



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

**Bruce Glassman, Chair**  
**Tom Crabtree, Vice Chair**

## **Meeting Minutes**

**May 17, 2005**

**4:00 p.m.**

**Attendance:** Bruce Glassman (Chair), Lee Martin, Dick Berry, Tony Bates, John Palombi, Marcella Lowe, Louvenia Tippins, Mike Meroney, Lou Myers

**Excused:** Charles Curley, Charles Magee, Mark Roesser

**Absent:** Elaine Burnett, Randy Deen, Tom Crabtree

The meeting convened at 4:05 p.m. with a quorum present.

### Minutes

The minutes of the April 19, 2005 meeting were previously distributed.

◆ The minutes were **approved as distributed**.

### Auditor's Report

Kim Taylor of the Council Auditor's Office presented an overview of the Auditor's Office quarterly budget review for the second quarter of the fiscal year, ending March 31, 2005. One major finding of the review is that the budgets of the City and several of its affiliated authorities all appear to be in a deficit position through the first half of the fiscal year. The Mayor has recently introduced legislation to compensate for a \$4.6 million deficit in the year-end fund balance budgeted from the 2003-04 fiscal year, which occurred largely because of hurricane-related expenses from last summer. The current budget is running a deficit projected at \$13.2 million. The administration has a plan to fill approximately \$10.6 million of that amount, leaving a projected shortfall of \$2.6 million remaining to be addressed. It was noted that one-time funds have been used heavily in the last 2 budget cycles to fund recurring expenses. Ms. Taylor also noted that the City's interest rate swap program is not generating the positive results this year that it had in previous years. Commissioner Palombi suggested the need to look at the City budget over the last 10 years with specific attention paid to how deficits were previously handled. What methods worked successfully and what didn't?

### Committee Reports

Audit #595 – Public Parking Division: Commissioner Meroney reported that the committee met last week with Chief of Public Parking Bob Carle and had a very positive and productive meeting. They were

impressed with the innovative thinking and positive approach that appears to be taking place in the division.

Audit #589 – JEA Pipe Bursting Contract: David Hodges, a local private investigator, made a presentation to the commission on his research into the JEA’s contract for pipe bursting services with a joint venture comprised of PM Construction and Kinsel Industries beginning in 2000. He posed 4 specific questions regarding JEA’s bidding process and use of the joint venture: 1) whose general contractor license was in force and “on the line” for the first 18 months of the pipe bursting contract with the joint venture, during which JEA paid the joint venture \$140 million? 2) what validly licensed Florida contractor signed the bid and the subsequent contract on behalf of the joint venture? 3) what JEA procedures have been changed to prevent the contracting violations he alleges to have occurred from happening again? 4) what personnel actions have been taken by the JEA against employees who were involved in the pipe bursting contracting program which he alleges to have been done in violation of city ordinance and state law?

Committee Chairman Martin reported that the committee had not met with the parties involved in this matter other than the Council Auditor’s Office and the JEA’s attorney, but that the FBI, the State Attorney’s Office and the Florida Department of Business and Professional Regulation have all been informed of Mr. Hodges’ allegations. The only response to date has been a finding by the Department of Business and Professional Regulation that the two companies comprising the joint venture were separately licensed and qualified to perform the work called for in the contract, but the joint venture of the two was not so licensed. This is acknowledged as a technical violation of the law, but not a serious one. The other investigative agencies have not indicated whether they do or do not intend to take any action. Given the involvement of law enforcement and regulatory agencies, Mr. Martin questioned what role the TRUE Commission, an advisory body, in resolving these issues, other than to issue a general admonition to the JEA to ensure that rules are followed in the future. He stated that the committee would not have a final report until it had an opportunity to hear from Council Auditor Richard Wallace and General Counsel Rick Mullaney. Mr. Martin also hoped that the Auditor’s Office would soon produce its customary post-audit review on the pipe bursting audit shortly, which would provide the opportunity to learn changes the JEA had made to its procedures to prevent the reoccurrence of problems.

Commissioner Bates stated that it is a fact that the JEA eventually stopped work on the contract because the joint venture wasn’t properly licensed, and also that JEA re-bid the contract for pipe bursting work and got better prices on individual projects than it had gotten from the master contract awarded to the joint venture. Mr. Hodges reiterated that state laws says that contracts entered into by unlicensed joint ventures are null and void. Commissioner Palombi expressed a belief that the most important outcome is to find out about the “money” issues – how did JEA come to change its mind and re-bid the work; why did the subsequent bids produce better prices than the single bid for the master contract; and what did the City and JEA learn from this experience?

