



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

Marc El Hassan, Chair
Greg Radlinski, Vice Chair
Joe Andrews, Secretary

TRUE Commission Meeting Minutes

February 2, 2012
4:00 p.m.

Attendance: Marc El Hassan (Chair), Marcella Lowe, Joe Andrews, Ernest McDuffie, Daniel Blanchard, Ted Wendler, Thomas Martin, Patti Anania, Ryan Jones, Diane Brown, Jason Fischer (arr.4:24)

Excused: Greg Radlinski, Gamal Lyons, David Lane

Absent: Hiron Peck

Also: Tommy Carter – Council Auditor’s Office, Paul Crawford – JEDC, Jeff Clements – City Council Research, Tony Bates – Concerned Taxpayers of Duval County, Dr. Richard Hamilton

Chairman Marc El Hassan convened the meeting at 4:08 p.m. with a quorum present.

Minutes

The minutes of the January 5, 2012 commission meetings were approved as distributed, including several corrections suggested by Commissioner Radlinski.

Paul Crawford - JEDC

Chairman El Hassan introduced JEDC Acting Executive Director Paul Crawford to discuss the Council Auditor’s Office’s recent audit of the JEDC. Mr. Crawford stated that the JEDC is currently following up on the Auditor’s recommendations and the Council Audit Committee’s requests at a recent meeting and is developing standard operating procedures where none existed. He gave an overview of what the JEDC is and does, including working with the Chamber of Commerce on recruiting new companies to Jacksonville and managing the incentive process, although not all companies ask for or receive incentives. The JEDC is responsible for promoting downtown development; managing the City’s developments of regional impact (DRIs); managing development of the Cecil Commerce Center (along with the Jacksonville Aviation Authority); managing the City’s community redevelopment areas/tax increment districts (Jacksonville International Airport, Moncrief and Soutel, Kings Road, and downtown); and operating the Enterprise and Empowerment Zones. The JEDC has 14 staff (down from 41 in 2007) as a result of staff reductions during the Peyton administration, retirements and budget cuts. Employees are cross-trained to cover all of the responsibilities and operate efficiently. Commissioner Lowe commented that lack of sufficient staff appears to be at least part of the cause of the problems identified in the audit if there is not sufficient staff to do all of the managing, tracking and verifying that is needed.

Mr. Crawford explained the differing roles of the JEDC and the Chamber of Commerce (JAX USA partnership) in recruiting prospects to the area. The Chamber is really the recruiting arm while JEDC handles the logistics of coordinating permitting, incentives, site selection, etc. Potential businesses come to Jacksonville’s attention in a variety of ways: some via JAX USA recruiting, some via third party site

selection consultants, JEDC reaches out to local companies if they hear rumors of an expansion need, or sometimes the companies call JEDC directly. In response to a question about how the JEDC's mission may have changed over the years since its creation, Mr. Crawford said their mission has tended to expand as the City's needs or wants change (i.e. managing the SMG public venues contract or dealing with the economic reuse of Cecil Commerce Center). Projects undertaken in the early days of the 1990s taught the JEDC numerous lessons about how to improve economic incentive contracts (clawbacks, progress timelines, etc.). Most deals these days are standard boilerplate contracts rather than special case-by-case negotiated packages. The JEDC has gotten much better at recouping property contributed to private developers who default on their obligations.

In response to a question from Chairman El Hassan about the continued occurrence of contractual problems that were identified as far back as 2002, Mr. Crawford explained the "deal making" process and the General Counsel's role in drafting contracts. Contracts produced in recent years are much improved over those done in the 1990s because lessons have been learned through experience. The components of an agreement are vetted by the Council Auditor's Office, City Council and the Office of General Counsel. Since the recently released audit the JEDC has begun verifying reports submitted by incentive recipients with on-site visits to their Human Resource offices to check payroll records. This process puts the JEDC in the somewhat difficult position of trying to be a business-friendly facilitator of job creation and simultaneously a rigorous overseer trying to hold companies accountable for their obligations. The JEDC has a compliance officer who tracks projects in a computerized database and calls on the Office of General Counsel when a problem arises or advice is needed. In response to a question from Commissioner Andrews about what constitutes a full-time job created, Mr. Crawford indicated that it follows the state regulations – a job in the Northeast Florida region for which unemployment insurance tax is paid here. QTI regulations require a job to exist for 5 years in order to get the full payment due.

Committee Reports

Legislative Tracking Committee – Commissioner Andrews reported that the committee did not meet in January due to committee members' schedules and a general lack of bills of substantial interest to the commission. He did note that a previously withdrawn bill appropriating funds for construction of a dog park at Ed Austin Regional Park has been re-introduced, and he expressed his continuing opposition to such an expenditure.

