

OFFICE OF THE COUNCIL AUDITOR

FY 2017/2018 PROPOSED BUDGET

FINANCE COMMITTEE MEMBERS

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Meeting #3
August 17, 2017

**COUNCIL AUDITOR’S OFFICE
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**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2017/18 BUDGET
TAX COLLECTOR (S/F 017)**

PROPOSED BUDGET BOOK - Page # 354-356

BACKGROUND:

The Tax Collector's budget includes funding for three (3) divisions identified as branch agencies, current and delinquent taxes, and supervision and general collection. There are nine (9) branches and one (1) satellite office which process various transactions such as property and local business taxes, driver's license services and fast title services.

REVENUES:

1. Charges for Services:

- The net increase of \$82,395 is mainly attributed to the following increases:
 - \$169,000 in e-commerce fees due to an increase to the fee per transaction.
 - \$75,000 in tax redemption fees based on current actual tax sale collections.
 - \$25,000 in tax collector miscellaneous revenue based on current actual revenue received for community development districts (CDD) and homestead liens.
 - \$17,370 in collection fees for delinquent tax sales based on current actual revenue. See recommendation #2 below.
 - \$11,300 in advertising for real estate based on current actual revenue.

These increases are somewhat offset by the following decreases:

- \$113,500 in form 100 and tag registrations based on current actual revenue.
- \$105,000 decrease in driver's license renewal fees due to an anticipated cyclical decrease in forced driver's license replacements.

2. Investment Pool/Interest Earnings:

- The decrease of \$8,362 is based on anticipated earnings contingent upon the available cash balance and the projected interest rate.

3. Transfers from Other Funds:

- The increase of \$1,037,298 is due to an increased transfer from the General Fund/General Services District (011). The proposed General Fund/General Services District (011) subsidy is \$6,746,539.

EXPENDITURES:

1. Salaries:

- The net increase of \$454,429 is mainly due to pay increases included as part of the 2017 pension reform and an increase of \$29,600 in special pay due to driver's license certification for employees completing training.

2. Salary & Benefit Lapse:

- The proposed salaries and benefits lapse of \$231,928 is based on the average turnover ratio and estimated number of vacancies in FY 2017/18.

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TAX COLLECTOR (S/F 017)**

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3. Pension Costs:

- The net decrease of \$500,266 is mainly the result of the reduced contribution for the City's defined benefit pension plans as a result of the 2017 pension reform.

4. Employer Provided Benefits:

- The decrease of \$294,061 for health insurance is mainly the result of the five contribution "holidays" proposed for the City and participants in the plan.

5. Internal Service Charges:

- The net increase of \$356,681 is mainly due to increases of \$16,005 in OGC legal charges due to an overall increase in costs, \$297,612 in computer system maintenance allocation due to increased charges in agency specific application services and the implementation of Cisco VOIP Phone Systems, and \$37,329 in building cost allocation for the Yates building due to an overall increase in total maintenance cost.

6. Other Operating Expenses:

- The increase of \$41,275 is mainly due to an increase of \$15,300 in equipment rentals due to the addition of two driver's license printers, \$14,687 in rentals (land & buildings) due to contractual increases to lease amounts, and \$11,378 in hardware/software maintenances & licenses due to the implementation of appointment scheduling in the queuing system and correcting the cost amount for coin and currency equipment maintenance.

7. Contingencies:

- The proposed contingency amount of \$903,668 is part of the overall pension reform reserves being set aside as funds to be available to offset future salary increases agreed to in the recently approved collective bargaining agreements.

SERVICE LEVEL CHANGES:

None

CAPITAL OUTLAY CARRYFORWARD:

Per Schedule AF, there is a capital carry forward of \$600,156 in office equipment.

EMPLOYEE CAP CHANGES:

None

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TAX COLLECTOR (S/F 017)**

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RECOMMENDATION:

1. We recommend that the FY 2017/18 proposed amount for Florida Retirement System Pension Contribution be decreased by \$4,650, to \$70,518, to correct an error in the FRS contribution amount. This will reduce the FY 2017/18 proposed transfer from the General Fund/General Services District of \$6,746,539 by \$4,650. This will have a positive impact of \$4,650 to Special Council Contingency.

2. We recommend that Collection Fees – Delinquent Tax Sales revenue be increased by \$102,630, to \$450,000, to better reflect current year revenue. This will also reduce the FY 2017/18 proposed transfer from the General Fund/General Services District of \$6,746,539 by an additional \$102,630. This will have a positive impact of \$102,630 to Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2017/18 BUDGET
SUPERVISOR OF ELECTIONS
GENERAL FUND / GENERAL SERVICES DISTRICT (S/F 011)**

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BACKGROUND:

The Supervisor of Elections Office registers all voters in Duval County, educates voters on State and local laws and how to vote, staffs early voting sites prior to an election, staffs call center prior to an election, processes absentee ballots prior to an election, and conducts State and local elections of Duval County in accordance with the elections laws of Florida. In FY 2016/17 there was 1 county wide election, (Presidential). There will be 1 county wide Primary election in FY 2017/18

EXPENDITURES:

1. Salaries

- The increase of \$227,391 is due to increases of:
 - \$150,290 in part time salaries which is mostly due to the budget including additional hours for each early voting site and rate adjustments for some election day workers
 - \$46,445 in permanent and probationary salaries related to collective bargaining increases
 - \$28,930 in salaries overtime based on current year actuals

2. Pension Costs

- The decrease of \$94,048 is mainly the result of the \$113,886 reduction in contribution for the City's defined benefit pension plans as a result of the 2017 pension reform. The decrease is partially off-set by an increase of \$20,747 in general employees defined contribution payments due to changes in election by some employees and the increased contribution rate.

3. Employer Provided Benefits

- The decrease of \$69,204 is due to the decrease of \$70,768 for health insurance which is mainly the result of the five contribution "holidays" proposed for the City and participants in the health insurance plan.

4. Internal Service Charges

- The net increase of \$51,693 is primarily due to increases of:
 - \$33,127 in OGC legal allocation based on current year usage
 - \$20,724 in IT computer system maintenance/security allocation based on a slight increase in allocable costs
 - \$13,576 in building maintenance based on a slight increase in allocable costsThe increase is partially off-set by decreases of:
 - \$17,111 in utilities allocation due to reduced electricity charges
 - \$6,359 in tech refresh & pay-go based on lower tech refresh payments

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 MAYOR'S PROPOSED FY 2017/18 BUDGET
 SUPERVISOR OF ELECTIONS
 GENERAL FUND / GENERAL SERVICES DISTRICT (S/F 011)**

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5. Other Operating Expenses

- The increase of \$11,927 is due to increases of:
 - \$35,423 in employee training for class registrations and fees for staff certification and training for FCEP (Florida Certified Elections Professionals) and CERA (Certified Elections Records Administrators -national certification)
 - \$34,577 in travel expense for the training above
 - \$9,729 in other operating supplies due to an increase in registered voters from 557,384 to 581,580
 - \$8,641 due to 3% annual increase in rental costs per agreement

The increase is partially off-set by decreases of:

- \$40,000 due to less printed material being required for primary election
- \$19,000 due to less supplies needed in coming year based on current year usage and the election cycle
- \$11,900 due to changes in maintenance agreements
- \$4,243 due to decreased postage cost in current year for registrations division

6. Debt Management Fund Repayments

- The decrease of \$8,113 is due to scheduled reductions in debt service payments.

FOOD AND BEVERAGES EXPENDITURE:

Indexcode	Amount	Description of each Service/Event that requires the purchase of food/beverage	Explanation that the Service/Event serves a public purpose
SEEL011	5,000	Food for Election staff on election day and for visiting foreign delegations	Food for Election staff on election day and for visiting foreign delegations

EMPLOYEE CAP CHANGES:

A total of 3,764 part-time hours were added as follows:

- 3,464 to elections division
- 300 to registrations division

(see recommendation below for additional changes)

SERVICE LEVEL CHANGES:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2017/18 BUDGET
SUPERVISOR OF ELECTIONS
GENERAL FUND / GENERAL SERVICES DISTRICT (S/F 011)**

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RECOMMENDATIONS:

1. We recommend moving 8,734 part time hours from the elections division to the registrations division to properly reflect the amount of part time hours projected to be used within the registrations division. This has no impact on special council contingency.

2. We recommend reducing part time salaries by \$30,800 to align the proposed budget with 18 early voting sites staffed for up to 12 hours per day by 10 employees. The proposed budget was based on 17 sites for 14 hours per day. Our recommendation would be consistent with the number of sites and hours for the most recent county wide election and we have agreement from the Supervisor of Elections. This has a positive impact on Special Council Contingency of \$30,800.

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2017/18 BUDGET
 CLERK OF THE COURTS – OPERATIONS (S/F 016)**

PROPOSED BUDGET BOOK – Page # 371-372

BACKGROUND:

Pursuant to Article 5 of the Florida Constitution and Section 28 of the Florida Statutes, the Clerk of the Circuit Court is the official recorder of all instruments that may, by law, be recorded in the county. Examples of these instruments included deeds, marriage licenses, documentary stamps, etc. A fee of \$10 for the first page and \$8.50 for each additional page is charged each time a document is recorded with the clerk. The County side of the Clerk (S/F 016) receives \$5.00 for the first page and \$4.00 for each additional page. The rest of the fee goes into various other accounts. This sub-fund has Clerk County operations and Clerk Court-related costs that are a County obligation.

Distributed to/Used for	1st Page	Each Add'l Page	Subfund
City of Jacksonville (Clerk of Court County Related Duties)	\$ 5.00	\$ 4.00	016 - Clerk of Court
Clerk of the Court (Public Records Modernization Trust Fund - County Related IT Needs Except Salaries)	1.00	0.50	
Clerk of the Court (Public Records Modernization Trust Fund - Court Related IT Needs Including Salaries)	1.90	1.90	
Florida Association of Court Clerks and Comptrollers Inc.	0.10	0.10	
City of Jacksonville (Technology for State Trial Courts, State Attorney, and Public Defender)	2.00	2.00	15U - Recording Fees Technology
Total Fee	<u>\$ 10.00</u>	<u>\$ 8.50</u>	

REVENUE:

1. Charges for Services:

- The net increase of \$608,002 is primarily due to increases of \$370,946 in recording fees, \$114,075 in passport application fees and \$77,908 for documentary stamps based on actuals.

