



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

Ron Mallett, Chair
Elaine Burnett, Vice Chair
Mike Meroney, Secretary

Draft Meeting Minutes

October 4, 2007

4:00 p.m.

Attendance: Elaine Burnett (Vice Chair), Marcella Lowe, Mark Cowart, Lou Myers, Pamela Korn, Nicole Lester, John Jolly, Randy Deen, Louvenia Tippins, Greg Anderson

Excused: Ron Mallett, John Palombi, Mike Meroney, Gary Looney,

Absent: Charles Curley, Charles Magee

The meeting convened at 4:04 p.m., lacking a quorum.

Minutes

In the absence of a quorum, consideration of the minutes of the August 2, 2007 and September 6, 2007 meetings were deferred.

Committee Reports

Performance Committee: No report

Fair Taxation Committee: Commissioner Korn reported that she had met with Finance Committee Chairman Art Shad to discuss the commission's work and its relationship with the Finance Committee. Mr. Shad did not see the need for the TRUE Commission to hold a public hearing on the subject of fair taxation, as was suggested at the last commission meeting with the Mayor and Council President. He felt that the public had had sufficient opportunity to make its feelings known to the city council on the subject of taxes in recent months and agreed with the Mayor that such a forum might prove unnecessarily confusing. Ms. Korn reported that the committee would meet on October 8th at 3:30 p.m. and would be comparing Jacksonville's tax structure with other comparable cities in Florida and around the nation.

Performance and Information Committee: Commissioner Burnett reported that the committee had met immediately prior to the full commission meeting today and would be changing its name to the Effectiveness Committee. She and Commissioner Lowe had developed a mission statement for the committee: To measure the performance of TRUE Commission activities and report those results to the public. Other commissioners were invited to attend future meetings and join the committee's work.

Minutes: Several additional members having arrived and a quorum now being present, the commission considered the draft minutes of the August 2 and September 6, 2007 commission meetings. The minutes were **approved as distributed**.

Auditor's Report: Council Auditor Kirk Sherman reported that audit #636 – JSO Investigative Fund – had been released last month, with no notable findings. Report #637 – JEA Valuation Study – was also released in September. The report was done at the request of the Council President, not in anticipation of actually selling the JEA, but in the interest of knowing the value of what is probably the City's largest asset. The study looked at several factors including the utility's cash flow, income potential to a private buyer and potential effects of privatization on utility rates. The JEA has approximately \$7.5 billion in assets, \$6 billion in liabilities (largely bond debt) and a net asset value of approximately \$1.5 billion. Conversion to private, for-profit status would increase borrowing costs because the bonds would no longer be tax-free, and would likely lead to customer rate increases of 30 to 40 percent in order for the new owner to reach the state-approved "reasonable rate of return" just over 11 percent on invested capital. The electric portion of the utility would likely be the most valuable, with likely less interest in the water and sewer operations and the chilled water operation.

Mr. Sherman noted that the FY07-08 budget is finally adopted, but action remains to be finished on the new fees. Two fees (stormwater management and solid waste) were adopted in conjunction with the budget, but implementation details remain to be worked out. The JEA franchise fee could not be adopted in September in conjunction with the budget because it involves an amendment to the JEA's charter which entails a longer consideration and public hearing process. Final action should be forthcoming in November. The \$17.5 million in revenue anticipated to be generated by the fee in the new fiscal year was placed "below the line" in the budget, awaiting final action on the fee adoption to make the projected revenue "real" and therefore available to budget towards expenditures.

Motion: Commissioner Lowe moved that Audit #636 – JSO Investigative Fund – be accepted without comment. The motion was **approved**.

The commission questioned where its reports should now be directed after the reorganization of the City Council committees and with the absence of an Audit Committee. Mr. Sherman said that he would speak with Finance Committee Chairman Art Shad about the appropriate venue for TRUE Commission reports. In response to a question from Commissioner Burnett about the Auditor's Office's pending audits, Mr. Sherman indicated that his office undertakes a Risk Assessment study about every three years to determine its list of audit and study priorities. The current assessment was done last year, so still has two years to run before being updated. He will provide a copy of that document to the commissioners and provide an update on the office's current work in progress.

Commissioner Korn inquired about how the expenditure of funds is audited or reviewed during a fiscal year. Recent news accounts seem to indicate that sometimes funds are being spent improperly. Mr. Sherman stated that his office does quarterly budget summaries at a relatively high level, and does not look at detailed line items. The administration has some power to move funds between accounts, but generally not between fund types (General Fund vs. enterprise funds) or between departments. Commissioner Burnett inquired how the "lapse factor" works in the budget. Mr. Sherman explained that it is a percentage of the budget that is anticipated not to be used during the year as a result of not all positions being filled for every day of the fiscal year. To the extent that some positions are vacant for a time, the salary and benefits funding allocated but unspent for that time constitutes the lapse factor. The budget incorporates a planned lapse factor during the budget approval process, and an additional lapse factor can be imposed mid-year in response to budgetary pressures.

Chair's Comments

Vice Chair Burnett announced that the Effectiveness Committee will be assembling a wide-ranging list of contact persons – media, council members, community groups, etc. – to whom to publicize the TRUE Commission’s activities. The committee has developed a proposed mission statement and will be working on developing a standard format for committee chairs and individual commissioners to use when documenting their work. The format will include a statement of the committee’s or individual’s mission, measures of accomplishment (how do you know when your work is done?), and a report of outcomes.

Ms. Burnett also stated that she would like for the commission to request the Council President to have different council members attend the TRUE Commission’s meetings on a rotating basis in order to familiarize them with the commission’s activities.

Commissioner Deen moved that the commission formally ask the Council President to assign council members to attend the TRUE Commission’s monthly meetings on a rotating basis. The motion was **approved**. Vice Chair Burnett will draft a letter for that purpose.

Commissioner Comments

Commissioner Burnett reported that she will be speaking at the October 12-14 “Restore Jacksonville – Bringing Preservation Home” conference at the Main Library

Commissioner Lowe expressed her confidence that the Effectiveness Committee would really strive to get the word out to community about the work of the TRUE Commission, and welcomes any assistance.

Minutes

A quorum now being present, the commission considered a motion to approve the minutes of the August 2 and September 6, 2007 meetings of the commission. The motion was **approved**.

Public Comment

Mr. Michael Taylor stated that he was new to the Jacksonville area and is looking forward to being an active participant in community activities. He will be back to attend future meetings of the commission as a means of learning more about the Jacksonville community.

Next meeting

The commission’s next meeting is scheduled for Thursday, November 1st at 4:00 p.m. in the City Council Chamber.

There being no further business, the meeting was adjourned at 4:55 p.m.