

# MAINTAINING JACKSONVILLE'S COMPETITIVE ADVANTAGE

A PUBLIC POLICY DISCUSSION

MAYOR JOHN PEYTON, JUNE 2011

## THE ATHENIAN OATH

We will never bring disgrace on this our City by an act of dishonesty or cowardice.

We will fight for the ideals and Sacred Things of the City both alone and with many.

We will revere and obey the City's laws, and will do our best to incite a like reverence and respect in those above us who are prone to annul them or set them at naught.

We will strive increasingly to quicken the public's sense of civic duty.

Thus in all these ways we will transmit this City, not only not less, but greater and more beautiful than it was transmitted to us.

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COMPETITIVE ADVANTAGE  
A PUBLIC POLICY DISCUSSION

MAYOR JOHN PEYTON

JUNE 2011

# TABLE OF CONTENTS

## MILLAGE RATE AND SPENDING COMPARISONS AMONG OTHER MAJOR CITIES

	MILLAGE RATES AMONG MAJOR FLORIDA CITIES.....	I
	KIPLINGER:TOP TAX-FRIENDLY CITIES.....	II
	POLICE SPENDING PER CAPITA AMONG MAJOR FLORIDA CITIES.....	III
	FIRE/RESCUE SPENDING PER CAPITA AMONG MAJOR FLORIDA CITIES.....	IV
	PARKS SPENDING PER CAPITA AMONG MAJOR FLORIDA CITIES.....	V
	PUBLIC WORKS SPENDING PER CAPITA AMONG MAJOR FLORIDA CITIES.....	VI
	INVESTMENT IN CHILDREN PER CAPITA AMONG MAJOR FLORIDA CITIES.....	VII
<b>CHAPTER 1</b>	FINANCIAL HEALTH OF THE CITY OF JACKSONVILLE.....	I
<b>CHAPTER 2</b>	THE OPERATING BUDGET.....	6
<b>CHAPTER 3</b>	PROPERTY TAX.....	14
<b>CHAPTER 4</b>	CAPITAL IMPROVEMENT PROGRAM.....	21
<b>CHAPTER 5</b>	DEBT MANAGEMENT.....	27
<b>CHAPTER 6</b>	PENSION REFORM.....	32
<b>CHAPTER 7</b>	JACKSONVILLE TRANSPORTATION AUTHORITY.....	48
<b>CHAPTER 8</b>	AGREEMENTS WITH THE BEACH CITIES AND BALDWIN.....	53
<b>CHAPTER 9</b>	BALANCING THE 2012 BUDGET.....	61
<b>CHAPTER 10</b>	ECONOMIC DEVELOPMENT.....	74
<b>CHAPTER 11</b>	JAXPORT.....	81
<b>CHAPTER 12</b>	CECIL COMMERCE CENTER.....	86
<b>CHAPTER 13</b>	RELATIONSHIP WITH THE MILITARY.....	92
<b>CHAPTER 14</b>	DOWNTOWN DEVELOPMENT.....	97
<b>CHAPTER 15</b>	CONVENTION CENTER.....	103
<b>CHAPTER 16</b>	FAIRGROUND RELOCATION.....	108
<b>CHAPTER 17</b>	CRIME.....	111
<b>CHAPTER 18</b>	THE JACKSONVILLE JOURNEY.....	115
<b>CHAPTER 19</b>	LAW ENFORCEMENT ORGANIZATIONS.....	122
<b>CHAPTER 20</b>	JAGUARS.....	126
<b>CHAPTER 21</b>	HOMELESS.....	131
<b>CHAPTER 22</b>	BETTER JACKSONVILLE PLAN.....	136
<b>CHAPTER 23</b>	ST. JOHNS RIVER.....	151
<b>CHAPTER 24</b>	PROJECT NEW GROUND.....	164
<b>CHAPTER 25</b>	PARKS.....	171
<b>CHAPTER 26</b>	SHANDS AND UF.....	176
<b>CHAPTER 27</b>	DUVAL COUNTY PUBLIC SCHOOLS.....	181
<b>CHAPTER 28</b>	INVESTMENT IN CHILDREN.....	189
<b>CHAPTER 29</b>	BUILDING A SUCCESSFUL CITY.....	195
<b>CHAPTER 30</b>	VALUE OF A CONSOLIDATED GOVERNMENT.....	198
<b>CHAPTER 31</b>	STREAMLINING THE CITY ORGANIZATION.....	201
<b>CHAPTER 32</b>	STATE AND FEDERAL GOVERNMENT.....	209
<b>CHAPTER 33</b>	SPORTS FACILITIES.....	212
<b>CHAPTER 34</b>	CITY OF JACKSONVILLE WORKFORCE.....	218
<b>CHAPTER 35</b>	COLLECTIVE BARGAINING.....	235
<b>CHAPTER 36</b>	CITY COUNCIL.....	242
<b>CHAPTER 37</b>	JFRD LONG RANGE PLAN.....	244
<b>CHAPTER 38</b>	JFRD PROFESSIONAL GROWTH AND DEVELOPMENT PLAN.....	250
<b>CHAPTER 39</b>	LIBRARY CAPACITY PLAN.....	253
<b>CHAPTER 40</b>	JACKSONVILLE SMALL AND EMERGING BUSINESS (JSEB).....	259
	ABOUT MAYOR JOHN PEYTON.....	264
	ACKNOWLEDGEMENTS.....	265



Dear Citizens:

One of the great values of our democracy is the peaceful transition of political power from one officer holder to the next. However, what is sometimes lost in the process is the continuity and institutional knowledge our citizens expect and deserve.

Jacksonville has a distinguished track record of not only achieving the unthinkable but also building on past accomplishments to reach even greater heights. From rebuilding after the Great Fire of 1901 to Consolidation in 1968 to hosting Super Bowl XXXIX, the world's largest sporting event, these achievements combined with other initiatives like the River City Renaissance, replacing bridge tolls with

sales tax, The Better Jacksonville Plan and *The Jacksonville Journey* all point to our collective desire to embrace continuous improvement. It is in that spirit that the Peyton administration submits this document to the community so that our march for continuous improvement carries on.

For many years, Jacksonville has consistently had the lowest millage rate of any major city in Florida, and it offers one of the lowest overall tax burdens among major cities across the nation. In recent years, however, Jacksonville has been navigating through one of the most challenging economic climates, a worldwide recession second only to the Great Depression. These economic conditions have spawned critical debate about which services government should deliver, and at what level, for Jacksonville to remain competitive.

Community engagement and public policy discussion are key to ensuring the city continues its forward momentum for a post-recession recovery. To guarantee a seamless conveyance of information from my administration to our community and the mayor-elect, my office has prepared this public policy document to explore a wide variety of significant topics.

Beyond what you can read in statutes and ordinances, the material contained within the document is designed to provide background, context and informed predictions as to what the near future may hold on important issues facing this community. Topics range from the city's financial health to key economic and quality of life issues and initiatives. In addition, based on the experience of my administration, this document attempts to provide insight into the operations of the executive branch of government and the unique relationship with City Council.

It is my hope that this will be a valuable resource as we collectively strive to find the balance between offering a low tax burden, yet delivering a level of service that allows us to be competitive as we work to grow jobs and attract business to Jacksonville.

