 or if the incentive requires a waiver of the new, proposed policy.

(6) Council Auditor Commentary: *Page 4, Lines 18-31, Section 3.305(c)*

Recommended Amendment: Identify the Council's Economic Development Investment Committee as the Finance Committee.

- **ADMINISTRATION Response:** The Administration disagrees with the Auditor's recommendation. The Special Economic Development Investment Committee is needed under the one step process reading.

(7) Council Auditor Commentary: *Page 5, Lines 1-12, Section 3.306*

Amend: Strike "City's Economic Development Investment Policy" and identify what incentives will fall under this rule.

- **ADMINISTRATION Response:** Agreed.

See the Memo from the Office of General Counsel dated April 23, 2012.

Proposed new language on page 5, lines 1-6:

“A resolution approving an economic development investment incentive (i) for which the maximum City provided investment from all sources is no more than \$300,000, and (ii) which meets the requirements of the Economic Development Investment Policy without need for a waiver of the policy, shall only require one reading so long as ...”

(8) Council Auditor Commentary: *Page 5, Lines 1-12, Section 3.306*

Recommend Amendment: Upon filing of any economic development bill which allows for one or two readings with the Legislative Services Division require Legislative Services Division to post the proposed legislation on their website within 24 hours.

- **ADMINISTRATION Response:** Agree.

(9) Council Auditor Commentary: *Page 4, Line 10, Section New*

*Recommended Amendment: Strike *** and then insert a new Section (i) to Rule 3.102 Preparation of Bills which requires a separate section within any legislation requesting one or two readings stating reason why shorten cycle is required.*

- **ADMINISTRATION Response:** The intent of an “Investment Policy” is to make clear when it can be done in a one meeting cycle and when it goes to the longer process.

(10) Council Auditor Commentary: *Page 4, Line 10, Section New*

Recommend Amendment: Amend Council Rule 4.301 Order of Business to require economic development legislation on a shortened cycle be taken up after Public Comment and include an unadvertised Public Hearing.

- **ADMINISTRATION Response:** Agree.

(11) Council Auditor Commentary: *Page 4, Line 10, Section New*

Recommended Amendment: Require all new economic development filed requesting a reduced cycle be posted on the City main website, clearly identifying the bill as a one or two step bill and include a link to the bill at Legislative Services.

- **ADMINISTRATION Response:** Agree.

(12) Council Auditor Commentary: *On File Document, Page 5 of 34*

Question - Why wouldn't the requirements or restrictions in the policy apply to DIA?

- **ADMINISTRATION Response:**

The DIA will be a separate entity with the authority to make these decisions on its own, limited only by the funds appropriated by Council for DIA's budget.

(13) Council Auditor Commentary: *On File Document, Page 6 of 34*

Question - If contributions to the Duval County Job Opportunity Bank are to be eliminated then why is it in the Policy?

- **ADMINISTRATION Response:** The Job Opportunity Bank could still receive funding during the budget process by Mayor and/or City Council.

(14) Council Auditor Commentary: *On File Document, Page 8 of 34*

Question - What is meant by "surrounding contiguous census tracts may also be considered to determine eligibility" under objective IV?

- **ADMINISTRATION Response:**

The intention is to increase the area that can be considered when determining whether a project should receive points for locating in an economically distressed area.

(15) Council Auditor Commentary: *On File Document, Page 10 of 34*

Question - What other areas are eligible for the Downtown Historic Preservation and Revitalization Trust Fund?

- **ADMINISTRATION Response:**

Pursuant to the language in the Policy, the trust fund only applies to downtown projects.

(16) Council Auditor Commentary: *On File Document, Page 24 of 34*

Recommended Amendment - Add criteria for distribution of Closing Fund funds and add reporting requirement.

- **ADMINISTRATION Response:** Use state's criteria and its reporting requirements as stated above.