

The Better Jacksonville Plan
Financial and Project Administration Committee
Meeting Minutes
April 29, 2005

FAC:

Jim Dickinson (also PAC)
Cindy Stover
Brad Thoburn (proxy)

Absent:

Wendell Homes
Dan Kleman

PAC:

Michael Blaylock
Alan Mosley
George Robbins

Absent:

Charles Spencer

CITY:

Cal Ray
Janice Billy
Marcy Cook
Alice Jones
Dave Schneider
Andy Eckert
Ivy Johnson

JTA:

Dan Gulliver
John Davis
Jacquie Gibbs
Deirdre Kyle
Kevin Feldt

JEA:

Greg Perrine

I. Welcome and Opening Remarks

Jim Dickenson

Dickenson gave opening remarks and introduced special guests from the Bond program in Miami-Dade County, Paula Mustow and Jackie Bofill.

II. Approval of Previous Meeting Minutes

Jim Dickenson

Dickenson asks Alan Mosley to briefly address the road program situation. Mosley introduces Brad Thoburn, with the Mayor's office, who will give a formal presentation when the meeting moves into PAC.

III. Finance Administration Committee

A. COJ

Cal Ray

Ray informs group that Ernst & Young is not in attendance at the meeting. A supplemental meeting will be held sometime between now and the next FAC/PAC meeting.

1. Transportation Program (white & blue)

Ray points out that a number of the projects on the transportation program summary were pushing out beyond original budget, based on scope change, site conditions, etc. The budget numbers will be addressed in the PAC meeting. The front page has an error - the actual expenditures from October '03 to September '04 were double counted. The mistake has been corrected and all is working within budget, meaning the financial allocation by project. In many cases they have found that the budget they reflect is not enough to build some specific projects. The good news: we

are in budget. The bad news is we need more money to build out everything that we've proposed.

Dickenson asks for clarification - the projects that are under construction or have been constructed are within budget, and the issue is with future projects.

2. Transportation Project Summary (pink)

Nothing erratic to report. No negative numbers in remaining balance numbers.

3. Infrastructure Project Summary (green)

Again, nothing erratic to report. May have read in the paper we've been meeting with the courthouse committees; do not have closure. Gave committees alternatives on phasing. The tenants would prefer to have whole courthouse built at once; budget will not sustain that option. Issue still pending.

4. Revenue Trends

In prior reports we've been under-performing the model in revenues, which showed five percent while we've been in mid- to high- fours. The advancement of build-out schedule which was more aggressive than model, then going to market early, coupled with under-performance of revenue trends created concerns about long-term cash flows. We have four months of data for the new year, but does not include Super Bowl bubble. The rolling 12-mo average shows we're 6.1 percent plus in annual growth, which is significantly above model. It is good news, on both infrastructure and transportation. Having this occur early in the program rather than now would have been better, but we are taking this as a sign of recovery.

Also, based on the cash flow information we have, we are planning to go to market October/November for another debt issuance. Between the two sides (infrastructure and transportation), we expect two have separate issues to total \$220 million.

B. JTA

Dan Gulliver

The numbers shown here are for the quarter ended February 28, 2005. The total funding available for JTA for both BJP I & II highway projects are the same as last quarter, over \$801 million. No new federal or state grants were awarded. The total amount expended and accrued by JTA on BJP I & II was \$137 million. This represents additional expenditures of \$1 million for the quarter, as compared to \$3.3 million in the prior quarter. Life to date expenditures of \$137 M represents cost percentage completion of 17.1 percent as of February, up slightly from 17.0 percent in November. Of the expenditures last quarter, \$100,000 was spent on BJP I, and \$900,000 was spent on BJP II. Expenditures in the coming

years are expected to increase dramatically as we move many projects from the design phase to construction. Our engineering group continues to review the total estimated cost on all the projects, and JTA is continuing to work with the city on a financial plan that will address the projected cost overruns.

C. Ernst & Young

Cal Ray

Dickenson reminded committee that Ray had already addressed the supplemental meeting regarding the compliance audit. There is a piece regarding the performance audit in the packet, which is a separate audit, and I believe it would be appropriate for the committee to bring it up at the E&Y meeting.

Dickenson said it would be good to get a better understanding of the audit that E&Y did and their disclaimer, and to look forward to what we may or may not want to do. Ray added that in the wake of the financial community issues over the last two years, the disclaimers are increasingly important.

IV. Project Administration Committee

Alan Mosley

Mosley introduces Brad Thoburn to make presentation for PAC on funding. New chief financial officer Mickey Miller is also introduced to FAC/PAC.

Road Program Presentation

Brad Thoburn

The plan being presented is a framework that the city has developed in cooperation with JTA, but is being presented with the understanding that JTA and the board have not yet approved it.

The \$760 million shown in the media wasn't a fair representation of our true problem. We recognize the shortfall as being \$173 million shortfall on city managed roads out of BJP I, and \$41 million on JTA BJP I projects. Then, a \$388 million shortfall for JTA managed roads in BJP II, most of which is the overpasses. In addition, scopes of several roads have been expanded totaling \$56 million. So, \$658 million is the number we're using to frame the issue.

Based on the original scopes, the shortfall in the seven BJP interchange/overpass projects evaluated in the Southeast Corridor Study is \$208 million. JTA reports a shortfall of \$120 million for the four other interchange/overpass projects. JTA can comment further, however, the city is the least confident in that figure because those projects have not yet been through PD&E.

