



**JACKSONVILLE CITY COUNCIL**

**TRUE COMMISSION  
CIP COMMITTEE MEETING MINUTES  
June 13, 2013  
1:00p.m.**

**City Council Conference Room A  
Suite 425, City Hall  
117 W. Duval Street**

**Attendance:** Committee Members Patti Anania (Chair), Marcella Lowe, Joe Andrews, Tom Martin, Danny Becton

**Also:** City Council Member Lori Boyer; Jeff Clements – Council Research Division

The meeting was called to order at 1:00 p.m. by Chairwoman Anania who reported that she had gotten a list of supposedly completed Public Works CIP projects from John Pappas of the Public Works Department. She has attempted to match that list against the list of Public Works closed out projects that she received from Council Member Boyer but is having trouble making the lists match. She is unclear why projects shown on the departmental list as completed and ready to close out are not then closed out by the Finance Department. Commissioner Lowe reported that she had received a similar list of completed Parks and Recreation Department projects from Director Kelley Boree and had the same questions about closeout by the Finance Department. She talked to Chief Financial Officer Ronnie Belton who said that the department won't be working on anything but the FY13-14 until the budget process is completed in September.

Commissioner Andrews has talked with Council Auditor Kirk Sherman and Assistant Auditor Janice Billy about the City Council district bond fund projects. Such projects valued under \$100,000 can be done by the Council Member via a memo and fund expenditure form; projects valued at \$100,000 or more require an ordinance. More research needs to be done on how those projects show up on the Finance Department's CIP listing and how those projects are deemed to be completed and then closed out. Mr. Andrews talked to Budget Director Glenn Hansen who told him that when projects are approved the Finance Department does not allocate the full amount of funding at the outset; it borrows and deposits half the project funds into the project account at the beginning and then fills in the rest later in the process as the ultimate cost becomes clear. This is done so that borrowed funds are not sitting idle in project accounts, sometimes for years, as projects are designed and creep toward completion.

Council Member Boyer gave a brief history of how she had come to refer the CIP project to the TRUE Commission. The issue first arose in the budget hearing process in August/September of 2012 when the Finance Committee had numerous questions about the CIP project listing and to process for completing and officially closing projects and reallocating any remaining funds to other uses. The Budget Office promised to undertake a CIP listing inventory and cleanup process after the budget was adopted and FY11-12 was closed out. The project began in December and at the last City Council meeting in April, Mayor Brown's Chief of Staff Chris Hand promised the Council a complete list of CIP projects completed, underway, and proposed for FY13-14 to accompany the tentative FY13-14 budget to be

submitted at the first of June. What the Council got with the tentative budget was a list of proposed projects for FY13-14 and word that a list of projects ready for closeout had been provided to the Council Auditor. The Finance Committee still has no ability to check the status of projects that have not been listed as ready for closeout and no ability to see what the total amount of CIP project budgets, encumbrances and remaining balances may be.

Ms. Boyer suspects the administration may not want to close out completed project accounts because they provide a “parking place” for available funding that can be moved to other projects as needed. The fact that Council has authorized expenditures in particular amounts for particular projects, even if the money has not yet been borrowed to create actual cash for that purpose, has a value that can be transferred from project to project. As she understands it, project line items can be in cash deficit because funds can be moved from one project account to another to pay current bills as they come due, then accounts are back-filled with cash from other project authorizations to fill deficits as needed. The Council Auditor says this is a good cash management practice to prevent over-borrowing and idle pools of cash in project accounts, but from the perspective of a council member it isn't easy to track what's happening to the funding allocation for a particular project and to determine where it's cash balance stands.

Ms. Boyer believes that the City shouldn't be borrowing new money for new projects without knowing how big the current cash deficits are and how much is being transferred from one project authorization to another. Until there is a definitive list of all projects in all their phases of completion, the Council won't know how much has been borrowed, used, and remains to be borrowed to complete all of the authorized spending. She also believes that shortages in bond project accounts are being made up with Banking Fund borrowing, which further complicates the accounting exercise and the effort to get a handle on the total amount of City borrowing. She has asked the Finance Department for such an accounting and been told that the City's ancient computer system does not permit such a tally to be produced easily, if at all. The committee expressed concern about the City's ability to track the funding flows from project to project and to keep tabs on the total amount of borrowing needed to ensure that bond-funded projects are completed within the limits of the bonded debt authorization.

The committee will invite City Treasurer Joey Greive to its next meeting to discuss capital bond proceeds, the fungibility of cash and the role of the Banking Fund in capital project financing.

Ms. Boyer said that the City has exceeded the parameters of its debt affordability model for the past two years and proposes to exceed it again in the FY13-14 budget with an Ordinance Code waiver. She also noted that the administration's proposed CIP plan does not comply with the Ordinance Code requirement that the CIP also include estimates of future operating costs for capital projects.

Commissioner Lowe stated that the TRUE Commission has a legal opinion from the General Counsel's Office stating that all City departments and Constitutional officers must cooperate with the TRUE Commission's work. It may be necessary to invoke that opinion if cooperation is not forthcoming from various departments with regard to the committee's inquires.

The commission's next meeting will be on Wednesday, June 26<sup>th</sup> at 3:00 p.m.

There being no further business, the meeting was adjourned at 2:26 p.m.

Jeff Clements, Chief  
Council Research Division  
630-1405

Posted 6.17.13  
10:00 a.m.