



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

Bruce Glassman, Chair
Tom Crabtree, Vice Chair

Meeting Minutes
December 21, 2004
4:00 p.m.

Attendance: Bruce Glassman (Chair), Dick Berry, Tony Bates, John Palombi, Mike Meroney, Randall Deen, Mark Roesser, Louvenia Tippins, Marcella Lowe, Tom Crabtree, Charles Magee

Excused: Charles Curley, Elaine Burnett

Absent: Don Wolfson, Dan Davis, Lou Myers, Lee Martin

The meeting convened at 4:02 p.m. with a quorum present.

Minutes

The minutes of the November 16, 2004 meeting were previously distributed.

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

Councilwoman Suzanne Jenkins, Chair - GPATE Committee

Councilwoman Jenkins attended at the invitation of the commission to discuss the relationship between the TRUE Commission and her GPATE Committee regarding audits, studies, and other projects. She expressed her hope that the two entities would work well together and in conjunction with the Council Auditor's Office for the benefit of the entire city government. She stated that from her perspective the commission should have free rein to study matters it found of interest, and she didn't want the Council to burden citizen volunteers with unnecessary work.

Commissioner Palombi suggested several means of evaluating audits and determining what needs to be reported from the TRUE Commission to the GPATE Committee: 1) what is the context of the audit; why was it done; how long has it been since the entity was last audited; what particular facets of finance or operations were audited? 2) should every report be keyed to a specific audit, or can TRUE report findings on broader topics or themes that arise from multiple audits, or independent of any audit? 3) TRUE could suggest other topics that particular audits seem to have missed or covered insufficiently; and 4) who follows to see that recommendations made in audits are actually implemented – the Auditor's Office? The administration? The Council? Councilwoman Jenkins said that she would be happy for TRUE to report any issues of interest to the GPATE Committee for them to consider and to take up with the administration if need be. She also plans to forward the City Council's top 10 budget priorities to the commission for its information when they are completed.

Commissioner Berry recommended that the TRUE Commission report to GPATE on all audits, either with specific comments or an acceptance without comment. Councilwoman Jenkins stated that she wanted the TRUE Commission to have a permanent place on the GPATE agenda for updates on the commission's work, probably at the meeting on the 3rd Wednesday of the month since that will immediately follow the TRUE Commission's regular meeting on the 3rd Tuesday. She will also recommend to the Mayor's office that the administration take an active interest in the work of the TRUE Commission and attend its meetings. She will also

recommend that Keith Weiss, the GPATE staff member from the Council Research Division, attend the commission's meetings as her liaison.

Chairman Glassman commented that he saw a need for City departments to use technology to make more City information, for example performance measurement data, available to the public via the Internet. Councilwoman Jenkins felt sure that Council President Brown, with her demonstrated interest in better use of technology in city government, would be supportive of an initiative in this area. Chairman Glassman asked if TRUE Commissioners could be granted permission to access the City's Intranet, as more interesting internal information is available to City employees than is available to the general public. Ms. Jenkins suggested that this issue be raised with the Information Technology Division to see what is possible. Commissioner Bates asked if GPATE would prefer that broad policy issues be referred to the committee in the context of reporting on specific audits, or if such issues could be reported independently of any audit findings. Ms. Jenkins felt it would be best for the commission to communicate either type of issue or recommendation – general or audit-specific – as soon as it is identified.

In response to a question from Commissioner Berry about GPATE's willingness to have TRUE study issues outside of the realm of audits, Councilwoman Jenkins suggested the need to confer with the Council Auditor and General Counsel's Office for parameters and guidelines that would appropriately reflect the TRUE Commission's authority. Commissioner Roesser expressed the commission's willingness to take on tasks that might be referred to it by the GPATE Committee or individual council members in cases where the Auditor's Office doesn't have the time to address an issue because of other priorities. Councilwoman Jenkins concluded by expressing her willingness to attend TRUE Commission meetings whenever the commission feels her presence would be useful, and thanked the commissioners for their willingness to volunteer their time and effort for the benefit of the community.