2. Transfers from Fund Balance:

- The transfer of \$630,017 from fund balance is mainly needed to cover one-time capital costs in FY 2017/18.

EXPENDITURES:

1. Salaries:

- The net increase of \$323,374 is mostly due to the addition of three employees and an increase in permanent and probationary salaries based on a study to bring salaries closer to a competitive market rate. The rest was attributed to employee turnover and the salary increases from the collective bargaining agreement recently approved.

2. Salary and Benefit Lapse:

- This reflects an estimated salary and benefit lapse based on the average turnover ratio and estimated number of vacancies in FY 2017/18.

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COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2017/18 BUDGET
CLERK OF THE COURTS – OPERATIONS (S/F 016)**

PROPOSED BUDGET BOOK – Page # 371-372

3. Pension Costs:
 - The decrease of \$24,084 is mainly the result of the reduced contribution for the City's defined benefit pension plans as a result of the 2017 pension reform. This reduction was partially offset due to the addition of three full-time employees.
4. Employer Provided Benefits:
 - The decrease of \$43,808 for health insurance is mainly the result of the five contribution "holidays" proposed for the City and participants in the plan. This reduction was partially offset due to the addition of three full-time employees.
5. Internal Service Charges:
 - The increase of \$202,364 is due to:
 - An increase of \$117,646 for the Courthouse building cost allocation due to a change in allocation methodology for that building.
 - An increase of \$45,540 for computer system maintenance and security cost allocation is mainly attributable to an increase of \$20,627 due to the Clerk moving their IT operations into the City's ITD Datacenter. The rest is due to overall increases in IT charges for phone systems and port charges.
 - An increase of \$38,169 for legal cost allocation due to increased usage and rising overall costs.
6. Capital Outlay:
 - The increase of \$507,999 is primarily due to the \$440,000 budgeted to purchase a new tax deed system to replace an outdated and inadequate system, along with the accompanying database licensing and first-year maintenance. Additionally, \$68,000 will be used for upgrades of the Clerk areas of the Courthouse, such as security cameras and microphones/speakers at the public service counters.
7. Supervision Allocation:
 - This is an allocation for the Clerk of the Courts administrative staff time paid for by the State that needs to be billed to the City. The increase of \$62,002 is due to an increase in the State budget and an increase in the allocation rate.
8. Indirect Cost:
 - This is an allocation of costs to operate central services of the City (e.g. Finance and Administration, Employee Services and City Council) as calculated by the City's independent consulting firm.
9. Contingencies:
 - The proposed contingency amount of \$119,287 is part of the overall pension reform reserves being set aside as funds to be available to offset future salary increases agreed to in the recently approved collective bargaining agreements.

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COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2017/18 BUDGET
CLERK OF THE COURTS – OPERATIONS (S/F 016)**

PROPOSED BUDGET BOOK – Page # 371-372

SERVICE LEVEL CHANGES:

There are no significant service level changes.

EMPLOYEE CAP CHANGES:

Three additional full-time employees and 2,600 additional part-time hours will be added for FY 2017/18.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2017/18 BUDGET
COURTS
GENERAL FUND / GENERAL SERVICES DISTRICT (S/F 011)**

PROPOSED BUDGET BOOK – Page #357-358

BACKGROUND:

This budget includes the Circuit and County Courts' expenses as well as the Guardian Ad Litem. The County is responsible for providing facilities, maintenance, utilities, security, communications, existing radio systems and the existing Multi-Agency Criminal Justice Information System (CJIS) to the Courts pursuant to Florida Statute 29.008.

EXPENDITURES:

1. Salaries:
 - The decrease of \$15,824 is due to an experienced employee retiring and being replaced with a base pay reflecting a less experienced employee.
2. Pension Costs:
 - The net decrease of \$23,017 is the result of the reduced contribution for the City's defined benefit pension plans as a result of the 2017 pension reform and the turnover noted above.
3. Employer Provided Benefits:
 - The net decrease of \$8,254 is mainly due to the \$8,142 reduction for health insurance which is mainly the result of the five contribution "holidays" proposed for the City and participants in the plan.
4. Internal Service Charges:
 - The net decrease of \$174,454 is due to the \$279,661 decrease in the overall building cost of the Courthouse and a slight change in billing methodology for the building. There was also a \$11,953 decrease in cost allocation to the Ed Ball building due to overall decrease in total building cost and reduction of the percentage of allocation based on square footage. The \$121,121 increase in IT computer software system maintenance/security allocation is due to the \$64,353 increase in Application Maintenances, \$5,902 increase from Direct Bill, \$7,846 increase to Enterprise Application Services and a \$10,021 increase in Infrastructure Services.
5. Insurance Costs and Premiums:
 - The \$40,247 reduction is due to an overall 9% decrease in overall insurance costs as well as a favorable claims history.
6. Other Operating Expenses:
 - The decrease of \$1,554 is an error see recommendation below.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2017/18 BUDGET
COURTS
GENERAL FUND / GENERAL SERVICES DISTRICT (S/F 011)**

PROPOSED BUDGET BOOK – Page #357-358

SERVICE LEVEL CHANGES:

None.

EMPLOYEE CAP CHANGES:

None.

RECOMMENDATION:

We recommend that Lease – Purchase (Equipment Agreements) expense be increased by \$1,593 to better reflect actual lease purchase amounts for FY 18. This will have a negative impact of \$1,593 on Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2017/18 BUDGET
COURTS
COURT COST COURTHOUSE TRUST (S/F 15T)**

PROPOSED BUDGET BOOK – Page #359-360

BACKGROUND:

As a result of Ordinance 2010-561-E, the State Court Facilities Surcharge was increased from \$15 to \$30. The surcharge is levied on non-criminal traffic violations and the criminal violations listed in Section 318.17 of the Florida Statutes and is to be used exclusively to fund the maintenance and the capital improvements associated with court facilities. Pursuant to Section 634.102 of the Municipal Code, no less than 25% of the \$30 fee should be spent on maintenance.

This is an “all years” subfund, which means once dollars are appropriated, the appropriation stays in place from year to year rather than lapsing.

REVENUE:

1. Charges for Services:
 - This amount represents the anticipated revenue to be collected from the \$30 court facilities surcharge. The decrease is partially due to an “all years” adjustment in the prior year.

2. Transfers from Other Funds:
 - This is a transfer from the General Fund / General Services District (S/F 011) to cover budgeted expenses over anticipated revenue.

EXPENDITURES:

1. Internal Service Charges:
 - This amount represents the required 25% of revenues that must be used for building maintenance. The costs for maintaining the courthouse complex reside in the public buildings internal service fund and are allocated to this fund via an internal service charge.

2. Debt Service:
 - The decrease of \$1,084 is due to a decrease in debt service cost associated with the Courthouse bond issue based on the corresponding amortization schedule.

SERVICE LEVEL CHANGES:

None.

EMPLOYEE CAP CHANGES:

None.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2017/18 BUDGET
COURTS
TEEN COURT PROGRAMS TRUST (S/F 15V)**

PROPOSED BUDGET BOOK – Page #361-363

BACKGROUND:

This program provides Duval County youth with an alternative to a conviction record by diverting them into programs where they are subject to peer group involvement as part of the rehabilitation process, and/or exposure to community service work, positive role models, law students, and the judicial system. In addition, a second program, the Teen Court Truancy Program has been developed in an effort to reduce truancy. These programs are funded by a \$3 fee charged pursuant to Florida Statute 938.19 to fund Teen Court Programs.

REVENUE:

1. Fines and Forfeits:
 - This amount reflects the revenue received from the \$3 fee. We have a recommendation below to correct this amount.
2. Transfer from Fund Balance:
 - The transfer of \$82,935 from fund balance is needed due to a projected shortage of revenue to cover budgeted expenditures in FY 2017/18.

EXPENDITURES:

1. Salaries:
 - The increase of \$11,282 is due to a 5% increase in permanent and probationary salaries pursuant to the recently approved collective bargaining agreement.
2. Salary & Lapse Benefit:
 - This reflects an estimated salary and benefit lapse based on the average turnover ratio and estimated number of vacancies in FY 2017/18. The significant decrease in the lapse is due to a change in the FY 18 base cost which excludes pension.
3. Pension Costs:
 - The net decrease of \$426 is mainly the result of the reduced contribution for the City's defined benefit pension plans as a result of the 2017 pension reform being offset by an increase to the defined contribution due to current elections.
4. Employer Provided Benefits:
 - The decrease of \$11,940 for health insurance is mainly the result of the five contribution "holidays" proposed for the City and participants in the plan.
5. Professional and Contractual Services:
 - The decrease of \$3,308 is to more accurately reflect actual usage.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2017/18 BUDGET
COURTS
TEEN COURT PROGRAMS TRUST (S/F 15V)**

PROPOSED BUDGET BOOK – Page #361-363

6. Contingencies:

- The proposed contingency amount of \$23,817 is part of the overall pension reform reserves being set aside as funds to be available to offset future salary increases agreed to in the recently approved collective bargaining agreements.

SERVICE LEVEL CHANGES:

None.

EMPLOYEE CAP CHANGES:

There are no employee cap changes.

RECOMMENDATION:

We recommend that revenue be increased by \$25,810 to the current year budget amount of \$297,794. This will be offset by a decrease in the transfer from Fund Balance. This has no impact on the Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2017/18 BUDGET
COURTS
COURT COSTS \$65 (S/F 1S1)**

PROPOSED BUDGET BOOK – Page #364-366

BACKGROUND:

As of July 1, 2004 a \$65 fee was imposed pursuant to Florida Statute 939.185 and Ordinance 2004-609-E on felony, misdemeanor or criminal traffic offenses. This revenue was split into four separate activities which receive 25% of the total revenue: Legal Aid, Duval County Law Library, Juvenile Drug Court and Judicial Support. Prior to FY 2016/17 these separate activities were housed in separate subfunds. As part of the FY 2016/17 budget all four activities of the \$65 fee are being moved into a single subfund. This will allow the remaining funding at year end to be utilized for the judicial support activity pursuant to the Florida Statute.