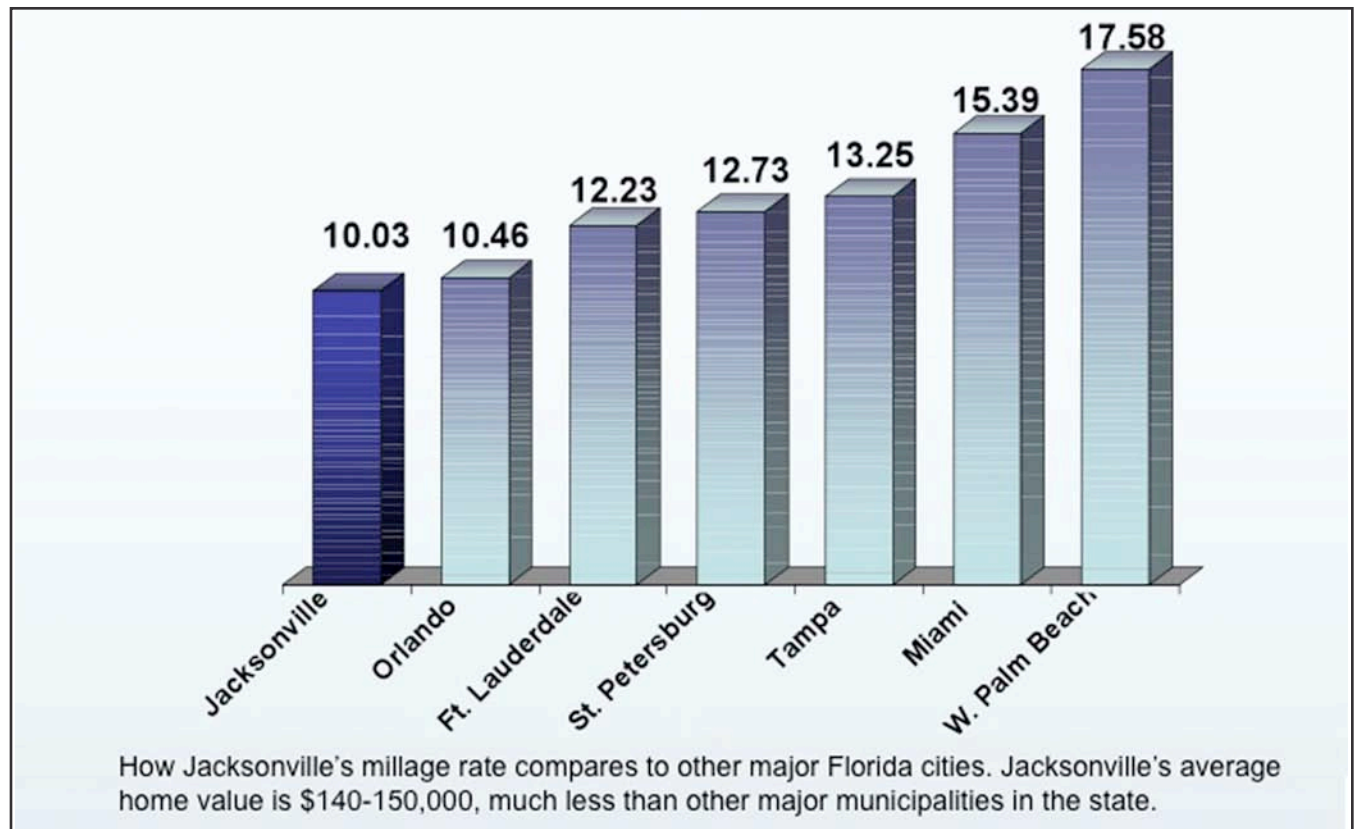
Special thanks go to my staff for their stellar leadership on many of the issues addressed in the document. I also extend my gratitude to all the contributing editors for their hard work in assembling the material in a meaningful and user-friendly way.

Sincerely,

John Peyton  
Mayor

# MILLAGE RATE AND SPENDING COMPARISONS AMONG OTHER MAJOR CITIES

## MILLAGE RATES AMONG MAJOR FLORIDA CITIES I



## KIPLINGER: TOP TAX-FRIENDLY CITIES II

1. Anchorage, Alaska
2. Manchester, New Hampshire
3. Cheyenne, Wyoming
4. Seattle, Washington
5. Las Vegas, Nevada
- 6. Jacksonville, Florida**
7. Sioux Falls, South Dakota
8. Phoenix, Arizona
9. Billings, Montana
10. Chicago, Illinois

