



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

John Palombi, Chair

Wes Benwick, Vice Chair

Greg Anderson, Secretary

Meeting Minutes

May 7, 2009

4:00 p.m.

Attendance: John Palombi (Chair), Joe Andrews, Marcella Lowe, Wes Benwick, Nicole Lester, Ron Mallett, Steve Jarecki, Robert Jones, Jason Fischer, Ruth Arnold, Thomas Martin

Excused: Greg Anderson Mark Cowart

Absent: Randy Deen, Louvenia Tippins

Guests: Mickey Miller – Chief Financial Officer; Mary Swart – Jacksonville Ethics Commission

The meeting convened at 4:02 p.m. with a quorum present.

Minutes

The minutes of the April 2, April 13 and April 20, 2009 commission meetings were approved as distributed.

Personal Appearance: Mickey Miller, Chief Financial Officer – Banking Fund and City Borrowing Policies

Mr. Miller distributed a document entitled “Response to Questions” in response to questions posed by Chairman Palombi in preparation for Mr. Miller’s appearance. He explained how changes in recent years since his return to Jacksonville from Orlando have given the City a realistic 5 years Capital Improvement Program and how the aim is to transfer capital debt programs (i.e. the stormwater utility) out of the General Fund so those uses don’t compete with other operating fund uses (police, fire, libraries, etc.). The City has adopted a debt affordability model after 15 years of paying for General Fund expenses with one-time resources. The new model give a much more realistic picture of how much debt capacity the City actually has given its resources to pay annual debt service.

Jacksonville has a policy of maintaining an AA bond rating or its equivalent with the 3 major rating agencies and uses the debt policy to that end. The municipal bond market has long been geared to long-term bond (20-30 years) and really has no mechanism for dealing with the 1-20 year time frame as it probably should. The City’s aspirational goal is to have two reserve funds – General Operating Reserve and Emergency Reserve – equal to 5-7% of general operating revenue (\$50-70 million each). Currently the emergency reserve is at \$40 million and the general operating reserve is at \$37 million. The City is also going back to its former practice of “pay as you go” for regular maintenance expenses and capital acquisitions (i.e. vehicle purchases) rather than depending on periodic bond issues.

The Banking Fund is a vehicle used to combine both long-term (30 year) and short term (1 year) debt and variable rate debt into a single blended pool. It gives the City the ability to borrow when needed and for the length of time needed without the constant need for expensive bond counsel and transaction fees and rating expenses and City Council action every time borrowing needs to be done or terms changed. Currently bond with covenant pledges (the pledge of the city to pay debt service from any available non-ad valorem General Fund revenues) are rated just as highly as bonds with pledges of excise tax, sales tax or other defined revenues.

With regard to the annual grant match account, Mr. Miller explained that the City traditionally budgets \$4 million for grant match purposes each year which requires subsequent Council ordinances to appropriate as grants are received. They have just started using two lists – one of continuing grants that are continued every year and a second list of “speculative” grants that are subject to competitive application processes each year. The regular recurring grants are now approved in the annual budget and disbursements are processed through the Mayor’s Budget Review Committee without the need for further Council action.

Mr. Miller stated that the City has limited capacity to issue additional debt beyond what has already been authorized but not yet issued. Some previously authorized Better Jacksonville Plan bonds may not be sold if the sales tax revenue shortfall doesn’t permit the required coverage ratio. The courthouse plan and budget are both approved so the administration feels it has the green light to proceed with construction as soon as possible. In response to a question Mr. Miller stated that the chief factor preventing the City from doing more “pay as you go” funding is budget stress – we can’t afford to set aside pots of money for expenditure in future years because we need every dollar for immediate needs.

Committee Reports

Performance Committee – the committee did not meet in April.

Long Term Fiscal Health Committee – Commissioner Andrews reported that he has completed a draft committee report and will be scheduling a meeting of his committee shortly to discuss the draft.

Legislative Tracking Committee – Commissioner Benwick distributed a list of bills being studied by committee and described the committee’s process of raising and receiving answers to questions.

Auditor’s Report

Thomas Carter, representing Council Auditor Kirk Sherman, reported that no audits had been released in the past month. The quarterly budget summary for the second quarter of the fiscal year will be released next week. The Finance Committee’s mid-year budget review will be held on May 21st at 1:00 p.m. in the City Council Chamber.

Chair’s Comments

None

Old Business

None

New Business

Chairman Palombi appointed Commissioner Lowe to chair the Nominating Committee to develop a slate of officers for election at the June meeting. Ms. Lowe welcomes the assistance of several volunteers to serve on the committee and asked for expressions of interest from commissioners interested in holding office next year.

Commissioner Comments

Commissioner Lowe thanked and congratulated the commissioners for attending the special meetings on the Trail Ridge Landfill operations contract and for reaching consensus and taking a public stand on the issue. She has received good reaction from average citizens about the commission's actions.

Public Comments

Mary Swart, a member of the City Ethics Commission, stated that the Ethics Commission is interested in working on the issue of City procurement and will study the TRUE Commission's previous work in that area to inform their own investigations. On a personal level, she too appreciated that TRUE Commission taking a public stand on the Trail Ridge issue on behalf of the general public.

Next meeting

The commission's next meeting is scheduled for Thursday, June 4th at 4:00 p.m. This will be a very important meeting because of the election of officers for the upcoming year, and commissioners were urged to make every effort to be present.

There being no further business, the meeting was adjourned at 5:26 p.m.

Posted 5.26.09
4:00 p.m.

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