REVENUE:

Courts:

1. Charges for Services:

- The decrease of \$71,235 is due to an expected decrease in revenue from the \$65 fee based on recent actuals. This represents three – fourths of the collection.

2. Miscellaneous Revenue:

- The \$16,481 increase is revenue received by the Duval County Library for copier services for the public and Continuing Learning Education seminars for lawyers.

Finance and Administration:

1. Charges for Services:

- The decrease of \$23,745 is due to an expected decrease in revenue from the \$65 fee based on recent actuals. This represents the one-fourth that is sent to Jacksonville Area Legal Aid (JALA).

Non – Departmental/ Fund Level Activity:

1. Investment Pool / Interest Earnings:

- The \$7,499 increase is due to anticipated earnings in FY 2017/18 based on projected available cash and the projected interest rate.

2. Transfers from Other Funds:

- The transfer of \$64,740 is from the Alcohol and other Drug Abuse subfund (S/F 156) to balance the Juvenile Drug Court activity.

3. Transfer from Fund Balance:

- The transfer of \$72,903 from fund balance is needed due to a projected shortage of revenue to cover budgeted expenditures in FY 2017/18, which is mainly due to the contingency placed in the account.

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COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2017/18 BUDGET
COURTS
COURT COSTS \$65 (S/F 1S1)**

PROPOSED BUDGET BOOK – Page #364-366

EXPENDITURES:

Courts:

1. Salaries:

- The increase of \$25,017 is mainly due to a 5% increase in permanent and probationary salaries pursuant to recently approved collective bargaining agreements and increase in longevity pay.

2. Pension Costs:

- The net decrease of \$14,475 is mainly the result of the \$21,172 reduced contribution for the City's defined benefit pension plans as a result of the 2017 pension reform offset by a \$6,644 increase to GEPP DC Contribution.

3. Employer Provided Benefits:

- The net decrease of \$14,020 is mainly due to the \$16,313 reduction for health insurance from the result of five contribution "holidays" proposed for the City and participants in the plan.

4. Professional and Contractual Services:

- A \$9,272 increase is due to additional funds being added for contracts with attorneys related to post-conviction cases.

5. Other Operating Expenses:

- An \$8,127 increase is related to a \$4,999 increase in local mileage due to case management and the director's travel to check on patients in mental health courts and an increase of \$3,128 related to a contracted Judiciary on an as needed basis.

6. Library Materials:

- The \$4,723 is an increase to online service publication contracts.

7. Indirect Costs:

- This is an allocation of costs to operate central services of the City (e.g. Finance and Administration, Employee Services, and City Council) as calculated by the City's independent consulting firm.

Finance and Administration:

1. Other Operating Expenses:

- A \$23,745 decrease to Trust Fund Authorized Expenditures is due to the decrease in the \$65 fee collections which results in less money being sent to JALA since 25% of the fee is remitted to JALA.

**COUNCIL AUDITOR'S OFFICE
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MAYOR'S PROPOSED FY 2017/18 BUDGET
COURTS
COURT COSTS \$65 (S/F 1S1)**

PROPOSED BUDGET BOOK – Page #364-366

Non – Departmental/ Fund Level Activities:

1. Contingencies:

- The proposed contingency amount of \$48,730 is part of the overall pension reform reserves being set aside as funds to be available to offset future salary increases agreed to in the recently approved collective bargaining agreements.

SERVICE LEVEL CHANGES:

None.

EMPLOYEE CAP CHANGES:

None.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2017/18 BUDGET
JUDICIAL - VARIOUS
RECORDING FEES TECHNOLOGY (S/F 15U)**

PROPOSED BUDGET BOOK – Page #374-376

BACKGROUND:

This sub-fund receives \$2 for each page recorded by the Clerk into the Official Record pursuant to Florida Statute 28.24(12)(e)(1). These funds are to be used on the technology costs for the State Courts, State Attorney, and Public Defender as outlined in Florida Statute 29.008(1)(f)(2). Funds should be disbursed once the three parties mutually agree with the distribution of the funds pursuant to Section 111.388 of the Municipal Code.

REVENUE:

Courts

1. Charges for Services:

- The increase of \$141,053 is attributable to an increase in revenue from the \$2 recording fee based on recent actuals. This revenue is tied to the recording of deeds and mortgages.

EXPENDITURES:

Courts

1. Internal Service Charges:

- The net decrease of \$30,574 is mainly due to a decrease in allocation costs for Tech Refresh & Pay Go.

2. Professional and Contractual Services:

- A decrease of \$80,000 is due to a one time project being completed by an IT professional.

3. Other Operating Expenses:

- The net increase of \$10,757 is due to replacing obsolete court equipment resulting in a \$9,647 increase in Repairs and Maintenance and \$5,799 increase in Hardware/Software Maintenance and Licenses. This is offset by a decrease of \$4,689 in Software, Computer Items under \$1,000 due to an expected decrease in ICM demands which allows attorneys and judges to research criminal background, civil actions and arrests.

Non – Departmental/Fund Level Activities

4. Contingency:

- The proposed contingency amount of \$123,652 represents the excess of budgeted revenue over budgeted expenditures.

Public Defender

5. Internal Service Charges:

- The net increase of \$45,008 is mainly due to an increase of \$39,883 in computer system maintenance attributable to an increase in direct billing charges for the WAN circuits and an increase in infrastructure service charges for COJ servers and internet system.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2017/18 BUDGET
JUDICIAL - VARIOUS
RECORDING FEES TECHNOLOGY (S/F 15U)**

PROPOSED BUDGET BOOK – Page #374-376

6. Other Operating Expenses:

- The net increase of \$1,246 is due to an increase in the contract for Lexis – Nexis.

State Attorney

7. Internal Services Charges:

- The net increase of \$128,552 is due to a \$62,055 increase in infrastructure services charges for Badge Access, Internet and Enterprise Systems, a \$35,505 increase to Application Maintenance, a \$27,094 increase to Enterprise Application Services, and a \$8,956 increase to the WAN Circuit.

EMPLOYEE CAP CHANGES:

There are no authorized positions in this subfund.

SERVICE LEVEL CHANGES:

None.

DEPARTMENT REQUEST:

Courts:

- \$63,000 increase to Repairs and Maintenance
- \$40,000 increase to Professional Services
- \$39,999 increase to Computer Equipment & Software
- \$10,000 increase in Software, Computer items under \$1,000 be budgeted for the purchase of Microsoft tablets to assist in the Due Process section of the Courts

State Attorney:

- \$99,399 increase to Computer Equipment & Software to implement a Case Tracking System over the next five years with a total cost of \$445,053
- \$2,500 increase to Repairs and Maintenance

Public Defender:

- \$52,749 increase to Computer Equipment & Software to replace video – conferencing equipment and case management system software

These amounts will be offset with the elimination of the contingency and a transfer from fund balance of \$187,850. This will have no impact on Special Council Contingency.

COMMENT:

Section 111.388 of the Municipal Code requires the three areas sign an agreement before funds are disbursed from this sub-fund. If the department request stated above is not approved, then all three parties must sign a new MOU prior to any funds being disbursed.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2017/18 BUDGET
PUBLIC DEFENDER
GENERAL FUND / GENERAL SERVICES DISTRICT (S/F 011)**

PROPOSED BUDGET BOOK – Page #367-368

BACKGROUND:

The Public Defender's Office is an agency of the State of Florida. Chapter 29.008 of the Florida Statutes requires that the Public Defender be provided with such office space, utilities, maintenance, security, transportation, and communication services as may be necessary for the proper and efficient functioning of their offices.

EXPENDITURES:

1. Internal Service Charges:

- The net increase of \$243,720 is mainly due to a \$208,895 increase in the building cost allocation of the Haverty's building primarily as a result of a net increase to the principal on debt service. There is also a \$33,472 increase in Computer System Maintenance and Security allocation due to \$15,510 increase in Application Maintenance, \$12,058 increase in Cell Phone Charges, and \$4,242 increase in Cisco Phone System based on an overall cost increase.

2. Other Operating Expenses:

- The increase of \$25,985 is due to the lease purchase of metal – detector equipment for the Haverty's Building.

SERVICE LEVEL CHANGES:

None.

EMPLOYEE CAP CHANGES:

There are no City funded positions.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2017/18 BUDGET
STATE ATTORNEY
GENERAL FUND / GENERAL SERVICES DISTRICT (S/F 011)**

PROPOSED BUDGET BOOK – Page #369-370

BACKGROUND:

Chapter 29.008 of the Florida Statutes requires the City of Jacksonville to provide the State Attorney with office space, utility, maintenance, security, and communication services as may be necessary for the proper and efficient functioning of their offices.

EXPENDITURES:

1. Internal Service Charges:

- The net increase of \$15,791 is the result of is the result of an increase of 42,000 in building cost allocations mainly related to the building cost at the Old Federal Courthouse. This was partially offset by a \$26,209 decrease in ITD charges.

SERVICE LEVEL CHANGES:

None.

EMPLOYEE CAP CHANGES:

There are no City funded positions.

RECOMMENDATION:

We recommend removing the \$1,594 of General Liability Insurance allocation as it was added in error. This will be reallocated and has no impact on the Special Council Contingency.

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COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2017/18 BUDGET
PARKS, RECREATION AND COMMUNITY SERVICES
GENERAL FUND / GENERAL SERVICES DISTRICT (S/F 011)**

PROPOSED BUDGET BOOK – Page #277-279

BACKGROUND:

The Parks, Recreation and Community Services Department is comprised of six divisions: Disabled Services, Natural and Marine Resources, Office of the Director, Recreation and Community Programming, Senior Services and Social Services.