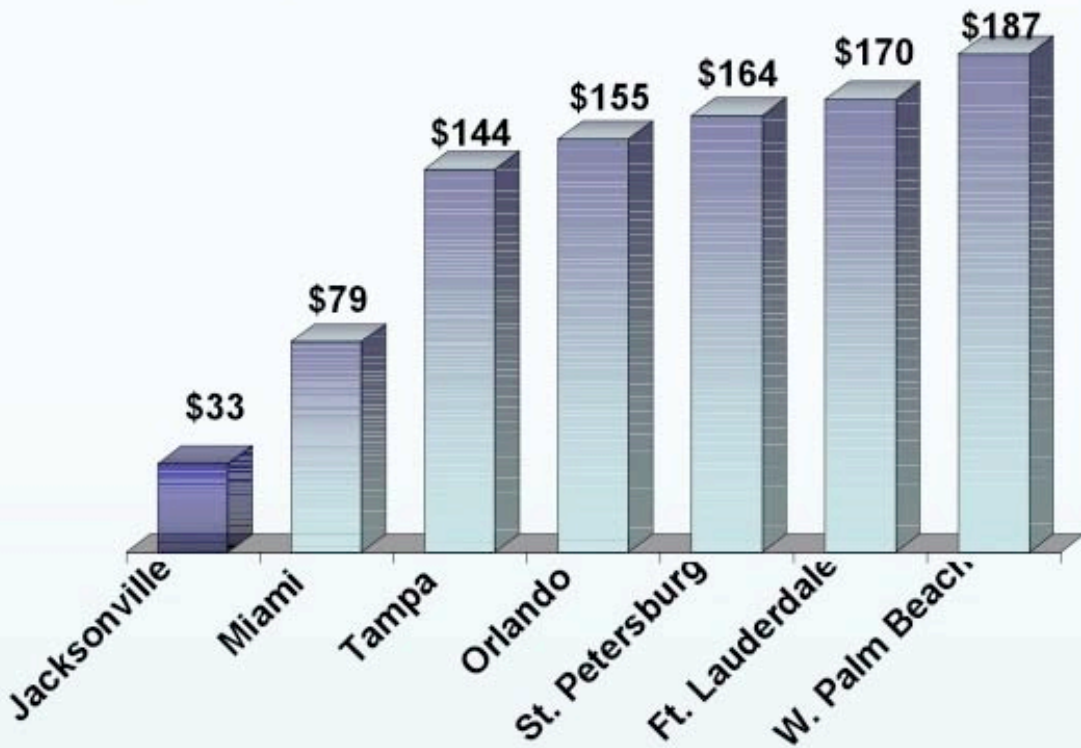
### POLICE SPENDING PER CAPITA AMONG MAJOR FLORIDA CITIES III



### FIRE/RESCUE SPENDING PER CAPITA AMONG MAJOR FLORIDA CITIES IV

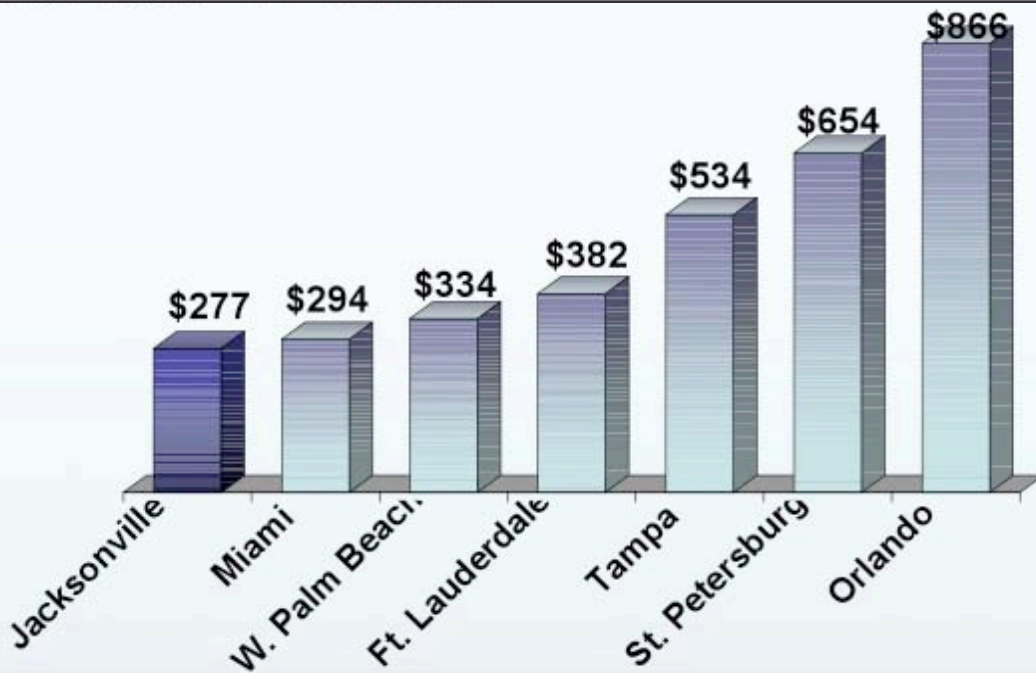


## PARKS SPENDING PER CAPITA AMONG MAJOR FLORIDA CITIES V



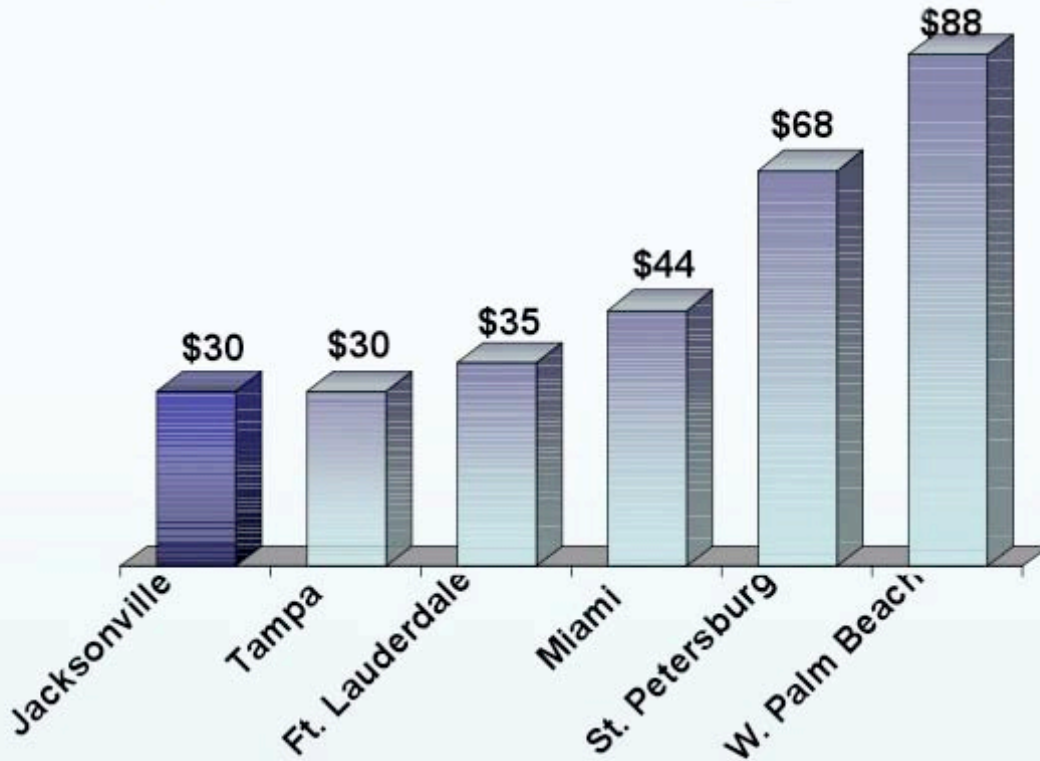
What this graph does not show is that Jacksonville has one of the largest urban park systems in the country.

## PUBLIC WORKS SPENDING PER CAPITA AMONG MAJOR FLORIDA CITIES VI





## INVESTMENT IN CHILDREN PER CAPITA AMONG MAJOR FLORIDA CITIES VI



These are comparisons to the counties that have programs similar to our Children's Commission here in Duval County. Other cities/counties leverage spending for children as a separate taxing authority. In Jacksonville, by ordinance, it is funded as a transfer from the city's general fund.



**CHAPTER ONE**

**FINANCIAL HEALTH OF THE CITY OF JACKSONVILLE**

# FINANCIAL HEALTH OF THE CITY OF JACKSONVILLE

## INTRODUCTION

Beginning with changes to the ordinance code in 2005, the City of Jacksonville has formalized and complied with best practices in budgeting, debt policies and investment policies, which have yielded improved financial stability as reflected in the city's current AA bond rating.

## IMPORTANCE

The existence of guidelines and the acknowledgment of best practices does not guarantee sustainable financial health. The benefit from these best practices is only realized when they are institutionalized and incorporated into the management of the city's fiscal affairs. This stability is needed to manage through difficult times. The flexibility to make timely operational decisions in changing environments is best realized through a disciplined adherence to sound guidelines that transcend political changes and economic cycles. In the final analysis, adherence to best fiscal practices means the City of Jacksonville will have an opportunity to be the master of its destiny.

One important independent indicator of a city's financial health is its bond ratings. The City of Jacksonville currently is rated in the AA category by all three rating agencies: Standard & Poors, Moody's, and Fitch. Strong bond ratings directly and primarily ensure the city's ability to borrow money and to do so at favorable interest rates. But of equal importance, good bond ratings are an independent confirmation that the principles and practices used by the city are appropriate and sufficiently embedded in our operation as to be considered positive factors in the evaluation of our creditworthiness.

## ACTIONS TAKEN

### **BUDGETARY PRACTICES**

The City has taken significant actions since 2005 to formally establish sound budgetary practices. The guidelines, principles and industry best practices consistently applied year after year form the foundation for sustainable financial health. These best practices can be found in Section 106 of the Ordinance Code. A summary of those practices and their use in Jacksonville are discussed below.

#### **Current period expenditures balanced from current revenues**

The most critical change in the financial management culture of the city has been a new ordinance section requiring that "expenditures of the City of Jacksonville shall be balanced from current year revenues." This concept, referred to as structural integrity, requires each fiscal period to provide all resources needed to pay for operating the city during that fiscal period. Use of non-recurring revenues to pay for recurring expenses ignores the question of how budget and policy makers are expected to pay for those same services in future years when the one-time money is no longer available. This formalized requirement in a city ordinance sends a strong message of fiscal conservatism to policy makers, the credit community and Jacksonville citizens.

#### **Formal methodologies for projections**

In addition to requiring that the budget be balanced between current revenues and current expenditures, the city has also adopted formal and defensible methodologies for estimating future revenues. While this requirement is not codified, the city publishes a report that projects operating revenues and expenses for each of the next five years. The public nature of these projections helps ensure that they are made using defensible tools and calculations.

#### **Mid-year forecast**

Another best practice included in the city code since 2005 is the requirement to prepare and report mid-year and end-of-year budget reviews in addition to the reviews that were previously prepared. While the required end-of-year review is important, the mid-year review makes an even greater contribution to sustained financial health. The code requires the preparation of a mid-year forecast for the city's operations, including comparisons of current year budgeted revenue and expenditures against current year actual revenues and expenditures. Over time, the existence of a codified, scheduled review by policy makers of expected collection and

spending levels versus realized collections and spending results in better, more realistic estimates in the preparation of the city's budget. The value to the city's financial health of conducting such a review during the fiscal year cannot be overemphasized. By comparing budget to actual performance inside the fiscal year the city can make interim adjustments to curtail spending in light of a pattern of under collection of revenues.

The impact of this code section is greatly enhanced by the requirements that the mid-year forecast must be made at a City Council meeting called specifically to hear the report and that appropriate city staff must be made available to address questions raised by City Council.