Commissioner Meroney was excused from the meeting at 5:00 p.m.

Committee Reports

Cash Management Committee: deferred

Audit #541 – Jacksonville Children's Commission: deferred

Performance Measurement Committee: deferred

Audit #589 – JEA Pipe Bursting Contract: deferred

Audit #598 – Oceanfront Parks Revenue: Commissioner Berry announced that the committee met yesterday with the Council Auditor's staff for an overview of the audit and will be meeting with the Parks, Recreation and Entertainment Department sometime in early January.

Audit #531 – Duval County Housing Finance Authority: deferred

Hill-Burton Act Committee: deferred

Auditor's Report: Council Auditor Richard Wallace reported that the office had recently released three audits and a quarterly financial report. A great deal of effort has been and will be devoted in the near future to the Shipyards and Courthouse projects. He proposed a new method for the Auditor's Office to make initial presentations of audits to the TRUE Commission, beginning with a PowerPoint presentation by his staff with representatives of the audited department/division in attendance to answer questions. He suggested trying this approach at the next meeting to see how it suits the commission.

Commissioner Roesser asked if rising interest rates are making the City's interest rate swap policy less profitable. Mr. Wallace indicated that that was the case, but that it is too soon to tell by how much. The swaps are still profitable, just to a lesser degree than when rates were lower. Rising interest rates hurt swap revenues, but that is somewhat counterbalanced by increased earnings on other investments. Regarding the last quarterly financial report, Mr.

Wallace noted that the 2004-05 budget included a carry-over of \$72 million from the previous year's budget. That figure is going to fall \$6 to 8 million short, primarily because of hurricane-related expenses at the end of the last fiscal year and other adverse circumstances. With regard to the recent JEA bonus and rate increase announcements, he indicated that he has just begun to look into those matters. The JEA apparently underestimated the extent of rising fuel costs and approved a "too little, too late" increase several months ago, and now needs a second increase to close the mounting fuel expense deficit. It does not *appear* at this early stage of his review that there was any intent on the part of JEA personnel to intentionally understate the first rate increase in order to maximize the management bonuses based, in part, on maintaining the lowest electric rates in the state. The bonuses appear to be based primarily on *controllable* costs, which does not include fuel costs. He noted that the JEA had lost money on its electric operations the last 2 fiscal years and that its bond rating had suffered because of it, so a rate increase was definitely warranted.

Chairman's Report: Chairman Glassman wished all commissioners a very happy and safe holiday season.

New Audits

Audit #593 – Animal Care and Control Revenue

Audit #598 – Oceanfront Parks Revenue: Commissioner Berry volunteered to lead the review

Report #599 – City quarterly financial report

Commissioner Comments

Commissioner Roesser asked the Auditor why SMG had begun charging for handicapped parking in the Sports Complex lots when that parking had previously been free. Mr. Wallace will make inquiries to Jack Gillrup, the Chief of the Disabled Services Division, to find out if he is aware of the policy change. He noted that SMG's operations of the City's Sports Complex and other public assembly facilities does not break even and is subsidized annually by the City's General Fund.

Next meeting

The commission's next meeting is scheduled for Tuesday, January 18th at 4:00 p.m.

There being no further business, the meeting was adjourned at 5:20 p.m.

Items pending further follow-up

Children's Commission audit – Commissioners Wolfson and Bates

Cash Management Committee – Commissioner Lowe

JEA Pipe Bursting audit committee – Commissioner Martin

Performance Measurement Committee – Commissioner Palombi

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 Commission Purposes – 57.104 – Commissioner Roesser

Hill-Burton Act application in hospital emergency rooms – Commissioner Burnett

Audit #598, Oceanfront Parks Revenue – Commissioner Berry

Audit #593 – Animal Care and Control Revenue – unassigned

TRUE commissioner access to the City Intranet - staff