REVENUE:

1. Charges for Services:

- The overall decrease of \$29,427 is due to decreases of \$33,750 in summer camp fees and \$13,110 in organized event charges that were both in order to reflect actual historic revenues. These decreases were partially offset by increases of \$12,000 in dockage fee revenue and \$5,433 in tennis lesson fees in order to more accurately reflect actual historic revenues. The dockage fee revenues were not included in the budget for FY16/17 because riverfront construction made them difficult to estimate; however, the FY17/18 budget is based on actual revenues over the past five years.

2. Miscellaneous Revenue:

- The overall increase of \$24,592 is primarily due to an increase of \$20,542 in welfare reimbursement in order to reflect actual historic revenues. There is also an increase of \$6,000 in senior service center usage fees to better align with current year revenues. These increases were partially offset by decreases of \$1,950 in miscellaneous sales and charges.

EXPENDITURES:

1. Salaries:

- The increase of \$1,552,774 is mostly due to increases of:
 - \$613,030 for 43,000 additional part-time hours and wage increases for existing part-time positions;
 - \$330,880 for salary increases related to collective bargaining agreement changes;
 - \$229,812 for the addition of eight new positions, net of one position that was transferred to S/F 1D1;
 - \$164,581 related to employee turnover;
 - \$125,257 for other salary adjustments; and
 - \$81,066 in overtime to better align with actual costs and to account for the salary increases effective 10/1/17.

2. Pension Costs:

- The decrease of \$609,000 results from the reduced contribution for the City's defined benefit pension plans as a result of the 2017 pension reform. The decrease was offset somewhat by an increase in pension contribution costs that were mostly due to the additional positions and increases in salaries.

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PARKS, RECREATION AND COMMUNITY SERVICES
GENERAL FUND / GENERAL SERVICES DISTRICT (S/F 011)**

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3. Employer Provided Benefits:

- The net decrease of \$147,931 results from a decrease of \$306,103 in health insurance that is mainly due to the five contribution “holidays” proposed for the City and participants in the plan. This decrease is somewhat offset by an increase of \$133,576 in workers compensation insurance that was mostly due to an overall increase in the cost.

4. Internal Service Charges:

- The net increase of \$842,532 is mainly due to increases of:
 - \$478,466 for utilities mainly due to higher electric costs based on actual usage;
 - \$148,086 in IT allocations for Enterprise WAN System charges that are attributable to an increase in the number of total remote site routers and agency specific application service charges that are attributable to the re-instatement and upgrade of the Welfare Tracking System;
 - \$147,635 in fleet related costs primarily related to the replacement of 11 vehicles; and
 - \$112,310 in building maintenance mainly due to an overall increase in the total maintenance cost to be allocated and an increase in the average building cost for Senior Programming.

5. Professional and Contractual Services:

- The net increase of \$684,245 is mainly due to increases of:
 - \$230,000 for the operation and management of Hemming Park to allow for the maximum contract amount of \$480,000;
 - \$216,961 for the operation and maintenance of the Brentwood Golf Course (previously budgeted in other operating expenses);
 - \$130,543 for one-time funding for sewer services related to Tree Hill Urban Wilderness Preserve; and
 - \$94,000 related to the City's contracted indigent cremation/burial program, which brings the total to \$521,375.

6. Other Operating Expenses:

- The decrease of \$122,102 is mainly due to the golf course expenditures being moved to professional and contractual services.

7. Capital Outlay:

- The increase of \$500,000 is to fund the installation of cameras and enhanced lighting in selected City parks to increase security. The listing of specific parks that will receive the enhanced security has not been finalized. The Department is working with JSO to identify parks that are in and around hot spots for crime to facilitate a need-based decision.

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MAYOR'S PROPOSED FY 2017/18 BUDGET
PARKS, RECREATION AND COMMUNITY SERVICES
GENERAL FUND / GENERAL SERVICES DISTRICT (S/F 011)**

PROPOSED BUDGET BOOK – Page #277-279

SERVICE LEVEL CHANGES:

Service levels are changing as follows:

- Additional personnel for aquatics (Splash Squad);
- Increased security (i.e., cameras and lighting) for selected parks;
- A new tennis center in the 9A Baymeadows Regional Park;
- Improved sewer services at Tree Hill Urban Wilderness Preserve;
- Enhancements for the Brentwood Golf Course related to a new management plan.

EMPLOYEE CAP CHANGES:

The authorized position cap is increasing by a net of seven positions as part of the budget process. Specifically:

- Five (5) positions were added to the Recreation and Community Programming Division for Mayor Curry's SPLASH Squad – Year Round Swim Program.
- Three (3) more positions were added to the Recreation and Community Programming Division to open the tennis center at 9A Baymeadows Regional Park.
- One (1) position was transferred from the Recreation and Community Programming Division to Huguenot Park (SF 1D1).

Part-time hours increased by 43,000, including 39,000 for the Year Round Swim Program and 4,000 to open the tennis center.

HANDOUT CONTINUES ON NEXT PAGE

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2017/18 BUDGET
 PARKS, RECREATION AND COMMUNITY SERVICES
 GENERAL FUND / GENERAL SERVICES DISTRICT (S/F 011)**

PROPOSED BUDGET BOOK – Page #277-279

FOOD AND BEVERAGES EXPENDITURES:

SF	Indexcode	Amount	Description of each Service/Event that requires the purchase of food/beverage	Explanation that the Service/Event serves a public purpose
011	RPAH011SP	4,500	More than 700 seniors throughout the community (Senior Centers, Senior residences, church groups, neighborhood associations etc) are invited to these meetings. Seniors have raised their families, owned businesses, worked hard over the years, this is a way to honor them and let them know their city cares about them.	More than 700 seniors throughout the community (Senior Centers, Senior residences, church groups, neighborhood associations etc) are invited to these meetings. Seniors have raised their families, owned businesses, worked hard over the years, this is a way to honor them and let them know their city cares about them.
011	RPCM011PG	500	Joseph Lee Day	Summer playday for approximately 500 kids
011	RPCM011PG	2,000	Annual special events	Food for annual special events
011	RPCM011PG	9,500	After school & summer program	Snacks for summer & after school programs
011	RPCM011SNL	2,500	SNL Nutrition program	Food for annual special events
011	RPCM011SNL	9,600	SNL snacks	Snacks for SNL
011	RPOD011CEXT	3,000	This account funds supplies for the Family & Consumer Sciences program & partial Expanded Food & Nutrition program educational programming which will generate an annual projected average of 25,000 contacts reaching a range of groups including at-risk youth, seniors, limited income adults and general public.	All items are used in educational programming for teaching purposes only. These programs teach how to achieve a healthy lifestyle by using the dietary guidelines and food guide pyramid to establish eating patterns, manage resources and reduce the risk of certain chronic diseases.

Total 31,600

DIVISION CHANGES:

	2016/17 Adopted	2017/18 Proposed	\$ Change from FY 17	% Change from FY 17	
Parks & Recreation Division Expenses					
Disabled Services	\$ 622,970	\$ 622,746	\$ (224)	-0.04%	A
Natural and Marine Resources	\$ 1,358,285	\$ 1,737,694	\$ 379,409	27.93%	B
Office of the Director	\$ 2,888,813	\$ 2,929,837	\$ 41,024	1.42%	C
Recreation and Community Programming	\$ 21,586,265	\$ 23,729,638	\$ 2,143,373	9.93%	D
Senior Services	\$ 5,691,890	\$ 5,744,094	\$ 52,204	0.92%	E
Social Services	\$ 9,546,921	\$ 9,682,504	\$ 135,583	1.42%	F
Department Total	\$ 41,695,144	\$ 44,446,513	\$ 2,751,369	6.60%	

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COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2017/18 BUDGET
PARKS, RECREATION AND COMMUNITY SERVICES
GENERAL FUND / GENERAL SERVICES DISTRICT (S/F 011)**

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- A** For Disabled Services the decrease of \$224 results from a \$24,406 decrease in overall employee costs due to pension and health insurance savings, net of salary increases. The decrease was offset mainly by increases of \$14,439 in fleet related costs, \$5,403 in computer maintenance and security, and \$1,792 in mailroom charges.
- B** For Natural and Marine Resources the increase of \$379,409 is mainly due to increases in employee costs related to five positions that were transferred in from Recreation and Community Programming and \$140,000 for the one-time funding for sewer services related to Tree Hill.
- C** For the Office of the Director, the net increase of \$41,024 results from adding \$109,715 in utilities due an error (see recommendation 2, below), \$20,727 for increased support and partnership to the Timucuan Parks Foundation, and \$10,869 in employee costs due to salary increases, net of pension and health insurance savings. These increases were partially offset by a decrease of \$95,301 in computer system maintenance and security for reduced application services.
- D** For Recreation and Community Programming the increase of \$2,143,373 is mainly due to the following increases:
- \$626,233 in employee costs resulting from the 8 new positions, 43,000 part time hours and the 5% salary increases, net of pension and health insurance savings;
 - \$500,000 in capital outlay to install security equipment for a number of parks that will be selected in the future through collaboration with JSO;
 - \$365,211 in utilities due to higher electric costs based on actual usage;
 - \$230,000 for the management of Hemming Park;
 - \$160,205 in computer maintenance and security allocations for wide area network (WAN) and circuit services;
 - \$116,961 for the operation and maintenance of Brentwood Golf Course;
 - \$113,196 for fleet services mostly related to 9 replacement pickup trucks; and
 - \$63,230 in general liability insurance mostly due to increased claims experience for Playgrounds and Centers.
- E** For Senior Services the \$52,204 increase is due to increases of:
- \$46,938 in salaries due to the scheduled 5% increase, additional increases for 6 employees, and turnover;
 - \$45,693 in building maintenance due to increases in the average building cost for senior programming and the overall total maintenance cost to be allocated; and
 - \$40,894 in overtime to better align with actual costs.
- The offset is mainly due to a decrease of \$64,831 in overall pension and benefit costs.
- F** For Social Services the overall increase of \$135,583 results from increases of \$102,112 in computer maintenance and security that was mainly due to the reinstatement and upgrade of the Welfare Tracking System application, \$94,000 in professional services for the City's indigent burial program based on actual costs, and \$50,412 in miscellaneous

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services and charges due to an increase in the actual costs of the Health Care Responsibility Act for the City. The increases were offset by an overall decrease of \$84,401 in employee costs due to pension and health insurance savings, net of salary increases.