### **Operating Reserve and Contingency**

Also since 2005, the city has codified long-range financial planning targets for the General Fund operating reserve and budgeted contingency. The target for the General Fund operating reserve has been established at 5 percent to 7 percent of General Fund expenditures with 1 percent of the General Fund operating budget set as the target for a budgeted contingency. The operating reserve and contingency can be compared to a personal savings account. It is not intended to be used to pay routine living expenses, but set aside to meet an unforeseen expense. In combination, these reserves provide flexibility for the city to meet unanticipated spending needs that arise from ordinary service delivery, such as unanticipated rises in gasoline prices. Reserves and contingencies also provide funding flexibility for the city to take advantage of beneficial opportunities that were not identified during the budget process, such as attracting a cultural event, making an infrastructure investment to attract a new business or acquiring land for later use that has just come on the market.

### **Codified and funded Emergency Reserve**

In 2005, the city created an Emergency Reserve Fund that has a long-range target of 5 to 7 percent of General Fund expenses (approximately \$49.5 to \$69.3 million). When the emergency reserve was created \$40 million was transferred into the fund. The code section, amended in 2010, establishes that the reserve can be accessed to address "unanticipated expenditures arising out of a hurricane, tornado, major weather related events, and/or other massive infrastructure failures or other disasters, whether man made or caused by nature." The Emergency Reserve Fund can only be available through a declaration of emergency by the mayor and subsequent approval by two-thirds vote of City Council. The codification of this reserve accomplishes two things. First, it formally sets aside funding for emergencies and, by doing that, protects the city's operating resources from being redirected to meet unexpected emergency operating needs. Second, limitations on its availability reduce the chances of the reserve being used as a one-time solution to budgetary stress, consistent with the city's structural balance requirement.

### **Pay-as-you-go capital funding**

The city also established a goal of budgeting the value of one mill of property tax (approximately \$50 million) to pay for shorter lived assets that qualify for debt financing but offer significant savings to the city if they are cash funded instead. Examples are vehicles, computers, capital building maintenance and road resurfacing.

### **Five-Year Capital Improvement Plan**

City code now requires adoption of a five-year capital improvement plan that is "financially feasible and provides the funding source and amount of funding for the capital costs of each project." This planning tool includes identified funding for each capital project and facilitates effective debt management by providing a forward look at borrowing needs. These projected borrowing amounts are programmed into the city's Debt Affordability model which allows the city to project whether current and future borrowing patterns will result in departures from the city's practical ability to repay money that is borrowed.

### **Five-Year Operating Projections**

The city also now prepares five-year budgetary projections for its general operations that promote effective long range planning for the city's operating activities. Further discussion of this budgetary projection is included in the chapter on the operating budget.

## **DEBT POLICIES**

In addition to establishing sound budgetary practices, the city follows established debt policies that contribute to its financial stability.

The city has adopted five debt management parameters based primarily on credit industry standards for AA or better rated jurisdictions to provide decision makers with objective measures regarding the city's debt program. Those parameters are incorporated into the annual Debt Affordability Study. Since 2006, the city has made decisions as to how much and when to borrow based on these guidelines. A definition of each parameter is provided below. A more complete discussion of the city's targets, current status, and history since 2002 is included in the Debt Management chapter and in the most recent Debt Affordability Study.

### **Ratio of overall debt to estimated market value**

Overall debt outstanding, including overlapping debt issued by other jurisdictions within the boundaries of the local government, divided by the estimated full market value of taxable property.

### **Ratio of debt service to general fund expenditures**

Debt service expenditures for all operating and debt service funds divided by total operating expenditures including transfers to other funds for use in operations.

### **Ten-year pay down**

Total principal repayment scheduled for the next 10 years divided by total debt outstanding.

### **Ratio of unassigned general fund balance to general fund revenues**

Unassigned general fund balance plus the emergency reserve divided by total general fund operating revenues.

### **Debt per capita**

The amount of total debt divided by the most recent population within the boundaries of the local government.

## **INVESTMENT POLICY**

The City Council has adopted an Investment Policy Statement to provide guidance and limits for investing the city's operating funds. The policy statement is intended to set forth the framework within which the city's investment activities will be conducted. It establishes three basic objectives: the safety of capital, the liquidity of funds to meet operating needs and the generation of investment income for use by the government.

## **STATUS OF ACTIONS TAKEN**

### **BUDGETARY PRINCIPLES**

- Since the adoption of the code changes, the city has prepared and adopted budgets that rely on recurring revenues to pay for recurring expenses with no material use of one-time money or use of reserves to balance the budget.
- The mid-year projections of operating results have been presented to City Council and the Council Auditor at a meeting called specifically for that purpose. This mid-year review has been the basis for timely budgetary adjustments executed within the same fiscal year, with improved budgetary results.
- The Emergency Reserve has a balance of \$44.9 million as of Sept. 30, 2010.
- Total reserves (operating and emergency) are just under 9 percent of general fund revenues as of Sept. 30, 2010, while the combined target for those funds is between 10 percent and 14 percent.
- The General Fund has included only modest amounts of pay-as-you-go capital funding.
- The city has prepared five-year operating projections and a five-year CIP each year. The CIP reflects funding sources by year for all funded capital projects, including anticipated debt issues. These projected debt issues are captured in the forward looking section of the annual Debt Affordability Study.

## **ADHERENCE TO INVESTMENT AND DEBT POLICIES**

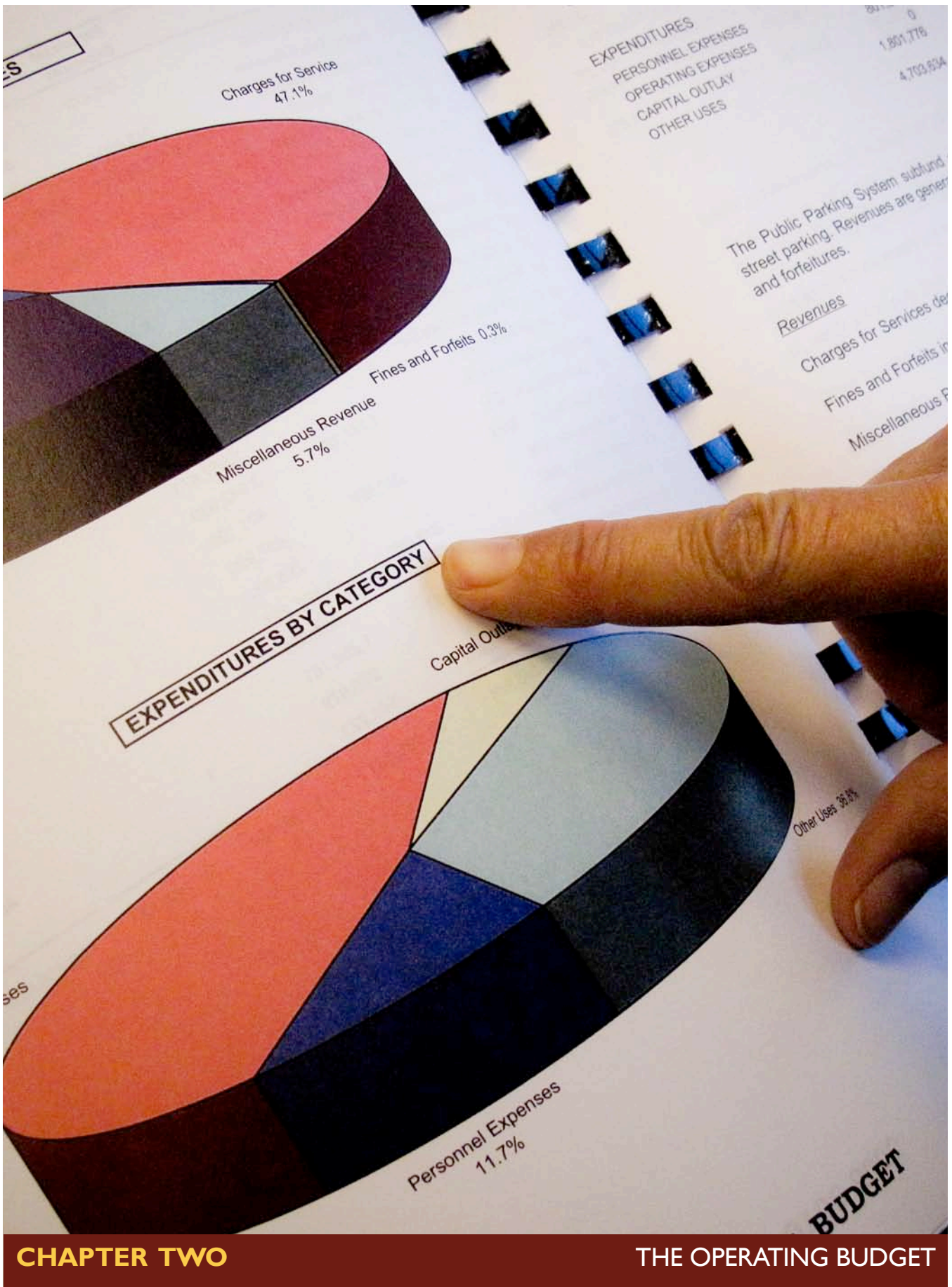
The city has complied with its guidelines and restrictions regarding both investment and debt activity. Both activities have oversight committees that meet quarterly. Each oversight committee receives quarterly reports on activities. In addition, the City Council Finance Committee receives a quarterly Investment Report, and the entire City Council receives the annual Debt Affordability Study.

