

The Better Jacksonville Plan
Finance and Project Administration Committees
Meeting Minutes
April 27, 2007

FAC:

Alan Mosley
Helen Kehrt (for Jim Dickenson)
Janet Owens
Absent:
Dan Edelman
AJ Dunn

CITY:

Mickey Miller
Cal Ray
Janice Billy
Dave Schneider
Marcy Cook
Bob Dyr
Cesar Matos

JTA:

Margo Smith
John Davis
Ken Middleton
Dee Dee Ellis
Jacquie Gibbs

PAC:

Michael Blaylock
John Pappas (for Joey Duncan)
Vacancy
Absent:
Scott Noe

JEA:

Ken Covington
Robert Kermitz

I. Welcome and Opening Remarks

Alan Mosley

II. Approval of Previous Meeting Minutes

Minutes of January 26 meeting approved.

III. FINANCE ADMINISTRATION COMMITTEE

A. COJ

Cal Ray

1. Transportation Program Summary (blue)

Direct attention to 2nd page – year-to-date covers two quarters. Reference, for example, bond proceeds model v actual - we predicted to issue debt, however that was not done. Existing debt service, JTA bond defeasance as well as new debt service - notice variations model to actual. This is driven by two issues: bond defeasance to begin with, as not having to draw debt as predicted. Note at the end of box, model vs. actual negative variance of \$53.6M at end of Q2, which begs question why haven't we issued debt?

In the initial development of these reports in '01, the parameters were to provide a document which accounted for every nickel (whether literally or figuratively), as well it should. However, doing so as we have creates a distortion. For example, of the \$53.6M negative variance I mentioned before, \$48M of that represents a cash distribution to JTA. It does not represent a drawdown of cash against the program in the aggregate, and distorts the ending balance and capital expenditures thru Q2. A comparable number at the end of Q1 was \$22-23 million, now at \$109M. While that may seem to be good that we are getting to spend down, in reality it is distorted by that \$48M, which on a progress toward project completion wouldn't be reflected.

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Clarification made: the money's been transferred but not actually spent on any projects.

This is not the first distribution to JTA, so that's woven into the figures in the aggregate over time. Reference pgs. 3-4, the calculation of net revenues - on an annual basis we calculate to determine if the program exceeded or received excessive revenues because so many revenue streams are involved in the transportation side. Language provides for draw of excess revenues to JTA, which is also reflected in the pink sheets and project budgets, so that, too, is distortive. Going forward we anticipate redeveloping the reports, which may provide an additional document in your reports but will clarify where the dollars are in comparison with actual expense on projects.

On the sales tax I will note collections; there has been a calming effect on growth. In transportation side, sales tax underperformance tends to be disguised because of the different revenue streams. The progress we'd seen on the sales tax revenue is seen to be slowing in the Q2 reports compared to previous quarters. In transportation side, net revenues appear to be positive, but again that is because of other revenue streams. We are underway with bond issuance on transportation side; it is scheduled to occur Q3; we've received updated cash flows from city and JTA engineers that will allow us to properly size the issuance.

Clarification made: based on the reports, considering the JTA transfer, we appear to be in balance.

2. Transportation & Infrastructure Summaries (pink)

Not an intentional distortion, but on first line, "return to excess equity," that's the distribution of excess revenue I referenced earlier. The \$40.117M at the top is a distribution to JTA of the excess revenue in April 2006. It is almost time to calculate what it will be in April 2007. That distorts the remaining balance; note midway on the page, projects for JTA budget \$213.7M; current year expenditures \$53M; \$48M of that is the distribution of cash. What we monitor on pink is variation against remaining balance, and what engineers have left to commit to projects. When adjusting for those numbers, we're not in bad shape on transportation or infrastructure side; transportation project list wraps on pg 2 of 9; there are no negative variations against budget. Will qualify that once again that doesn't imply we have sufficient budget to build as originally expected. There will be projects left when we close out BJP.

No observations on the rest of the pink report, except notice on pg. 1 of 9, completed projects – and pg. 3 of 9 more completed projects...again, the

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JTA distribution is somewhat distortive and we will need to work through that with the FAC, hope to have revisions by the July meeting.

3. Infrastructure Project Summary (green)

Fiscal year year-to-date block next to last, see relative to model for 2 quarters just ended, positive sales tax revenue \$305K, life-to-date variance still \$8.9 million negative model to actual for the program. We made some progress Q1, not as much in Q2. Again, the infrastructure program differs from transportation, in that it is totally funded by the half cent tax. Bond issue timing – we show a \$39.8M cash balance, so do not anticipate issuing additional debt during Q3. Possibly Q4 or Q1 FY 0708.

4. Revenue Trends

First page depicts performance on transportation ½ cent – note green line data points relative to prior years. See where as of end of March we are below receipts in 2006; typically 2 month lag, so those March numbers are projections. We received the January check, and then have to guess what February and March will be. It will be updated with real numbers at the next meeting.

Next sheet is clean up on transportation ½ cent; see we're right at but not above performance. Fair degree of variance month to month and year to year.

Half cent infrastructure, 3rd page, no comments to make; this revenue stream is shared with Beaches & Baldwin, otherwise it is quite similar to the transportation half cent.

