



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

Marcella Lowe, Chair

John Palombi, Vice Chair

Meeting Minutes

January 3, 2006

4:00 p.m.

Attendance: Marcella Lowe (Chair), Lee Martin, Dick Berry, Lou Myers, Mike Meroney, Randy Deen, Charles Magee, John Jolly, Mark Roesser

Excused: Bruce Glassman, Arnold Whisenant, John Palombi

Absent: Elaine Burnett, Charles Curley, Louvenia Tippins

The meeting convened at 4:00 p.m. with a quorum present.

Minutes

The minutes of the December 5, 2005 meeting were previously distributed.

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

Personal Appearance

Mickey Miller, recently appointed to the position of Director of the Department of Administration and Finance, introduced himself to the commission and discussed his career in government finance which included several years with the Council Auditor's Office in the 1970s and 27 years in Orlando as an auditor, Budget Director and ultimately Chief Financial Officer. He discussed several of the innovations and practices he introduced in Orlando, including the issuance of impact fee bonds, a debt management program, and new investment practices.

Mr. Miller discussed several ideas he has in mind for Jacksonville, including the following:

- 1) Internal banking fund – would combine the proceeds of variable-rate debt, short-term and long-term borrowing to create a stable pool of loan funds that disassociates loan amortization from borrowing amortization; should save significantly on interest charges and provide a pool of internal funds that can be re-loaned to multiple projects before ultimate payback.
- 2) New investment program – using multiple money managers to handle portions of the City's portfolio, each reviewed by a third party performance evaluator.

He explained that he is not a big fan of long-term swap contracts, and initiated Jacksonville's exit from its swap contracts last June when the market turned briefly favorable for an exit in an overall worsening market. He prefers "caps and collars" on variable rate debt to long-term swap contracts. When asked about his top three priorities for dealing with Jacksonville's municipal finances he offered the following:

- 1) Fix the budget structure – wean off of one-time funding sources for continuing operations; build emergency reserves that are not budgeted cash carry-forward; do an actuarial reports on both pensions every year and do away with use of pension excess contributions (PECs); revise the CIP process to be a more realistic planning and budgeting tool.
- 2) Adopt a philosophy of risk *management*, not risk *avoidance*.
- 3) Encourage a new, improved relationship between the Council Auditor’s Office and General Accounting Division.

In response to a question about the relationship between performance measurement and financial planning, Mr. Miller explained that the City’s current computer financial software does not really facilitate that kind of linkage because of its age and limited capability. He sees the need to eventually replace that system, and to facilitate a shift to an activity-based budget (rather than line-item-based) that can be really managed by department heads and division chiefs. The mayor is interested, but it will take time and buy-in from employees.

Committee Reports

Jacksonville Housing Partnership Committee: Commissioner Myers reported that a draft report of the committee’s findings should be ready for the February meeting.

Performance Committee

Deferred to the next meeting.

Auditor’s Report

Council Auditor Richard Wallace distributed the fourth quarter budget report for FY04-05. It appears that the City will reach its year-end fund balance target and be able to put some funds into a special reserve account. The Sports Complex budget has a surplus of \$10 million for the year, which will pay for the settlement recently reached between the City and the Jacksonville Jaguars over advertising revenues. The Fleet Management Division ran a deficit of approximately \$2 million because of the spike in fuel prices. Mr. Wallace also noted that the JEA saw a decrease in net equity of 35 percent over the past three years, and experienced a \$100 million operational deficit last year despite the substantial rate increases. The JTA customer farebox revenue continues to pay less and less of its operating costs over time.

Mr. Wallace expressed the feeling that Mickey Miller will be a real asset to the City because of his extensive government finance background. He praised the TRUE Commission as a valuable asset to the city, especially by highlighting and following up on audit recommendations. The commission in turn expressed its thanks to Mr. Wallace for all of his support for the commission, and wished him well in his retirement.

Chair’s Report

Chairwoman Lowe announced that a new commissioner – Mark Cowart – has just been approved by the City Council and will take his seat shortly. The appointment resolution for Ron Mallett is in process, and the appointment resolution for Gary Looney should be introduced at the next City Council meeting. Ms. Lowe noted that she had written to the new Sheriff’s Office chief in charge of the special investigations unit and invited him to meet with a committee to discuss the annual investigative fund audit. She has invited JEDC Executive Director Ron Barton to attend the February meeting to address the commission, and will invite Tax Collector Mike Hogan to the March meeting. Ms. Lowe reported that Dr. Delphia Williams, Director of the Community Services Department, appeared at the last GOOHS Committee meeting to discuss her department’s operations and was very impressive in doing so. She assured the committee that the long-awaited revisions to Ordinance Code Chapter 118 will be done soon.

Commissioner Comments

- Commissioner Berry stated that he believed Mickey Miller would be a real breath of fresh air in the city government; he has a number of innovative ideas, and is ready to stand up for what he believes in.

Next meeting

The commission's next meeting will be on Monday, February 6, 2006 at 4:00 p.m. following the GOOHS Committee meeting in the City Council Chamber.

There being no further business, the meeting was adjourned at 5:38 p.m.

Items pending further follow-up

- Housing Partnership home rehab program – Commissioner Myers
- TRUE commissioner access to the City Intranet – staff
- Mike Hogan invitation to March commission meeting – Chairwoman Lowe
- Request for clarification of TRUE Commission jurisdiction – Chairwoman Lowe