## **NEXT STEPS**

Continued compliance with conservative financial policies, either enacted into ordinance by City Council or simply adopted as city policy, will result in a financially healthy city capable of retaining the city's AA bond ratings and controlling its destiny.

The most immediate decision facing the city in the context of sustainable financial health will be how to prepare a General Fund budget for FY 2011-12 that meets the following criteria:

- Is structurally balanced, meaning that the budget will only fund recurring expenses with recurring revenues.
- Maintains or increases existing emergency and liquidity operating reserves.
- Proposes the issuance of debt only within adopted guidelines and parameters.



# THE OPERATING BUDGET

## INTRODUCTION

This chapter will discuss the operating budget of the City of Jacksonville with particular emphasis on the city's most important and most flexible fund, the General Fund. In many ways this paper will serve as a primer on the budget process while also providing information about major budget decisions over the past several years.

## IMPORTANCE

Setting the annual operating budget is one of any government's most important annual tasks. It is a basic function of all governments as they determine what services to provide and the level of services to be provided. The operating budget determines the amount of revenue to be raised, the source of that revenue, the relative burden on taxpayers and ratepayers based on the revenue mix and, of course, how those resources will be spent.

## OPERATING BUDGET BASICS

### Fund Structure

The city's accounting structure is organized by fund types, funds and subfunds within these funds. Fund types include the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Enterprise Funds, Internal Service Funds, Trust and Agency Funds and Component Units Funds. The General Fund (with subfunds 011 through 019) is the most important fund of the city. The main operating subfund is referred to as General Fund - 011, which has almost \$1 billion in annual revenues and expenditures. Other subfunds within the General Fund are for the constitutional officers, The Jacksonville Journey, emergency reserve and mosquito control. The Jacksonville Journey requires subsidies from General Fund - 011. Below is a table summarizing the FY11 Budget for the General Fund – 011.

---

REVENUES BUDGET	
Property Taxes - Net.....	485,533,272
Utility Service Taxes.....	133,171,627
Other Taxes .....	1,138,500
Franchise Fees .....	43,924,385
Licenses and Permits.....	7,775,760
JEA Contributions.....	101,687,538
Half-cent Sales Tax.....	72,728,053
City Revenue Sharing.....	21,037,921
County Revenue Sharing.....	23,245,573
Other Revenue Sharing.....	7,276,535
Ambulance Fees.....	15,850,629
Other Charges for Services .....	43,391,313
Fines and Forfeits.....	3,329,800
Interest Income .....	7,883,212
Miscellaneous Revenue .....	16,289,031
Other Sources .....	6,102,689
<b>TOTAL REVENUES .....</b>	<b>990,365,838</b>
<hr/>	
<b>EXPENDITURES</b>	
Advisory Boards.....	404,068
Central Operations.....	20,265,271
City Council.....	8,883,614
Courts.....	852,580
Environmental & Compliance.....	17,932,245



Finance.....	6,921,766
Fire & Rescue.....	163,801,008
General Counsel.....	308,651
Human Rights Commission.....	982,048
Jacksonville City-wide Activities.....	39,313,567
Shands Contribution.....	23,775,594
Mayor's Office.....	2,946,609
Medical Examiner.....	2,839,653
Office of the Sheriff.....	350,387,721
Planning & Development.....	7,473,512
Public Defender.....	936,989
Public Health.....	769,049
Public Libraries.....	39,602,759
Public Works.....	79,769,323
Recreation & Community Services.....	49,765,389
State Attorney.....	188,343
Supervisor of Elections.....	9,493,916
Transfers to Other Funds	
Transfer to Children's Commission.....	20,673,779
Transfer to Journey.....	10,083,162
Transfer to PayGo.....	5,432,000
Transfer to Clerk of Court.....	819,954
Transfer to Property Appraiser.....	8,414,084
Transfer to Tax Collector.....	4,174,115
Transfer to Solid Waste.....	0
Transfer to Venues.....	9,801,442
Transfers to various funds.....	8,120,535
Total Transfers to Other Funds.....	67,519,071
Transfer to Debt Service Funds.....	95,233,092
<hr/>	
TOTAL EXPENDITURES.....	990,365,838
<hr/>	
SURPLUS/DEFICIT.....	(0)
<hr/>	

### Major Revenues

The major revenue source for the operating budget is property taxes, generating roughly \$500 million annually and comprising about 50 percent of all General Fund - 011 revenues and 35 percent of total city revenues. (A separate chapter on property taxes provides greater detail on this important revenue source.)

The next largest contributors to revenue are the two referendum-approved local half-cent sales taxes for the Better Jacksonville Plan. However, these funds cannot be used for operations in the General Fund - 011 as they are restricted to transportation and infrastructure uses. Most of these funds are used for capital projects, though a portion of the transportation dollars are used for subsidizing the bus and other mass transit operations of the Jacksonville Transportation Authority.

The third-largest source of revenue is the utility service taxes. This revenue source includes a 10 percent levy on the sales of water, electricity and natural gas usage as well as a 5.22 percent tax on telecommunications services. This revenue generates \$133 million per year and is also deposited in the General Fund - 011.

The fourth-largest source of revenue for the budget is the annual contribution from the JEA that is delineated in an Interlocal Agreement between the city and JEA. Similar to the arrangement in a privately owned utility where shareholders receive dividends, this contribution represents a dividend paid by JEA to the city which reflects the city's ownership of JEA. These monies are deposited in the General Fund - 011. For FY11, the contribution is just over \$100 million, and by agreement with JEA, will increase this amount by \$2.5 million annually through FY16.

The State of Florida collects various revenues that are shared with cities and counties. This is true of our fifth-largest source of revenue, the half-cent sales tax, a General Fund revenue that generates roughly \$70 million annually. The half-cent sales tax represents about 1/2 penny of the state's six-cent sales tax revenue that is divided among counties and cities within the county where the sales tax is actually paid. County and city revenue sharing are two additional State of Florida programs that provide funding to the City of Jacksonville. Together, these two revenue sharing programs are expected to provide approximately \$44 million of income to the General Fund - 011 in FY11, though in recent years reductions in state revenues have reduced this revenue source.