ACTION ITEM: Following the last meeting, we were going to convene the FAC to meet with the finance groups to cycle model, answer questions. That meeting was predicated in part on cash flows and other scheduling issues; obviously it hasn't happened yet. I project scheduling perhaps in the second half of May, now that we have the cash flows. At that meeting will also set up telephonically with E&Y to discuss audit, and review the proposed changes to reports to get input from FAC on what they would like to see in changes to reports.

B. JTA

Margo Smith

The data you're seeing has been reconciled with the interlocal and 2005-898, so this is the most current information. Through February 2007, expended \$196M, \$84M encumbered, for a total of \$280M. This represents a percent completion of 35%. Since November we've expended \$15.7M, notably \$10.4M on BJP 2 projects; \$8.9M on Beach/Kernan; \$1M on East-West Connector; remainder on BJP 1 projects, notably \$2.7M on Beach ICW; \$1.9M on Argyle. We are

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spending the money received by the city, and expect a continued increase of expenditures as more projects are bid and move to construction.

C. **Ernst & Young** **Cal Ray / E & Y**
No report.

D. **General Discussion**
None.

IV. **PROJECT ADMINISTRATION COMMITTEE** **JOHN PAPPAS**

A. **Project Status Reports**

1. **COJ - Courthouse** **Dave Schneider**
Things have changed since the status report came out; we had an issue, as I'm sure you've all read about, with the joint venture Auchter/Perry McCall; we're going to close out the contract with current team and then decide how to proceed. We may re-bid the project. However, we still plan to use that Lavilla site, and we got a good bit of deliverables from the former team, with a lot of options. We still plan to go with Option 3, a consolidated facility. Have a bill before Council, because it will require an additional \$52M to build Option 3. So, really there have been two changes – we'll get a new company and schedule has been pushed back.

COJ - Road Projects **Bob Dyr**
Need to revise the numbers reflected in the report – we've completed 34 projects, 14 under construction. Since January, we have completed three – 7th Xing, Barnes and Spring Park. Another four started construction - Lenox, Durkeeville pond, Fouraker, and St. Johns Bluff. We received bids on three – St. Augustine/295, Mcduff, Moncrief are in awards. Four out to bid – Greenland, Hodges, Durkeeville 3rd to 12th, and Myrtle. We're averaging 1-2 per month out to bid. We have 39 still in design; majority are approaching end of design phase. Good number of North/West projects coming over the next few months; big ones are out now on South/East.

Kernan under way. Phase 1-3 under way; installed signals where they would be when road completed. To-date, \$131M completed projects, \$121M under construction, \$445M in design. Doesn't reflect well projects themselves, as the biggest payouts happen during construction. Expect to start on the last of the BJP projects in late 2008. We have 2 projects showing finishing at end of 2010, so nothing should roll beyond that. In general the revised estimates have been holding; there have been a few ups and downs. Numbers are fluid at this point, budget versus estimate in South/East showing \$5M over; North/West, \$6M over. We have

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contingency plans to deal with that. Also not entirely a clear picture – that \$5M in SE is almost entirely Kernan Phase 6, which wasn't in original list of projects. Five of the \$6M in NW is Collins Phase 2, the 295 interchange. The 2005 estimate on that project was way too low. Plan to use fair share and budget transfers to close those gaps.

2. Septic Tank Phase Out (yellow)

Robert Kermitz

Start with a bit of good news - received Oakwood Villas Phase 1, and it came in \$1.5M under on sewer component. Bigger concerns are the pump stations. Changed overview report format slightly, added section for vacuum stations. We have received final design for pump stations and they are under review. Should go to bid shortly, will be big teller on budget when we get those three bids in. Stations are in Lake Forest, Scott Mill and Oakwood – packaging them together for economy of scale. On Lake Forest, 10% complete, Scott Mill 30% complete – Lake Forest is a design/build, Scott Mill design bid build. Both going well.

On last page, metrics – installation metrics, change to a negative miles to true up the numbers to take Oakwood Villas Phase 3 out of the metrics. Also trued numbers up in the last block, customer connections, extracted numbers. Haven't taken dollars out of budget, will do on next report. Also try to separate out the BJP sewer funding so you can see that \$75M number instead of wrapped with drainage. New report will show both the \$75M and the total figure.

Still people connecting - 25 more customers last quarter. We've connected 45% of the available customers.

4. JTA

John Davis

Note that some projects with asterisk are bond, some are both types so showing them all. Paper clipped stack are details on roads. During CY 06, bid & award \$180M worth of projects. We began construction on Beach/Kernan interchange, Mcduff and Soutel phase 1. Remainder of CY 07, expect to bid I-95/Butler improvements as a design/build; it will help stacking on 95 and around Belfort; should bid East-West Connector around River City Marketplace; and Heckscher Phase 2.

Recently finished analysis of RTS ROW parcels, should submit to FTA for approval on acquisition, approx. \$75M worth; main corridors north, downtown to Gateway; southwest, downtown along Blanding; east, downtown to Arlington/Regency; south, downtown along 95 to Baymeadows.