RECOMMENDATIONS:

1. We recommend that the Natural and Marine Resources rental facilities revenues be increased by \$18,000. These revenues were mistakenly omitted from the proposed budget. This will have a positive impact of \$18,000 on Special Council Contingency.
2. We recommend that the \$109,715 for utilities at the Equestrian Center be removed from the Office of the Director. These are budgeted and paid for out of the Equestrian Center (S/F 4F5). This will have a positive impact of \$109,715 on Special Council Contingency.
3. We recommend that \$48,000 of the total \$1,218,000 for part-time salaries in the Aquatics Division be moved to Playgrounds and Centers. This funding corresponds with the additional 4,000 part-time hours that were appropriately added to Playgrounds and Centers for the new tennis center; however, the funding was erroneously added to Aquatics instead. This will have no impact on Special Council Contingency.

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COMMENTS AND RECOMMENDATIONS
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PARKS, RECREATION AND COMMUNITY SERVICES
HUGUENOT PARK (S/F 1D1)**

PROPOSED BUDGET BOOK – Page# 280 - 282

BACKGROUND:

The Huguenot Park Trust Fund is governed by Ordinance Code Section 111.126. This trust fund is funded by entrance fees, annual pass fees, camper rentals, miscellaneous sales and charges, and concession commissions, as well as a subsidy from the General Fund/General Services District (S/F 011). The code states that expenditures from the trust fund shall be for park maintenance and capital improvements and to offset operating expenses associated with the park.

REVENUE:

1. Charges for Services

- The decrease of \$41,546 is due to a decrease in projected camper rentals. Due to the effects of Hurricane Matthew, the main road into the park was rerouted through the campground to allow entry to the beach. As a consequence, camper sites are non-operational at this time. However, when camper sites are restored, the total number of sites will increase from 59 to 74.

2. Miscellaneous Revenue

- The decrease of \$2,435 is primarily due to a projected decrease of \$3,635 in shelter and event rentals. This is also due to the effects of Hurricane Matthew, which caused the complete loss of one (1) shelter. The two (2) remaining shelters are non-operational at this time, but restorations include bringing all (3) three shelter sites back to full operation. This decrease is being partially offset by an increase of \$1,200 in projected concessions due to the addition of food truck vendors at the park.

3. Transfers from Other Funds

- The transfer from the General Fund/GSD (S/F 011) of \$356,282 is proposed to provide cash to the Huguenot Park trust fund. A higher General Fund/GSD (S/F 011) transfer is being proposed in FY 2017/18 to cover increases in operating expenditures and the decreased revenues described above.

EXPENDITURES:

1. Salaries

- The increase of \$46,764 in salaries is mainly due to the proposed transfer of a filled Parks Specialist position from the General Fund/GSD (S/F 011). Also, there were increases due to recently approved collective bargaining agreements and employee turnover.

2. Salary & Benefit Lapse

- There is a proposed salaries/benefits lapse of \$8,108, based on the average turnover ratio and estimated number of vacancies in FY 2017/18.

3. Pension Costs

- The net decrease of \$16,748 is mainly the result of the reduced contribution for the City's defined benefit pension plans as a result of the 2017 pension reform. This is being

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COMMENTS AND RECOMMENDATIONS
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PARKS, RECREATION AND COMMUNITY SERVICES
HUGUENOT PARK (S/F 1D1)**

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somewhat offset by an increase in defined contribution costs due to new employees joining the plan and the increased employer match.

4. Employer Provided Benefits

- The net decrease of \$12,475 is due to a decrease of \$21,136 for health insurance which is mainly the result of the five contribution “holidays” proposed for the City and participants in the plan. This decrease is being partly offset by a \$7,900 increase in workers compensation insurance due to an increase in overall total costs and the additional employee.

5. Internal Service Charges

- There is a net decrease of \$3,866 in internal service charges which is primarily due to decreases of \$7,460 in radio due to a decrease in debt costs associated with prior purchases and \$5,719 in fleet parts, oil and gas due to decreases in overall total cost. The majority of these decreases are offset by an increase of \$10,375 in guard services and security due primarily to an increase in overall total cost.

6. Insurance Costs and Premiums

- The increase of \$24,045 is primarily due to an increase in general liability insurance is due to an increase in recent claims filed.

7. Indirect Cost

- This is an allocation of costs to operate central services of the City (e.g. Finance and Administration, Employee Services and City Council) as calculated by the City's independent consulting firm.

8. Contingencies

- The proposed contingency amount of \$31,357 is part of the overall pension reform reserves being set aside as funds to be available to offset future salary increases agreed to in the recently approved collective bargaining agreements.

SERVICE LEVEL CHANGES:

Huguenot Park is not currently providing camper and shelter rental services due to the impact of Hurricane Matthew. The Department anticipates on bringing these services back online in April 2018.

EMPLOYEE CAP CHANGES:

The employee cap is increasing by one (1) due to the proposed transfer of a filled Parks Specialist position from the General Fund/GSD (S/F 011).

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2017/18 BUDGET
PARKS, RECREATION AND COMMUNITY SERVICES
HUGUENOT PARK (S/F 1D1)**

PROPOSED BUDGET BOOK – Page# 280 - 282

CONCERN:

As of 6/30/17, this subfund had a negative cash balance of \$83,299. This is partly due to the four (4) month closure of the park, following Hurricane Matthew. Financial stability of this subfund has been an issue in the past and may require re-evaluation once revenues and service levels have stabilized.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2017/18 BUDGET
PARKS, RECREATION AND COMMUNITY SERVICES
KATHRYN A. HANNA PARK (S/F 1D2)**

PROPOSED BUDGET BOOK – Page# 283 - 285

BACKGROUND:

The Kathryn A. Hanna Park Maintenance and Improvement Fund was established by Section 111.125 of the Municipal Code to receive all revenues and interest earned by the City from admission fees, rentals of facilities, and other funds from activities and events occurring at Hanna Park. The generated revenues are used to offset the expenditures for personnel, operating, and capital outlay.

REVENUE:

1. Charges for Services
 - There is a projected increase of \$159,266 in camper rentals based on increases in activity levels due to the implementation of an online reservations system.
2. Miscellaneous Revenue
 - The decrease of \$10,120 is primarily due to projected decreases of \$6,620 in miscellaneous sales and charges and \$5,500 in rentals of city facilities, based on recent activity levels.
3. Transfers from Other Funds
 - The transfer from the General Fund/GSD (S/F 011) is proposed to provide cash to the Hanna Park trust fund. See Recommendation below to replace this transfer with a transfer from fund balance.

EXPENDITURES:

1. Salaries
 - The increase of \$28,079 is primarily due to an increase in salaries due to employee turnover and increases resulting from the recently approved collective bargaining agreements.
2. Salary & Benefit Lapse
 - There is a proposed salaries/benefits lapse of \$13,932. This reflects an estimated salary and benefit lapse based on the average turnover ratio and estimated number of vacancies in FY 2017/18.
3. Pension Costs
 - The net decrease of \$6,436 is mainly the result of the reduced contribution for the City's defined benefit pension plans as a result of the 2017 pension reform. This is being somewhat offset by an increase in defined contribution costs due to the increased employer match and a new employee joining the plan.

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KATHRYN A. HANNA PARK (S/F 1D2)**

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4. Employer Provided Benefits

- The net decrease of \$13,801 is due to a decrease of \$23,911 for health insurance which is mainly the result of the five contribution “holidays” proposed for the City and participants in the plan. This decrease is being partly offset by a \$9,279 increase in workers compensation insurance due to general increases in costs.

5. Internal Service Charges

- The net increase of \$35,851 is primarily due to an increase of \$60,318 in utilities costs for electric, which is based on actual usage. This is offset by a decrease of \$31,244 in IT computer system maintenance costs due to a decrease in services related to the new Customer Billing Model implemented in FY 2016/17.

6. Insurance Costs and Premiums

- The increase of \$12,306 is primarily due to an increase in general liability insurance due to an increase in recent claims filed.

7. Other Operating Expenses

- The net increase of \$7,300 is primarily due to a \$10,000 increase in credit card fees resulting from increased usage of credit card payments through the newly implemented Customer Billing Model. This was slightly offset by a decrease of \$2,000 in sanitation costs for large volume containers based on actual usage.

8. Indirect Cost

- This is an allocation of costs to operate central services of the City (e.g. Finance and Administration, Employee Services and City Council) as calculated by the City's independent consulting firm.

9. Contingencies

- The proposed contingency amount of \$51,874 is part of the overall pension reform reserves being set aside as funds to be available to offset future salary increases agreed to in the recently approved collective bargaining agreements.

SERVICE LEVEL CHANGES:

None.

EMPLOYEE CAP CHANGES:

There is no change in authorized positions.

RECOMMENDATIONS:

1. As of 6/30/17, Hanna Park Trust Fund had a fund balance of \$439,723. We recommend that the proposed transfer from the General Fund/GSD (S/F 011) of \$24,525 be replaced by a

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transfer from fund balance to utilize the funds available within this account. This recommendation would have a positive impact of \$24,525 on the Special Council Contingency.

2. Based on recent activity levels, it appears that some of the revenues, such as entrance fees, may be overbudgeted while others like annual passes and camper rentals may be under budgeted. We recommend that projected entrance fees be decreased by \$60,000, while increasing projected annual pass fees by \$20,000 and camper rental fees by \$40,000. This recommendation has no impact on the Special Council Contingency.