### **Expenditures**

As noted above, the General Fund - 011 is the main subfund of the city, accounting for a budget of almost \$1 billion. Over 50 percent of the expenditures of this subfund support the operations of the Fire and Rescue Department (FY11 budget of \$163.8 million) and the Sheriff's Office (FY11 budget of \$350.4 million). Other departments which are wholly or primarily funded by the General Fund - 011 include City Council, Mayor's Office, Finance, Central Operations (except internal service providers), Environmental and Compliance, Medical Examiner, Planning and Development (except building inspection), Public Library, Public Works (except stormwater and solid waste), Recreation and Community Services and the Supervisor of Elections. Three constitutional officers operate out of their own subfunds within the General Fund: Property Appraiser - 015, Clerk of the Court - 016, and Tax Collector - 017. *The Jacksonville Journey*, also known as the Public Safety Initiative, is also a separate subfund within the General Fund (019). All of these other subfunds within the General Fund are subsidized to some extent by the General Fund - 011.

### **Budget Calendar**

Each year, a detailed calendar of events is prepared for all of the city's activities in the budget process. The following Budget Calendar of dates in 2010 was utilized in the preparation and adoption of the FY 2010-11 budget which covers the fiscal year beginning Oct. 1, 2010 and ending Sept. 30, 2011. A similar calendar is being prepared for the preparation of the FY 2011-12 Budget.

- Jan. 15** Deadline to submit Capital Improvement Plan (CIP) forms with priority rankings to the Budget Division.
- Mar. 12** Deadline for internal service providers to submit their proposed budgets to the Budget Division.
- March 23** Electronic distribution, to the departments, of budget instructions and forms, including reports with five months of data and current level targets.
- March 26** Budget kickoff meeting is held.
- March 31** Information Technology Plan (ITP) Committee prepares priority list of IT projects.
- April 5** CIP submissions are reviewed and prioritized.
- April 19** Deadline for posting revenue projections and current level requests to the budget system, and submitting budget forms to the Budget Division. Submissions also include letters of transmittal that explain the major factors affecting the departments' budgetary requirements.
- April 30** Finance Director meets with Chief Administrative Officer/Mayor and Mayor's Chiefs to review CIP and ITP.
- April 30** Deadline for entering grant requests into the budget system.
- May 1** Tentative proposed budget is submitted to City Council.
- May 10-  
May 2** Departmental budget review with the Budget Division.

- May 14- June 4** Distribution of revised reports to the departments, including Budget Division recommendations on current level funding. Revisions made by the Budget Division are generally based upon consistently applied determinations that are agreed to by the departments.
- June 1** Preliminary estimate of taxable values is received from the Property Appraiser.
- June 21** The Mayor's Budget Review Committee (MBRC) considers any unresolved differences and makes funding recommendations to the Mayor.
- June 21- June 25** Review of proposed budget, culminating with final budget decisions by the Mayor.
- July 1** Certifications of Taxable Value received from the Property Appraiser.
- July 14** The Mayor's Proposed Budget is presented to the City Council.
- July 15** The Council begins its review of the Mayor's Proposed Budget.
- July 27** City Council adopts proposed millage for Truth in Millage (TRIM) notice which will be mailed to property owners.
- Aug. 12- Aug. 26** The Council Finance Committee and other standing committees review the proposed budget.
- Sept. 14** During the first City Council meeting in September, public hearings are held on both the proposed millage and the proposed budget. Following the public hearings, the Council adopts a tentative millage rate and a tentative budget.
- Sept. 21** The Finance Committee makes its final recommendation to the Council on the proposed budget. The recommended budget is made available for public inspection for seven days.
- Sept. 28** After the final public hearings, the Millage Levy Ordinance, adopting a property tax millage rate no greater than the tentative millage rate, and the Budget Ordinance, as amended during Council deliberations, are adopted by the City Council. Both ordinances are then signed by the Mayor.
- Oct. 1** The new fiscal year begins.

## HISTORY

Since the middle of the 1980s, a stable or declining millage rate was the norm for the city of Jacksonville. Since peaking at 12.2567 in FY85, the millage rate has been reduced or has remained flat until FY96, when an annual decline began, continuing until the millage rate was set at 8.4841 in FY08. After remaining unchanged in FY09, the rate was increased in both FY10 (9.2727) and FY11 (10.0353) in the wake of falling taxable values that were experienced here and in the rest of the state as a result of the recent recession. While the millage rates were increased in both FY10 and FY11, most of the increase in property tax revenues was due to increases in new construction being added to the tax rolls. As assessed values declined in FY10 and FY11, the millage rate was set at the rolled-back rate (see the rolled-back rate discussion in the Property Tax chapter) of 9.2727 mills in FY10 and was set just below the rolled-back rate of 10.1193 mills at 10.0353 mills in FY11.

The Better Jacksonville Plan (BJP) that was passed by referendum in 2000 provided funding for a wide variety of capital improvements. However, with any new building comes the need to provide funding from the operating budget to staff, furnish, maintain, clean and provide utilities for the structure. In many ways, the growth of the operating budget reflects the impact of those capital improvements undertaken through the BJP. The growth in the Jacksonville Public Library's operating budget is a good example of this phenomenon. In FY02, the General Fund budget of the library system was \$18.2 million. By 2006, the Jacksonville Public Library had expanded hours and moved into new or renovated branch and regional libraries. Early in that fiscal year, the library system occupied the new Main Library which was three times larger than the old Main Library and the budget had grown to \$30.4 million, an increase of 67 percent.

During past eight years, there has been an increase in staffing in the public safety departments while non-public safety departments have experienced a decrease in staff. Similarly, the growth in expenditures for public safety has far outstripped the growth in non-public safety expenditures within the General Fund - 011 since FY03.

The combined budget for the Jacksonville Sheriff's Office and Fire and Rescue Department increased from \$314 million in FY03 to \$514 million in FY11, an increase of 64 percent, or a 6.4 percent compound annual growth rate. Non-public safety spending over this same period has grown from \$435 million to \$476 million, an increase of 9 percent, or a 1.1 percent compound annual growth rate. As can be seen in the table below, in FY03, public safety represented 42 percent of the General Fund - 011 budget while by FY11, this portion had risen to 52 percent. Conversely, the non-public safety portion of the General Fund - 011 budget has fallen from 58 percent to 48 percent since FY03.

PERCENTAGE OF GENERAL FUND BUDGET		
	FY 2003	FY 2011
Public Safety	42	52
Non-public Safety	58	48

The streak of lowering the city's millage rate each year continued throughout most of the last decade, with the millage rate standing at 10.1842 in FY03 and dropping to 8.4841 mills in FY08 and FY09. As assessed values declined in FY10 and FY11, the millage rate was set at the rolled-back rate of 9.2727 mills in FY10 and was set just below the rolled-back rate of 10.1193 mills, at 10.0353 mills, in FY11. The rolled-back rate is the millage rate which would generate the same dollar amount of property tax revenue as collected in the previous year. (See the chapter on property tax for a more detailed discussion of the rolled-back rate.)

## ACTIONS TAKEN

### Property Tax Reform

The changes to the property tax laws that were passed by the legislature beginning in 2007, plus the additional \$25,000 homestead exemption for higher assessed value properties, as well as other changes adopted by referendum in January 2008, all had a profound impact on the city's property tax revenues for FY08 and FY09. Property tax revenue grew by \$12 million in FY08 and fell by \$3 million in FY09. Without the growth provided by new construction, property tax revenue would have fallen by \$11 million in FY08 and by \$13 million in FY09. The changes to the property tax laws raised concerns about the long-term viability of the property tax serving as the stable, dependable funding source for operating costs that it had been for many years.

### New Fees

In an effort to diversify the city's revenue stream and reduce its reliance on property taxes, three new fees were established to be phased in beginning in FY08: a franchise fee, a stormwater utility fee and a residential garbage collection and disposal fee. Most cities and counties in Florida have been levying these fees for many years.