Performance Committee – Commissioner Wendler stated that the committee had met just before the full commission meeting and decided that it will turn its attention to the Jacksonville Children's Commission and Jacksonville Journey. The committee believes the Children's Commission has not been audited in 10 or more years, so a close look by someone is probably overdue. The Mayor has announced plans to merge the Journey with the Children's Commission in some form, so this should be a timely topic. Commissioner Brown will head the effort and announced that the committee will meet on February 15th. Commissioners interested in volunteering to participate in the review are invited to begin collecting information and formulating questions to start the discussion on the 15th. Tommy Carter of the Council Auditor's Office said that their office had done an audit of the JCC's revenues in 2008, but to the best of his knowledge had never reviewed the Jacksonville Journey.

Audit Review Committee

Commissioner Lowe reported that she and Commissioner Andrews have been attending the meetings of the City Council Audit Committee and will continue to do so. The Auditor's Office has released several audits/reports since the last commission meeting:

#708 – Budget Summary FY11-12

#709 – Independent Agency Quarterly Summary for the Twelve Months Ended 9.30.11

#710 – COJ General Government Quarterly Summary for the Twelve Months Ended 9.30.11
#711 – JEDC audit
#712 – Report on Statement of County Funded Court-Related Functions

Motion (Lowe): the TRUE Commission accepts the five audits/reports listed above without comment – **approved**.

Auditor's Report

Tommy Carter of the Council Auditor's Office reported that the office had just released Report #712, than annual court costs review. The Auditor's Office has been directed by the Audit Committee to take an expanded look at additional economic incentive contracts. The Audit Committee will be meeting again on Monday, February 6th to discuss the JEDC audit and the Auditor's Office's current work plan.

Chair's Comments

Chairman El Hassan reported that the Audit Committee requested the TRUE Commission's input on the JEDC audit and follow-up. He will be attending the Monday meeting to respond to that request. He noted that he had also spoken to former TRUE Chairman Wes Benwick to refresh his memory about the commission's review and findings regarding the JEDC's management of the SMG venue management contract.

Old Business

- Chairman El Hassan noted that the TRUE Commission seems to be finally gaining a higher profile and more attention from the City Council as discussed at prior meetings, which is a good sign.
- Commissioner Blanchard suggested the need to produce a monthly report of the commission's actions to be distributed to City Council members so they're aware on a regular basis of the TRUE Commission's studies and other activities.
- Commissioner Lowe stated that the Audit Committee had asked the TRUE Commission for its reaction to and comments about the Inspector General's audit of the SMG contract and suggested that the commissioners planning on attending the Audit Committee meeting on Monday re-familiarize themselves with the commission's work and report in preparation for that meeting.
- Commissioner McDuffie requested that staff obtain a copy of the City's RFP for the ongoing procurement disparity study and to find out the funding source for both the City's and JTA's contributions to the study cost. He requested that the Mayor be invited to the commission's March meeting to explain the administration's intent behind the study as currently formulated. Mr. McDuffie said that in 1993 the local contractors association sued the City for not requiring that signed affidavits be required in that disparity study and instead allowing general statements to be entered into the record without particular attribution. He believes the City used the wrong legal standard in developing the contract for this year's study, relying on the precedent established in the U.S. Supreme Court's 1989 decision in *City of Richmond v. Croson* rather than the *N.E. Florida Contractors v. Jacksonville* case decided in 1993.

The commission discussed the proper procedure to be followed when individual commissioners speak to City Council or council committee meetings and identify themselves as members of the TRUE Commission. The proper procedure is to identify whether one is speaking as a spokesperson for the commission, in which case comments should only reflect official positions taken by the commission by resolution or other official sanctioned action, or if one is speaking as an individual who happens to be a member of the commission, in which case the opinions expressed are not to be

taken as statements of the commission's official stance. The group discussed the earlier discussion of the disparity study issue at the December meeting and in what capacity Commissioner McDuffie was authorized to continue pursuing that issue after the commission failed to act on his proposed resolution which died for lack of a second. A review of the commission's by-laws and policies and procedures manual was suggested to clarify the proper procedures for appointing committees and for representing the commission in meetings of the Council and its committees.

New Business

None

Commissioner Comments

None

Public Comments

Dr. Richard Hamilton, a local minority contractor, stated that many in the minority community are very concerned about the lack of contracting opportunities for minority businesses and craftspeople. The City needs to perform a legitimate disparity study that will give a true picture of the state of minority contracting opportunities and utilization in City contracts to ensure that there is true equal opportunity. Mr. Hamilton believes that the City has never rectified the problems identified in the 1990 disparity study.

Next meeting

The commission's next meeting will be on Thursday, March 1st at 4:00 p.m.

There being no further business, the meeting was adjourned at 5:39 p.m.

Posted 3.2.12
10:00 a.m.

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