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PARKS, RECREATION AND COMMUNITY SERVICES
FLORIDA BOATER IMPROVEMENT PROGRAM (S/F 1D8)**

PROPOSED BUDGET BOOK – Page # 286-287

BACKGROUND:

Pursuant to Section 110.413 of the Municipal Code, this fund was established to provide boat-related activities (including recreational channel marking and public launching facilities); removal of floating structures deemed a hazard to public safety and health, and manatee and marine mammal protection. Funds are appropriated annually by City Council. Projects that cost \$30,000 or less are approved by the Director of Parks, Recreation and Community Services. Projects larger than \$30,000 require a separate approval of the Council. Revenues are derived from recreational vessel registration fees paid in accordance with Florida Statute 328.72. This is an “all years” sub-fund.

REVENUES:

1. Charges for Services:
 - This amount of \$130,117 represents the anticipated FY 2017/18 revenue for boat registration fees.
2. Investment Pool/Interest Earnings:
 - The decrease of \$7,051 is due to a reduction of anticipated interest earnings for FY 2017/18.

EXPENDITURES:

3. Professional and Contractual Services:
 - The amount of \$140,000 will be utilized for related boater improvement projects to make repairs to City owned boat ramps, docks, etc. This total was moved from Other Operating Expenses to better account for how the dollars are spent.
4. Other Operating Expenses:
 - The decrease of \$140,000 is due to the movement of these funds to Professional and Contractual Services.

EMPLOYEE CAP CHANGES:

There are no authorized positions in this subfund.

RECOMMENDATION:

None.

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CECIL FIELD COMMERCE CENTER (S/F 1DA)**

PROPOSED BUDGET BOOK - Page # 288-289

BACKGROUND:

The Cecil Field Commerce Center includes the community center, aquatics complex, and the athletic complex.

REVENUES:

Significant changes in revenue are as follows:

1. Investment Pool/Interest Earnings:
 - The decrease of \$4,561 is based on actual earnings.
2. Miscellaneous Revenue:
 - The decrease of \$8,000 is due to a decrease in Miscellaneous Sales and Charges of \$4,000 based on actual earnings and in Overtime Reimbursement Charges of \$4,000 due to an estimate of anticipated usage in FY 2017/18. The building has not been rented recently because of repairs that are needed. However, they anticipate the repairs being completed at the beginning of the upcoming fiscal year.
3. Transfers from Other Funds:
 - The decrease of \$78,577 is due to a decreased transfer from the General Fund/General Services District (011). The proposed General Fund/General Services District (011) subsidy is \$1,144,279.

EXPENDITURES:

Significant changes in expenditures are as follows

1. Salaries:
 - The increase of \$19,799 is mainly due to pay increases included as part of the 2017 pension reform.
2. Salary and Benefit Lapse:
 - The proposed salaries and benefits lapse of \$7,332 is based on the average turnover ratio and estimated number of vacancies in FY 2017/18.
3. Pension Costs:
 - The net decrease of \$12,903 is mainly the result of the reduced contribution for the City's defined benefit pension plans as a result of the 2017 pension reform.
4. Employer Provided Benefits:
 - The increase of \$4,675 is mainly due to an increase in Workers' Compensation Insurance of \$2,886 due to an overall increase in costs and in Group Hospitalization Insurance of \$1,244 due to an increase in employees' plan coverage. This is somewhat offset by the five contribution "holidays" proposed for the City and participants in the plan.

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COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2017/18 BUDGET
PARKS, RECREATION & COMMUNITY SERVICES
CECIL FIELD COMMERCE CENTER (S/F 1DA)**

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5. Indirect Costs:

- The amount of \$71,388 is an allocation of costs to operate central services of the City (e.g. Finance and Administration, Employee Services and City Council) as calculated by the City's independent consulting firm.

6. Contingencies:

- The proposed contingency amount of \$24,709 is part of the overall pension reform reserves being set aside as funds to be available to offset future salary increases agreed to in the recently approved collective bargaining agreements.

SERVICE LEVEL CHANGES:

There is no change in service level.

EMPLOYEE CAP CHANGES:

There is no change in the employee cap.

RECOMMENDATION:

None

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2017/18 BUDGET
DUVAL COUNTY ALCOHOL & OTHER DRUG ABUSE TRUST (S/F 156)**

PROPOSED BUDGET BOOK – Page #113-114

BACKGROUND:

Section 111.230 of the Municipal Code created the Duval County Alcohol & Other Drug Abuse Trust Fund to provide monies to support Duval County based alcoholic and drug rehabilitation programs. In past years, the City has partially funded the Alcohol Rehabilitation Program with monies paid to the Clerk of Courts for fines imposed in county court. The City is not obligated to fund the alcoholic rehabilitation program. This is an “all years” subfund.

REVENUES:

1. Fines and Forfeits:

- The FY 2017/18 proposed budget of \$101,603 is appropriating \$64,740 of available revenue funding, as authorized above, and is transferring it out to help fund the Juvenile Drug Court. The remainder is to offset the removal of a transfer from fund balance appropriation that occurred in FY 2007.

2. Investment Pool/Interest Earnings:

- The increase of \$121,840 is to assist in offsetting the removal of the transfer from fund balance mentioned above.

3. Transfers from Fund Balance:

- The decrease of \$166,161 is to de-authorize the transfer from fund balance appropriation.

EXPENDITURES:

4. Professional and Contractual Services:

- The decrease of \$7,447 is to de-authorize budget capacity to help offset the removal of the transfer from fund balance mentioned above.

5. Transfers to Other Funds

- The proposed total of \$64,740 represents the transfer to the Juvenile Drug Court within the Court Costs \$65 fee subfund (S/F 1S1) to balance the Juvenile Drug Court Activity.

EMPLOYEE CAP CHANGES:

There are no authorized positions in this subfund.

RECOMMENDATION:

None

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2017/18 BUDGET
DISABLED PARKING FINES (S/F 1H8)**

PROPOSED BUDGET BOOK - Page # 293-294

BACKGROUND:

The Disabled Parking Fines was established by Ordinance 2015-99-E to authorize current and future transfers by the Office of Public Parking of all dismissal fees collected or to be collected pursuant to Section 318.18(6), Florida Statutes, and Section 804.1012, Municipal Code, to the Disabled Parking Trust Fund. This is an "all years" subfund.

REVENUES:

1. Licenses and Permits:
 - The amount of \$30,000 represents the appropriation of existing citation dismissal fee revenue.
2. Fines and Forfeits:
 - The amount of \$464,686 represents the appropriation of existing parking fines revenue.

EXPENDITURES:

1. Internal Service Charges:
 - The net decrease of \$2,814 is mainly due to a decrease in Copy Center Allocation Charges of \$3,100 based on actual usage.
2. Professional and Contractual Services:
 - The elimination of \$38,000 in Professional Services is due to charges for interpreting services for citizens who are hearing impaired and professional speakers and trainers being moved to Other Operating Expenses.
3. Other Operating Expenses:
 - The increase of \$227,500 is mainly due to the addition of Travel Expenses of \$16,000 due to costs to provide transportation to attend ADA and compliance training, and an increase in Trust Fund Authorized Expenditures of \$215,500 due to the addition of the following costs and services:
 - Budgeted expenses for interpreting services, speakers, and trainers mentioned above have been moved to Trust Fund Authorized Expenditures.
 - To identify needs in underserved areas of Jacksonville and provide programming such as financial literacy, health and well-being, and education to citizens with disabilities in those communities.
 - Facility rental fees, permitting, equipment, sponsorships for community, citation books and other operating supplies, and training material for the Adaptive Recreation Program, Title III Support Program, and Volunteer Mentoring Program.
 - To purchase assistive technology and equipment for citizens with disabilities upon request.

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2017/18 BUDGET
 DISABLED PARKING FINES (S/F 1H8)**

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FOOD AND BEVERAGES EXPENDITURES:

SF	Indexcode	FY18 Request	Description of each Service/Event that requires the purchase of food/beverage	Explanation that the Service/Event serves a public purpose
1H8	RPDS1H8	21,000	Events to support the Disabled Services Community	Fund request includes food for events; Annual Fun with the Jacksonville Jumbo Shrimp, Annual Spirit of the ADA at the Jacksonville Zoo, Mayor's Disability Council Annual Training, DPEP Auxiliary Quarterly Training, Annual ADA Symposium, Annual Hiring Abillites Symposium and Job Fair, Annual Information and Technology Symposium, and other disability related events.

SERVICE LEVEL CHANGES:

There is no change in service level.

EMPLOYEE CAP CHANGES:

There is no change in the employee cap.

RECOMMENDATION:

None

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2017/18 BUDGET
EQUESTRIAN CENTER – NFES/HORSE (S/F 4F5)**

PROPOSED BUDGET BOOK – Page #299-300

BACKGROUND:

Ordinance 2014-331-E transferred the management of the Equestrian Center from SMG to the Northeast Florida Equestrian Society (NFES)/H.O.R.S.E. Therapies, Inc. Ordinance 2015-620-E amended and restated the contract with NFES.

REVENUE:

1. Transfers from Other Funds:

- The FY 17/18 proposed transfer from the Taye Brown Regional trust fund (Subfund 44I) is \$405,126.

EXPENDITURES:

1. Professional and Contractual Services

- The proposed budget of \$405,126 represents the contractual services expense to be paid to the NFES. This amount is equal to the NFES' projected expenditures in excess of projected revenues for FY 17/18. The net increase of \$2,573 results mainly from increases in the cost of City utilities.

SERVICE LEVEL CHANGES:

None.

EMPLOYEE CAP CHANGES:

There are no employees in this subfund.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2017/18 BUDGET
PLANNING AND DEVELOPMENT
GENERAL FUND/GENERAL SERVICES DISTRICT (S/F 011)**

PROPOSED BUDGET BOOK - Page # 301 - 303

BACKGROUND:

The Planning and Development Department manages existing and future development within the City of Jacksonville. Matters pertaining to zoning, the comprehensive plan, concurrency, land use, various trades inspections and building codes fall within the purview of this department. The general fund portion of the Planning and Development Department consists of the Office of the Director, Community Planning Division, Current Planning Division, Development Services Division, and Transportation Planning Division.