A franchise fee is paid by a private company or other entity that provides various utility services to its ratepayers who live within the city's boundaries. The franchise fee is paid by the utility companies in exchange for using the rights-of-way along the local government's streets and roads. A 3 percent franchise fee was put in place upon the sale of utility services by JEA.

Stormwater fees implemented by many cities and counties to help pay for meeting federal requirements for treating stormwater runoff prior to its entering the community's waterways. The federal Environmental Protection Agency and state Department of Environmental Protection has set limits for the Total Maximum Daily Load (TMDL) for various substances that may be discharged into the city's waterways and the St. Johns River by this community. The cost of meeting these quality requirements, along with the cost of managing the more traditional quantity issues of stormwater runoff, represents a large expense for the city. The stormwater fee creates revenue for the stormwater fund which operates as an enterprise or self supporting fund.

Garbage collection and disposal fees are also common across the state and the nation. The fee is designed to match the cost of the service that residents receive for the collection and disposal of their solid waste. Also an enterprise fund, the Solid Waste Fund should be financially self sufficient. This was not the case until FY11, when the fee was set at a rate high enough to recapture the total cost of providing the service.

### **The Jacksonville Journey Public Safety Initiative**

*The Jacksonville Journey* was launched as an anti-crime initiative in early 2009 to take a multi-faceted approach to addressing the crime problem, particularly the high murder rate, in Jacksonville. Funding for numerous programs is provided from both grants and the General Fund - 011.

Each year, the program has been honed to improve its focus to reduce crime in a variety of ways. A total of 120 police officers have been hired as part of this program, 40 of whom were heavily funded by a grant from the federal government. In addition, a total of 124 correctional officers, 23 emergency communications operators and 19 civilian support positions were added over a two-year period beginning in fiscal 2009. Plans to hire another 43 police officers and 21 additional personnel in FY11 were postponed to help with balancing the budget for that year. *The Journey* funded a number of prevention and intervention programs as well as law enforcement programs.

### **Reductions in Staffing Levels and Costs**

Since 2006, the city has reduced the number of positions in the non-public safety departments by 728, or 18.3 percent. These reductions have touched virtually all departments over the past five fiscal years (FY07 through FY11, inclusive). Various reductions in departmental operating costs were made as well during this period, including travel, training, professional services, various supply accounts, printing and other contractual services.

The increase in the General Fund budget from FY09 to FY10 was essentially due to the increase in pension costs. In FY11, every single department in the General Fund saw a decrease in their budget from FY10, except for Public Works and the Supervisor of Elections. The Public Works budget only increased due to higher utility costs, and the Supervisor of Elections saw an increase due to increasing from one election in FY10 to holding three elections in FY11.

The General Fund budget would have experienced a decrease of \$6 million from the FY10 budgeted amount had it not been for a \$15 million increase in debt service.

### **Growth in Employee Costs**

The two costs most driving higher expenses in the operating budget are pension and health care. Pension reform is the subject of another chapter later in this document, but the recent downturn in the stock markets that began in October 2007 and hit bottom in early 2009 will have a negative impact on pension costs for the next several years.

Even though the stock market is recovering, the underperformance of pension investments has increased the unfunded liability of city pension plans. In addition, the current earnings rate assumptions used by all three pension plans (General, Corrections and Police and Fire) are judged by some to be unrealistically high. A reduction in the earnings rate assumption will significantly increase the amount of funds that will have to be contributed to pension funds to keep them financially sound. It is estimated by the city's Chief Financial Officer that the employer contribution for the Police and Fire Pension Fund could rise from its current 49 percent of payroll to as high as 65 or 70 percent of payroll in FY13, following the next actuarial analysis. Negotiations have been ongoing with the leadership of the Police and Fire Pension Fund to adopt a less expensive benefit structure for new hires.

Our health care premiums to cover employee health costs have been growing by 10 percent a year over the last two years, and we anticipate a similar increase in FY12. Removing some small entities from our plan would help to some degree, but we must find other ways to contain our costs in the future. We have analyzed the possibility of starting our own clinic, but research indicates that we are likely to incur more costs unless there is greater acceptance by employees to use the clinic. We have begun programs that promote employee health screenings and healthier living choices to help our active employee population, but the benefits of these programs tend to be long-term rather than yielding immediate dividends.

Another cause driving our health costs higher is the number of retirees who participate in our health plan. State law requires us to offer health insurance to retirees at the average cost of insurance for the entire covered group. We have little opportunity to control this portion of the growth in health care costs.

## Benchmarking of Cost of Service

The Budget Office has compiled statistics from around the state to be able to make comparisons of the cost of specific services in the City of Jacksonville compared to the cost of that service in other cities. Comparative data was collected from the cities of St. Petersburg, Tampa, Miami, West Palm Beach, Orlando and Fort Lauderdale. In order to make an accurate comparison, in each case the data for the city government was added to the cost for the County government since Jacksonville is a consolidated city and county. Cost data was collected for police, fire/rescue, parks, public works and children's services. In every case, the cost of the service in Jacksonville was dramatically lower than the cost in all of the other major Florida cities.

## Adoption of Financial Policies

Since 2005, the city has adopted a series of fiscal policies which represents best practices in financial management. These policies address budget issues, reserves, debt management and investments. Compliance with these policies has allowed the city to retain strong bond ratings in a challenging economic time and keep the city financially stronger than it would have otherwise been.

## STATUS OF ACTIONS TAKEN

Although difficult decisions were made and implemented to raise the property tax millage rate by a small amount for two years and to adopt new fees, increases in expenses in the General Fund are rising faster than the revenue of the General Fund, creating a structural imbalance in the fund. As can be noted in the table below, current revenues are expected to be insufficient to pay the anticipated expenditures every year of our most recent five year projection.

	FISCAL YEAR				
	2012	2013	2014	2015	2016
REVENUES	966,336,372	967,310,376	988,773,541	1,014,581,420	1,044,318,882
EXPENDITURES	1,032,251,895	1,112,104,135	1,153,928,398	1,197,706,113	1,244,957,694
SURPLUS/(DEFICIT)	(65,915,523)	(144,793,759)	(165,154,857)	(183,124,693)	(200,638,812)

The recession that began in December 2007 has reduced the intergovernmental revenues that were derived from the sales tax (half-cent sales tax and county and municipal revenue sharing) significantly. In addition, property values (and new construction) are not expected to rebound in any significant manner for several years, negatively impacting property tax revenues and removing a source of organic revenue growth from the operating budget. On the expenditure side, employee costs for pensions and health care, as well as other operating costs such as fuel, are expected to increase every year, straining the operating budget. At the same time, there will be pressure to add fire stations, parks, libraries, etc. to provide services to various areas of the city that were developed away from our existing facilities. These factors will need to be considered when finding a mix of revenues and expenditures that will be sustainable.

## NEXT STEPS

The operating budget's structural imbalance will not be solved by the organic growth in city revenues. The projected deficit of more than \$65 million for FY12 will grow to \$200 million by FY16 if remedial action is not undertaken. Addressing the imbalance will be easier to solve, and will result in less reduction in services, as well as lower taxes, the sooner that steps are taken to resolve the imbalance.

The most pressing budgetary issue for the city is to develop a fiscally conservative multi-year plan which starts with balancing next year's budget, with the use of current revenue only to support current expenses, as the first year of a multi-year strategy. The use of reserves or other one-time solutions to solve the budget gap in FY12 will only lead to a larger gap that will have to be closed in FY13 and later years.



**CHAPTER THREE**

**PROPERTY TAX**

# PROPERTY TAX

## INTRODUCTION

This chapter is written to serve as an educational document to assist in understanding the process of the levying of a property tax by a local government in the State of Florida. It will also provide specific information about the history of the property tax levied in the City of Jacksonville.

## IMPORTANCE

The property tax represents about 50 percent of the revenues for the General Fund, and is the single largest source of revenue for the city. It is also the revenue source over which the city exercises the greatest control. Barring a fundamental change in how Florida cities and counties are funded, the property tax will remain the single most important revenue source in the future. Setting the property tax millage rate annually represents one of the most important decisions made each year by the mayor and City Council.