Cash Management Committee: Commissioner Lowe reported that the committee will have one additional meeting to complete its work.

Audit #600 – Sheriff’s Investigative Fund: Commissioner Lowe announced that the committee will meet on Friday, May 20<sup>th</sup> at 2:00 p.m. with representatives of the Sheriff’s Office to discuss both the current audit and the commission’s previous recommendations from last year’s audit.

CityLink Committee: Commission staff Jeff Clements reported that he had discussed the matter recently with Councilwoman Gwen Yates. She has received an e-mail from the Department of Neighborhoods indicating that additional training for city managers on options for expanded use of the CityLink system as a management tool, endorsed by the TRUE Commission in a 2004 report on the system, would not be

forthcoming. The City's Training Division felt that the current level of training was sufficient. Ms. Yates sees some problems with CityLink's current method of operation and will be scheduling a meeting with Roslyn Phillips, Director of the Neighborhoods Department, to discuss CityLink, and she was requested to include the TRUE Commission in her meeting notice so that commission representatives can be present for the discussion and to offer TRUE's perspective and recommendations.

Performance Measurement Committee: Chairman Palombi reported that he had appeared before the Council's Government Performance, Audit, Technology and Education (GPATE) Committee the week before to brief the committee on the Performance Committee's work and initial findings. He was well received and the committee responded favorably to his report. He offered his committee's services to the GPATE Committee should they be interested in taking up the matter of performance measurement in the future.

Public Service Grant Process Revisions: staff member Jeff Clements reported that he had corresponded with Dr. Delphia Williams, Director of the Department of Community Services, regarding the TRUE Commission's continuing interest in the proposed revisions to Ordinance Code Chapter 118, the Public Service Grant process. Dr. Williams reported that she had met with Pam Markham of the Council Auditor's office and that a member of her staff was in the process of drafting proposed amendments to the code. Staff was asked to convey to Dr. Williams the commission's desire to assist in that process and to see a copy of the proposed revisions before they are introduced in legislative form to the Council.

#### Chairman's Comments

Chairman Glassman appointed the following commissioners to serve on the Nominating Committee to propose a slate of officers for election at the June meeting: Lou Myers (Chair), Charles Curley, Mike Meroney.

The chairman indicated that he would also list an agenda item for the June meeting to discuss the concept of a Membership Committee, whose task it would be to generate potential TRUE Commission nominees for recommendation to the City Council and Mayor. Maintaining a full complement of members is a difficult job without a constant supply of potential nominees.

#### Commissioner Comments

- Commissioner Lowe requested that Theresa O'Donnell-Price, Chief of the Special Events Division, be invited to appear at the June meeting to discuss cash handling practices in her division, and that her presentation be the first item on the June agenda.
- Commissioner Berry reported that he had talked to GPATE Chair Suzanne Jenkins and she seemed interested in having the TRUE Commission examine what went wrong with the Tri-Legacy redevelopment agreement for the Jacksonville Shipyards and help develop safeguards for ensuring that future economic development deals don't go bad.
- Commissioner Berry also questioned why the City never takes to task a contractor who fails to perform up to required standards on a city contract, and never goes after that contractor's performance bond as compensation for bad work. He sees poorly-performing contractors continuing to bid on and win city contracts after performing badly on previous work.

#### Next meeting

The commission's next meeting is scheduled for Tuesday, June 21st at 4:00 p.m.

There being no further business, the meeting was adjourned at 6:00 p.m.

Items pending further follow-up

- Children's Commission audit
- Cash Management Committee – Commissioner Lowe
- JEA Pipe Bursting audit committee – Commissioner Martin
- Powers and Duties – 57.105(b) – Commissioners Curley and Myers
- Powers and Duties – 57.105(f) – Commissioners Roesser, Glassman and Palombi
- Fleet Management audit – Commissioners Glassman and Lowe (recommendation #2)
- Housing Commission response to TRUE inquiries – Chairman Glassman
- JEDC reorganization – Commissioners Berry and Bates
- Better Jacksonville Plan courthouse and roadway projects update – Chairman Glassman
- TRUE commissioner access to the City Intranet – staff
- Audit #595, Public Parking Division – Commissioner Roesser
- CityLink audit follow-up - staff
- Sheriff's Office Investigative Fund audit follow-up – Commissioner Lowe
- Public Service Grants Chapter 118 amendments - staff