REVENUE:

1. Charges for Services
 - The increase of \$36,986 is due to projected increases of \$15,561 in zoning and rezoning fees and \$21,425 in comprehensive/amendment fees, based on recent activity and the fee increases from the prior year.
2. Fines and Forfeits
 - There is a \$3,000 increase in projected civil fines and penalties based on recent activity
3. Miscellaneous Revenue
 - The decrease of \$22,975 is primarily due to a reduction in the right-of-way permits to better reflect anticipated revenue.

EXPENDITURES:

1. Salaries
 - The net decrease of \$211,120 is primarily due to a change with how the salaries of the Development Services Division are handled. In FY 2016/17, the salaries of some employees was split with a portion being paid out of salary and benefits line items in both the General Fund/GSD and the Building Inspections subfund. The proposed budget has all the salaries being paid out of the Building Inspections subfund with the portion that is not applicable to buildings being instead allocated to the General Fund/GSD through a supervision allocation. The result is that there is a decrease in salaries, but an increase to the Supervision Allocation below. The impact of this is somewhat offset by increases due to the recently approved collective bargaining agreements.
2. Pension Costs
 - The net decrease of \$291,514 is the result of the reduced contribution for the City's defined benefit pension plans as a result of the 2017 pension reform and the change in the billing of cost for Development Services employees as outlined above.
3. Employer Provided Benefits
 - The net decrease of \$117,118 is due to a decrease of \$119,936 for health insurance which is mainly the result of the five contribution "holidays" proposed for the City and participants in the plan.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
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PLANNING AND DEVELOPMENT
GENERAL FUND/GENERAL SERVICES DISTRICT (S/F 011)**

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4. Internal Service Charges

- The decrease of \$94,065 is due primarily to a decrease of \$80,463 in IT computer system maintenance/security allocation related to the updated Enterprise Document Management system and other building inspections and zoning tracking programs. There is also a decrease of \$20,582 in the allocated Ed Ball Building Costs due to decreases in the overall total cost of building management and percentage of costs being allocated to this department. These decreases are slightly offset by a \$6,543 increase in copy center allocation, based on actual usage and an increase in overall total costs.

5. Insurance Costs and Premiums

- The increase of \$8,857 is due to an increase in general liability insurance due to an increase in recent claims filed.

6. Professional and Contractual Services

- The increase of \$31,500 is due to the inclusion of bicycle and pedestrian data collection within the Master Plan Study.

7. Supervision Allocation

- This amount represents the net allocation of a portion of the salary and benefits expenses for employees housed in Building Inspections (S/F 159) [Development Services Division] that perform duties related to the General Fund/GSD (S/F 011) [Development Services Division]. This allocation is being partly reduced by an allocation from the Office of the Director, General Fund/GSD (S/F 011) to Building Inspections (S/F 159) and Concurrency Management (S/F 112). All allocations mentioned are contained within the Planning and Development Department. The increase in the net allocation to the General Fund/GSD (S/F 011) is primarily due to the allocation change described above.

SERVICE LEVEL CHANGES:

None.

EMPLOYEE CAP CHANGES:

There is no change in authorized positions.

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2017/18 BUDGET
 PLANNING AND DEVELOPMENT
 GENERAL FUND/GENERAL SERVICES DISTRICT (S/F 011)**

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DIVISION CHANGES:

Division	FY 2015/16 ADOPTED	FY 2016/17 PROPOSED	Change	Notes
Community Planning	\$ 1,295,510	\$ 1,241,416	\$ (54,094)	(A)
Current Planning	1,260,070	1,263,518	3,448	
Development Services	597,080	528,160	(68,920)	(B)
Office of the Director	971,503	765,614	(205,889)	(C)
Transportation Planning	509,391	579,720	70,329	(D)
Department Total	\$ 4,633,554	\$ 4,378,428	\$ (255,126)	

- A. The \$54,094 decrease in the Community Planning Division is partly due to a total reduction of \$67,618 in pension costs as a result of the 2017 pension reform. Also included is a \$28,419 decrease in group hospitalization costs due to the issuance of the contribution “holidays”. This is being offset by an increase of \$32,167 in salaries due to recently approved collective bargaining agreements and other salary increases.
- B. The decrease of \$68,920 in the Development Services Division is due to an overall decrease in the amount of expenses being allocated from the Building Inspections (S/F 159).
- C. The decrease of \$205,889 within the Office of Director is primarily due to decreases in internal service charges totaling \$198,603. This includes decreases of \$114,583 in IT computer system maintenance/security related to the updated Enterprise Document Management system and other building inspections and zoning tracking programs, \$61,433 in OGC legal fees based on actual usage and \$20,582 in Ed Ball building costs due to decreases in the overall total cost of building management and percentage of costs being allocated to this department.
- D. The increase of \$70,329 in the Transportation Planning Division is primarily due to increases of \$51,458 in IT computer system maintenance/security for activities related to the implementation of a new Mobility Fee Calculator program and \$31,500 in professional services due to the inclusion of bicycle and pedestrian data collection within the Master Plan Study.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2017/18 BUDGET
PLANNING & DEVELOPMENT
CONCURRENCY MANAGEMENT SYSTEM (S/F 112)**

PROPOSED BUDGET BOOK - Page # 304 - 306

BACKGROUND:

The City of Jacksonville implemented the Concurrency and Mobility Management System Office to ensure the availability of public facilities (except traffic circulation and mass transit) and the adequacy of those facilities at adopted levels of service, concurrent with the impacts of development, and to provide traffic circulation and mass transit public facilities at the adopted performance standards consistent with the 2030 Mobility Plan. It provides the local structure for administering the state law, Chapter 163, Part II, Florida Statutes.

The Concurrency and Mobility Management System (CMMS) measures the potential impact of a proposed development on the adopted minimum levels of service for all public facilities (except traffic circulation and mass transit). It also manages the collection of mobility fees pertaining to traffic circulation and mass transit public facilities consistent with the 2030 Mobility Plan (as established in the 2030 Comprehensive Plan) when an application for a final development order or final development permit is submitted. The CMMS ensures that the adopted levels of service and performance standards are not degraded by the issuance of a final development order, or a final development permit.

REVENUE:

1. Charges for Services

- The net increase of \$12,742 is primarily due to a projected \$17,952 increase in concurrency management fees. This is being partially offset by a projected decrease of \$5,210 in mobility plan management fees. These amounts are based on recent activity levels.

2. Transfer from Fund Balance

- There is a proposed transfer from fund balance of \$560,607. This represents a \$71,433 decrease from FY 2016/17, primarily due to a decrease in the indirect cost allocation. Ordinance 2015-249-E amended Chapter 655 of the Ordinance code and directs that certain annual maintenance fees from part 2 and extension fees from part 3 of Chapter 655, in excess of \$500, shall be transferred to the Fair Share Areas Transportation Improvements Special Revenue Fund. In the future, the Department will need to reduce costs or increase revenues received by this subfund because the fund balance can only support this transfer for an estimated three to five years.

EXPENDITURES:

1. Salaries

- The increase of \$22,208 is primarily due to salary increases resulting from the recently approved collective bargaining agreements and employee turnover.

2. Pension Costs

The net decrease of \$29,687 is mainly the result of the reduced contribution for the City's defined benefit pension plans as a result of the 2017 pension reform. This is being somewhat offset by an increase in defined contribution costs due to the increased employer match and a new employee joining the plan.

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PLANNING & DEVELOPMENT
CONCURRENCY MANAGEMENT SYSTEM (S/F 112)**

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3. Employer Provided Benefits

- The decrease of \$9,809 is primarily due to a decrease in health insurance which is mainly the result of the five contribution "holidays" proposed for the City and participants in the plan.

4. Internal Service Charges

- The increase of \$7,782 is primarily due to a \$8,727 increase in computer system maintenance for services related to the Enterprise Permit and Land Use Management System. This is partially offset by a decrease of \$1,211 in the allocated Ed Ball building costs due to decreases in overall total cost for Ed Ball building maintenance.

5. Supervision Allocation

- This allocation is in place to reimburse the general fund for three (3) employees from the Office of the Director within the General Fund – GSD (S/F 011) whom perform a percentage of their work in this subfund.

6. Indirect Cost

- This is an allocation of costs to operate central services of the City (e.g. Finance and Administration, Employee Services and City Council) as calculated by the City's independent consulting firm.

7. Contingencies

- The proposed contingency amount of \$37,165 is part of the overall pension reform reserves being set aside as funds to be available to offset future salary increases agreed to in the recently approved collective bargaining agreements.

SERVICE LEVEL CHANGES:

None.

EMPLOYEE CAP CHANGES:

There is no change in authorized positions.

CONCERN:

As identified in previous budget reviews, due to Ordinance 2015-249-E, this subfund's annual revenues are no longer sufficient to cover annual expenditures. This subfund does not have sufficient fund balance to keep it solvent for more than an estimated three to five years operating in this manner. After that time, this will either necessitate cost and service reductions or an increase to the revenue received by this subfund to stay within revenues otherwise it will require a transfer from the General Fund/General Services District (S/F 011).

RECOMMENDATION:

None.

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PLANNING AND DEVELOPMENT
COMMUNITY DEVELOPMENT (S/F 1A1)**

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BACKGROUND:

In accordance with a recommendation from the Affordable Housing Task Force in 2006, federal and state housing and community development grants are not included in the Mayor's annual budget and are handled through separate legislation. Subfund 1A1 receives a Federal grant which is subsequently transferred to the General Fund to subsidize the City's Independent Living program. In addition, Subfund 1A1 receives a transfer from the Northwest/Northside Tax Increment District which must be deposited in the CDBG subfund pursuant to Ordinance 1999-1206-E.

REVENUE:

1. Intergovernmental Revenue:
 - The revenue from the federal funding to the Independent Living Program is budgeted at \$120,000 for FY 2017/18.
2. Transfers from Other Funds
 - This represents a transfer from the Northside East Tax Increment District as an annual repayment for the \$1.5 million grant to the Museum of Contemporary Art for the acquisition of the building at Duval and Laura Streets. The Tax Increment District is repaying the grant over 20 years without interest. This is the eighteenth annual payment.

