



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

John Palombi, Chair
Ron Mallett, Vice Chair

Meeting Minutes

March 1, 2007

4:00 p.m.

Attendance: John Palombi (Chair), Marcella Lowe, John Jolly, Bob Lee, Elaine Burnett, Louvenia Tippins, Lou Myers

Excused: Mark Roesser, Randy Deen, Mike Meroney, Charles Magee, Gary Looney, Ron Mallett

Absent: Lee Martin, Greg Anderson, Mark Cowart, Charles Curley

The meeting convened at 4:13 p.m. without a quorum present.

Minutes

Lacking a quorum, approval of the minutes of the February meeting was deferred.

Personal appearance

Joey Duncan, Director of Public Work, attended the meeting to discuss contract management procedures and other management initiatives in his department. He reported that an ordinance was recently passed increasing his authority to personally approve change orders up to \$250,000. He would prefer a higher threshold but will let the new system prove itself first before seeking any increase. He stated that he is slowly adjusting to the higher level of scrutiny and multiple approvals required by the City's procurement system versus JEA's, which operates much more on a corporate model with individual manager authority and responsibility. He is very experienced in project management, having managed several projects valued in the tens of millions of dollars, and is in the process of gradually implementing the changes recommended in the Zebouni report. Among his department's major upcoming projects are: construction of 5 new fire stations; the Sandalwood drainage canal; construction of the Children's Way (San Marco) stormwater pump station; and numerous Better Jacksonville Plan road projects.

In response to a question from Commissioner Myers regarding change orders, Mr. Duncan expressed his skepticism about the legitimacy of most change orders. He feels like the only legitimate reasons to approve change orders are the discovery of unknown conditions on-site that neither the City nor the contractor could reasonably have known about, or design changes requested by the City. He explained that the City formerly budgeted an additional 10% over a big project's estimated cost to account for unforeseen circumstances, but no longer does so. He thinks that might be a practice worth resuming because in large projects there's a good chance that *something* will almost inevitably go wrong. He sees a need to get much better at scheduling projects and communicating those schedules to everyone.

In response to a question from Commissioner Lowe about the relationship between Public Works and the JEA, Mr. Duncan reported that it is improving, although it has always been relatively good, despite what some people may think. He knows who to talk to on the JEA side to help get things done. Public Works and JEA work cooperatively on some projects to get things done efficiently.

He noted a need to focus on after-project analysis of how the work went – what worked and what didn't on both the public and private sides of the table. They started last year with an analysis of the Florida/Georgia weekend activities. Commissioner Burnett asked if there were penalty clauses in the City's contracts for non-performance or late completion. Mr. Duncan replied that there were, but only under certain circumstances. State law is very specific about what can be recovered, and contractors, recognizing the areas of risk, will factor that into their bids. He feels that the City needs to use "carrots" as well as "sticks" if timely performance is truly important; be prepared to reward as well as to penalize.

Committee Reports

Public Parking Committee: staff distributed two newspaper articles about City parking policies. Chairman Palombi stated that members of the committee had met with Bob Carle, the Chief of Public Parking, and representatives of the Mayor's Office and JEDC immediately prior to the commission meeting to discuss pending ordinance 2007-105 (appropriating \$500,000 for purchase of new parking meters). The old meters can no longer be economically repaired and have to be replaced. The new electronic versions have the capability to change rates quickly, are adjustable for price based on location, and can track usage of a space throughout the day (creating an audit trail). The bill will be back in committee the week of March 19-20. He also noted that Mr. Carle did not care for the idea of multi-space meters (1 meter for an entire block). The new meters being considered would be able to take "smart cards"- pre-paid parking swipe cards - but would not be equipped to handle credit or debit cards. There is some residual value in the old meters, either to sell for parts or perhaps to small towns looking to install their first meters.

Funding Control and Effectiveness Committee: Commissioner Myers reported that he has gone through the pending ordinance making major revisions to Ordinance Code Chapter 118 – Miscellaneous Appropriations. The bill seems to cover nearly all of the commission's concerns and recommendations: accumulation of multiple funding sources for purposes of determining audit eligibility; use of public service grants for priority populations; requirement for recipient agencies to have a funding plan for beyond the 3-year limit on City funding; a requirement that City funding not exceed 24% of the recipient's annual operating budget; a requirement that the recipient be a registered 501-c-3 entity; a requirement that an applicant be in operation for 3 years before applying for a public service grant; and a separation of annual funding contracts (i.e. Chamber of Commerce, Jacksonville Zoo) from the competitive grant process.

Performance Committee: Chairman Palombi reported that the committee had finalized its report and that it would be submitted for commission approval at the April meeting.

Auditor's Report

Council Auditor Kirk Sherman reported that his office had issued 1 report since the last meeting – the first quarter budget review. It contains a number of reminders of items to be examined in the second quarter review and the mid-year budget report. One issue worth noting is the disagreement between the City and the Clerk of the Courts over several revenue streams. A General Counsel's definitive ruling may be needed to settle questions about the timing of the deposit of certain funds. Another looming issue is the Mayport Ferry subsidy contract; financial reports from the private operator have been coming in very late and the year-end reconciliation has not been coming back to City Council for approval. Two other issues

of note are the timing of the JEA's transfer of capital funds and the separation of accounting funds for SMG's various public assembly facilities.

Mr. Sherman stated that the new mid-year budget review has 3 primary functions: 1) to report on the close-out of the previous fiscal year after the independent audit is complete; 2) to assess how the first half of the current fiscal year is going; and 3) to start looking ahead to the next fiscal year.

The Council Auditor's "risk assessment update" was discussed. The assessment, done every few years, ranks potential audit subjects based on the amount of resources involved, the importance of the area, and the potential for problems in a function or area. Audits are then scheduled based on the risk assessment, but with the understanding that some of the office's workload and priorities will be determined by what issues suddenly appear on the scene and require immediate action. Mr. Sherman indicated that his office's work is roughly allocated as follows: 25% legislative services support; 50% audits; and 25% special projects. Over the years he has seen audits gradually evolve from wide-ranging, detailed reviews taking 6 to 8 months to complete to shorter (2 to 4 month) efforts more focused on 2 or 3 main objectives, with notes of additional items or issues that bear looking at in the future. The result is smaller, more tightly focused reports spread over a wider range of potential subjects.

Chair's Report: Chairman Palombi suggested two possible topics for future consideration by the commission: 1) a fair taxation committee (how to make Jacksonville the most fairly taxed community), and 2) how to increase public awareness of City financial issues.

Old Business

- Commissioner Burnett distributed commission business cards to the members in attendance, with thanks to Commissioners Palombi and Mallett for contributing to the purchase. Commissioner Burnett was thanked for her hard work in pushing the project to completion.

New Business

None

Commissioner Comments

Commissioner Burnett reported that she has heard a great deal in her community about issues of crime and panhandling and thinks the Sheriff's Office could be doing more with increased use of community policing and increased understanding of particular communities' needs and circumstances.

Next meeting

The commission's next meeting will be on Thursday, April 5th at 4:00 p.m. in the City Council Chamber.

There being no further business, the meeting was adjourned at 5:53 p.m.

Items pending further follow-up

- Report #624, FY2006/07 quarterly budget summary – Commissioner Deen
- Audit #625, JPA Dredging Contract Review – Commissioner Magee
- Public Parking Committee report – Commissioner Mallett
- Performance Committee report – Commissioner Meroney
- Funding Control and Effectiveness Committee – Commissioner Myers
- Chapter 118 Revisions Committee – Commissioner Lowe
- TRUE Commission performance review – Commissioner Martin
- JEA "green building" policies – Commissioner Burnett