Based on those figures, we have developed a plan and long-term strategy for addressing the shortfall, with the understanding that there is a list of projects that exceeds available revenue in BJP. There are three principles of the plan:

- 1) Maximize all sources of available funding
- 2) Plan and prioritize for best use of funds
- 3) Leverage local dollars committed for state roads to generate a funding partnership with FDOT to finish high-priority state road projects

Immediate steps:

- \$10.8 million in fair share dollars currently available
- Assume at least \$15 million future fair share revenues
- Allocate current excess revenues of \$25 million
- Future excess revenues of \$15 million
- \$17.5 million of loblolly mitigation fund credits
- \$40 million future JTA bond issue
- \$100 million future JTA bond issue

Local roads and JTA Southeast Corridor Study will be first priorities. The local projects will be closely evaluated to ensure we are getting the best transportation improvements with the funds we have available, including increasing and decreasing scopes as appropriate.

BJP funds approximately \$600 million in state road projects. It is in the state's best interest to participate in those projects. After addressing all the local roads and other commitments, there remains approximately \$350-360 million, plus the \$100 million JTA funds, to start on the state roads and JTA corridor improvement prioritization list.

Michael Blaylock reiterates that the plan presented is just a framework, and that JTA will have some additional recommendations, but that it is important to move forward quickly.

A. Project Status Reports

1. **City of Jacksonville Road Projects**

Dave Schneider

17 project are complete and 10 projects are under construction. When FAC/PAC meets again three other projects will have gone to bid. 40 projects are now in the design phase.

Libraries

John Pappas has replaced Rex Holmlin who has resigned. Pappas was unable to attend the meeting due to schedule conflict. Today is Heery's last day on the BJP library project. June 30 is the projected completion of main library; it is an aggressive schedule. Most of the libraries are completed or well on their way. Also evaluating the overall budget of the library program; may be a bit in the red but do not have an exact figure yet.

Mosley adds that there is a bill before Council to consolidate fund balances in completed branches to establish a library contingency fund to do additional scope work at University Park, Southeast and South Mandarin, as well as address anticipated overruns at the Main Library.

Resurfacing

Have completed over 1600 miles of the original 2000 miles. Program is due to be completed by the end of the calendar year it is expected to be under budget.

Cindy Stover inquired as to the status of the city's ability to get additional contractors to bid on projects. Schneider replied competition is still a problem; bids are reflecting the lack of outside bidders.

2. JEA

Septic Tank Phase Out

Greg Perrine

The studies have been completed on a vacuum cut system. The studies show savings in switching to a vacuum system to keep projects in budget. Since last meeting, installed 11 miles of sanitary sewer and five and a half miles of storm drainage pipe have been installed – equates to 42% of the planned pipeline have been installed at 40 percent of the money. Twenty-four new customers have hooked up.

George Robbins inquired about the difference between the miles of pipe installed versus the customer hook-up. Perrine explained there is a lag between the two, and added connection costs would be the same for vacuum and gravity sewer. Dickenson stated it is not necessarily mandatory for customers to connect, and the 41 percent connection is a good figure, and will go higher as residents sell homes or septic tanks fail.

3. Cecil Commerce Center

Andy Eckert

South end of Cecil completed by Super Bowl. Accommodated 450 aircraft. New entrance to Cecil, with four-lane divided highway. Two projects remain in the south – expansion of Lake Fretwell, a 30-acre pond, and two-mile extension of New World Avenue north of Normandy, which will open up the acreage on the north side of Cecil.

4. JTA

John Davis

Directed audience to review the JTA update sheet in the packet – completed Heckscher; Branam Field-Chaffee will be a design-build project, and received a bid lower than the estimated cost and time. Construction should start in early June.

Introduced Kevin Feldt to provide update on Southeast Corridor Study. Study area encompassed west of Intracoastal, south of the river, east of the river/I-95, and north of JTB, with an extension down Southside Blvd. to Philips to account for Baymeadows area.

Four plans were discussed for streamlining and/or prioritizing the BJP intersection projects. The staff recommendations are:

- Construct improvements at Atlantic/Southside, Atlantic/Kernan and Beach/Kernan

- Build at-grade improvements at Atlantic/Hodges and Atlantic/Girvin area
- Construct Regency-area improvements
- Complete the engineering and ROW purchase of projects on Southside between Beach and JTB
- Include ITS improvements at Southside/Baymeadows area, Atlantic/University and Beach/University.

Davis explained the advantages of moving forward with the recommended course of action, though it exceeds budget, that it provides widespread traffic improvements in the entire Southeast corridor. Projects would also be well positioned for additional state funding.

Davis also detailed efforts of JTA engineering to improve production. Elements include:

- Increased use of design-build
- A+B bidding, which accounts for both cost and time in bids received, rather than just lowest bid
- Conducting project hand-off meetings during project phases
- Lessons learned reviews at the end of projects
- Enhanced constructability reviews, where 98% plans will be available on the Web so contractors can review and offer comment
- Greater involvement of construction project manager and ROW staff earlier in project to provide continuity throughout phases
- Additional training for project managers

B. Total Budgeted Costs vs. Total Projected Costs

Report not available.

C. Project Specific Contingency Analysis

Report not available.

D. EBO

Ivy Johnson

Several transitions have been made since the start of BJP. SDBE is now transitioning to JSEB, but the numbers have remained fairly good. Ending March 31, 18% with \$691 million in total expenditures, of that, \$126 million to JSEBs; report breaks down further by agency. At next meeting, may expect to see fluctuations in the numbers due to the transition.

V. Other Business

Stover said she would like to know legally how we stand with the reorganization of the road program versus the ordinance.

VI. Adjourn

Alan Mosley