EXPENDITURES:

1. Grants, Aids and Contributions
 - The \$75,000 in Other Grants and Aids is being used to supplement part of the employee costs for City staff who work with the Clara White Mission and Catholic Charities Bureau.
2. Transfer to Other Funds
 - This is the transfer of federal funding to the Independent Living Program within the General Fund/GSD to pay for staff and other professional services.

SERVICE LEVEL CHANGES:

None.

EMPLOYEE CAP CHANGES:

There are no authorized positions in this subfund.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2017/18 BUDGET
PLANNING AND DEVELOPMENT
BUILDING INSPECTION (EXCLUDING FIRE RESCUE) (S/F 159)**

PROPOSED BUDGET BOOK - Page # 307 - 311

BACKGROUND:

The Building Inspection Subfund accounts for the finances of the Building and Inspection Division within the Planning and Development Department and to a lesser degree the finances of the Fire Plans Review Section of the Jacksonville Fire and Rescue Department. The Building Inspection Division is responsible for ensuring that existing and future developments and construction comply with the Florida Building Code and local ordinances. The Division's primary roles are to ensure the safety of buildings and related landscapes by performing inspections and enforcing building, electrical, plumbing, mechanical, and other related city codes. In addition, the Division performs reviews of various permit applications and plans examination. During the FY 2015/16 budget process, the Development Services Division, within the General Fund – GSD (S/F 011), was moved into this subfund and is primarily supported by development services fees added to Section 320.409 of the Municipal Code.

REVENUE:

Non-Departmental / Fund Level Activities

1. Investment Pool / Interest Earnings

- There is a \$67,336 decrease in projected investment pool earnings based on a lower budgeted interest rate in FY 2017/18 compared to FY 2016/17.

Planning and Development

1. Charges for Services

- The increase of \$944,006 is due, in part, to increases of \$336,162 in building permit review fees, \$160,040 in building inspection fees, \$151,000 in construction inspection fees, \$120,137 in mechanical inspection fees, \$119,817 in electrical inspection fees and \$105,526 in reinspection fees. All of these increases are based on recent increases in activity levels and are fairly conservative.

2. Fines and Forfeits

- The increase of \$46,076 is primarily due to an increase in reactivation/reinstatement fees, which is also based on recent increases in activity levels.

3. Miscellaneous Revenue

- The increase of \$4,473 is primarily due to an increase in book and map sales.

EXPENDITURES:

Non-Departmental / Fund Level Activities

1. Contingencies

- The proposed contingency amount of \$786,978 is part of the overall pension reform reserves being set aside as funds to be available to offset future salary increases agreed to in the recently approved collective bargaining agreements.

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BUILDING INSPECTION (EXCLUDING FIRE RESCUE) (S/F 159)**

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2. Cash Carryover

- The \$897,114 in this line item represents the budgeted excess revenue over expenditures for this sub-fund.

Planning and Development

1. Salaries

- The increase of \$883,507 is partly due to the net addition of seven (7) positions and increases resulting from the recently approved collective bargaining agreements. Also included in this increase is a change in how employees' salaries from this Subfund, Development Services Division, are being allocated to the General Fund/GSD (S/F 011) Development Services Division. Previously, these salaries were split out between this Subfund and the General Fund/GSD (S/F 011), but the proposed FY 2017/18 budget has the entire salary included and the expenses allocated back to the General Fund/GSD (S/F 011) through a supervision allocation.

2. Salary & Benefit Lapse

- There is a proposed salaries/benefits lapse of \$103,969. This reflects an estimated salary and benefit lapse based on the average turnover ratio and estimated number of vacancies in FY 2017/18.

3. Pension Costs

- The net decrease of \$343,398 is mainly due to the reduced contribution for the City's defined benefit pension plans as a result of the 2017 pension reform. This is partly offset by the changes in how the Development Services Employees are handled and an increase in defined contribution costs due to the new employees and the increased employer match.

4. Employer Provided Benefits

- The net decrease of \$74,905 is primarily due to a decrease of \$145,386 for health insurance which is mainly the result of the five contribution "holidays" proposed for the City and participants in the plan. Also included in this item are increases due to the change in Development Services allocation and the seven (7) new employees. The decrease in health insurance is being partially offset by an increase of \$54,141 in workers compensation insurance associated with the additional employees.

5. Internal Service Charges

- The increase of \$965,627 is due to increases of \$562,500 in IT system development for the development of a new Enterprise Land Use Management system with pay-go funds and \$325,947 in IT equipment refresh for the replacement of 163 laptop/desktop computers.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2017/18 BUDGET
PLANNING AND DEVELOPMENT
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6. Insurance Costs and Premiums
 - The increase of \$33,535 is primarily due to an increase in general liability insurance due to an increase in recent claims filed.
7. Other Operating Expenses
 - The net increase of \$4,302 is primarily due to increases of \$6,437 in hardware software maintenance & licenses for scanner maintenance and \$3,795 in shoe allowance for the seven (7) new positions. These increases are offset by decreases of \$3,088 in other operating supplies based on current inventory levels and \$2,850 in local miles due to the increased use of City vehicles by employees.
8. Capital Outlay
 - \$27,229 is being budgeted to purchase a large scanner needed for document imaging.
9. Supervision Allocation
 - This amount represents the net allocation of a portion of the salary and benefits expenses for employees housed in this Subfund (Development Services Division) that perform duties related to the General Fund/GSD (S/F 011) Development Services Division. This allocation is being partly reduced by an allocation from the General Fund/GSD (S/F 011) Office of the Director. All allocations mentioned are contained within the Planning and Development Department. The increase in the net allocation to the General Fund/GSD (S/F 011) is due to Development Services now charging costs to the General Fund/GSD (S/F 011) through a supervision allocation, as described above.
10. Indirect Cost
 - This is an allocation of costs to operate central services of the City (e.g. Finance and Administration, Employee Services and City Council) as calculated by the City's independent consulting firm.

SERVICE LEVEL CHANGES:

Additional staff and vehicles have been included in the proposed FY 2017/18 budget in order to improve permit/inspection turnaround and increase customer satisfaction.

EMPLOYEE CAP CHANGES:

- The employee cap is increasing by seven (7) positions, primarily due to change during the year.
 - Ordinance 2016-734-E added four (4) Engineering Technicians and one (1) Planning Services Manager to the Development Services Division.
 - Ordinance 2017-267-E added four (4) Construction Trades Inspectors to the Building Inspections Division.

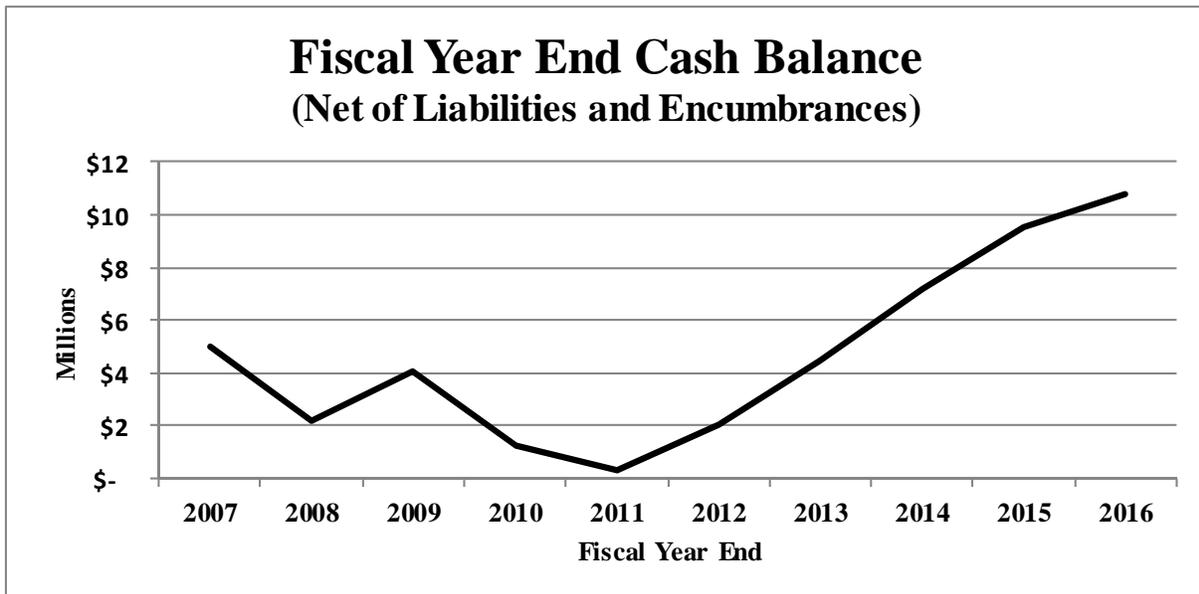
**COUNCIL AUDITOR'S OFFICE
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BUILDING INSPECTION (EXCLUDING FIRE RESCUE) (S/F 159)**

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- There was also a transfer of one (1) Building Permit & License Inspector to Fire Rescue (S/F 159).
- The proposed budget includes the transfer of one (1) Historic Preservation Code Inspector to the Community Planning Division within the General Fund/GSD (S/F 011)

COMMENTS ON FEES:

As indicated in previous years, the Building Inspections Division needs to review the amount of the various fees charged by the Department. As of 6/30/17, this Subfund (including Fire Rescue) had a cash balance of approximately \$15 million, roughly a \$5 million increase over the previous year's balance on the same date. Furthermore, the proposed FY 2017/18 budget has revenues, which are based on conservative assessments, that are anticipated to exceed expenses by \$897,114. While we understand the need to keep fees relatively flat to avoid ups and downs, this Subfund now has more than one (1) year of operating cost in reserves.



In FYE 2008 and 2009, cash transfers were made from the General Fund/GSD (S/F 011) in order to help sustain this Subfund through periods of decreased activity. In FYE 2016, once the Subfund became self-sufficient, the amount provided was transferred back to the General Fund/GSD (S/F 011).

RECOMMENDATION:

None.