## PROPERTY TAX BASICS

### Millage Rates

The Florida property tax system is outlined in Chapter 200 of Florida Statutes. It is often referred to as the Truth in Millage, or TRIM, process. All real properties have an assessed value, which is established by the county's property appraiser who approximates the market value of a property. Some properties, mainly residential, are granted various exemptions that are subtracted from the assessed value, to arrive at the taxable value of the property. The millage rate is the rate at which property taxes are levied against all taxable property within a jurisdiction. The millage rate is expressed in terms of dollars per thousand dollars of taxable value. For example, a millage rate of 10.0353 (the current City of Jacksonville General Fund millage rate) means that for every one thousand dollars of taxable value, the property will be taxed \$10.0353.

City and county governments in Florida are allowed to levy a millage rate of up to 10 mills. As a consolidated city and county government, the City of Jacksonville is allowed to levy a millage rate of up to 20 mills. Below, are a few examples of the amount of property taxes a local homeowner would pay in property taxes for city services. This example does not include taxes levied by other jurisdictions such as the school system or the water management district.

ASSESSED VALUE	HOMESTEAD EXEMPTION	TAXABLE VALUE	MILLAGE RATE	PROPERTY TAX PAID
\$250,000	\$50,000	\$200,000	10.0353	\$2,007.06
\$150,000	\$50,000	\$100,000	10.0353	\$1,003.53
\$50,000	\$25,000	\$25,000	10.0353	250.88

### Rolled-back Rate

A key concept within Chapter 200 is the rolled-back rate. The rolled-back rate is the millage rate required to raise the same amount of revenue, in the aggregate, this year as was raised from the property tax a year ago. The rolled-back rate excludes the impact of new construction on the tax base. When property values (excluding new construction) are increasing, the rolled-back rate will be lower than the millage rate levied in the prior year. When property values are decreasing (which they did in FY10 and FY11, and likely will in FY12), the rolled-back rate will be higher than the millage rate levied in the previous year. Maintaining the same millage rate from year to year when property values are rising will raise taxes, in the aggregate, on the existing taxpayers from a year ago. Maintaining the same millage rate from year to year when property values are falling will lower taxes, in the aggregate, on the existing taxpayers from a year ago. In addition, it will likely reduce the total amount of property tax revenues collected by the government if the decrease in property values is greater than the property value added through new construction. On the following page is a chart showing the rolled-back rates and adopted millage rates for the City of Jacksonville over the past four fiscal years.



FISCAL YEAR	ROLLED-BACK RATE	ADOPTED MILLAGE RATE
2008	8.7465	8.4841
2009	8.7949	8.4841
2010	9.2727	9.2727
2011	10.1193	10.0353

One key point to remember about the rolled-back rate is that even though property tax collected from the existing property owners is the same from year to year, individual taxpayers will experience decreases or increases based upon any changes in their individual taxable value.

Save Our Homes, an amendment to the state constitution passed in November 1992 and implemented beginning Jan. 1, 1994, limits the increase in assessed value from increasing by more than 3 percent or the annual change in the Consumer Price Index (CPI), whichever is smaller.

Many individual taxpayers who have lived in the same house and have had a homestead exemption since the mid-1990s, have seen an increase in their assessed value (and consequently an increase in their taxable value) as a result of Save Our Homes. These individuals have seen the market value of their properties increase during this time at a rate that is much faster than the annual 3 percent or CPI increase allowed under Save Our Homes, thus their assessed value is much lower than it would have been if it had appreciated at the same rate that the market value appreciated over this time. These individuals likely have seen an increase in their individual property taxes from year to year in the past two years due to these increases in assessed value, even though the city's millage rate was at or below the rolled-back rate.

Other individuals who purchased residential properties since the early to mid-2000s are likely to see that their homes' assessed values have not kept pace with the Save Our Homes allowed increases (3 percent or CPI) or have seen their homes decline in market value and assessed value. These individuals likely have seen a decrease in their property taxes as the city's millage rate was at or below the rolled-back rate. Non-homesteaded properties have seen increases or decreases in property taxes based upon the individual changes in assessed values that have been experienced from year to year.

### **Property Tax Calendar.**

The property tax calendar that local governments must follow is found in Section 200.065 of Florida Statutes. The calendar outlined in state law begins on July 1, when the city receives its preliminary taxable value information from the Property Appraiser's Office. However, the first official notice we receive from the Property Appraiser's Office regarding taxable values for the city is received on June 1 of each year. This June notice is referred to as the estimated preliminary taxable values. This simply gives the city a very rough estimate to use in formulating the proposed budget. The preliminary taxable values that the city receives on July 1 are what the city must base its property tax millage rate decisions upon during the budget and millage rate adoption process.

No later than Aug. 4, the city must file, with the property appraiser and the tax collector, a proposed millage rate that will be used to advertise on the Notice of Property Taxes form that is mailed to taxpayers in mid-August. This rate is a preliminary rate, and is the maximum rate that the city could possibly levy for the upcoming year. Attempting to levy a higher millage rate than the preliminary millage rate during the public hearings that occur in September will require an additional notice mailed to every single taxpayer in the city, the cost of which will be borne by the city (roughly \$200,000). Therefore, it is important that the millage rate that is filed by Aug. 4 is a maximum millage rate that would be acceptable.

There are ample opportunities to lower the rate during the budget process. The Council meets to discuss the mayor's proposed millage rate at its July meeting (4th Tuesday), and adopts a proposed millage rate for the city at that time. If a rate is not filed by Aug. 4, then the rolled-back rate becomes the proposed millage rate and there is no chance that a higher millage rate can be set during the public hearing process. The notice that is mailed to property owners in August will also include information about the date, time and location of the City Council's first public hearing on the millage rate and the budget.

The next event on the calendar following the mailing of the Notice of Property Taxes (done by Aug. 24; 55 days after July 1) is the first public hearing. The first public hearing on the budget and property tax millage rate must be held between 65 and 80 days following July 1 (Sept. 3-18).

For the City of Jacksonville, this typically occurs at the first City Council meeting in September. At this public hearing, Council will adopt a tentative millage rate first, and then a tentative budget (the order is dictated by state law). The tentative millage rate which is set must be no greater than the preliminary rate identified in the notice that is mailed to property owners or an additional notice must be sent. Within 15 days of holding this first hearing, the city must publish two advertisements for its second and final public hearings on the millage rate and budget. If the city adopts a tentative millage rate that is higher than the rolled-back rate, the city must publish a Notice of Tax Increase advertisement in the newspaper. If the millage rate is less than the rolled-back rate, the city publishes a Notice of Budget Hearing advertisement. A second advertisement is the Budget Summary, which must be published every year regardless of the millage rate advertisement.

The second public hearing held by City Council must be held between two and five days after the advertisement has been published. For the City of Jacksonville, this hearing has usually been set to coincide with the second regular Council meeting in September. At this hearing, the millage rate cannot be raised above the tentative millage rate adopted at the first public hearing. The first issue to be decided is the adoption of the final millage rate. The second issue to be determined is the adoption of the final budget. Within three days of adoption, the ordinance adopting the millage is filed with the property appraiser and the tax collector.

The projected 2011 calendar of significant dates for setting the property tax millage rate for FY12 is as follows:

- June 1** Receive estimated preliminary taxable values from the Property Appraiser
- July 1** Receive preliminary taxable values from the Property Appraiser
- July 12** Mayor presents proposed millage rate and budget to City Council
- July 26** Council meets to adopt a proposed millage rate
- Aug. 4** Last day to file proposed millage rate with Property Appraiser and Tax Collector
- Aug. 24** Last day to mail Notice of Proposed Taxes by the Property Appraiser to taxpayers
- Sept. 13** First public hearing on property taxes and budget by City Council, including the adoption of the tentative millage rate
- Sept. 24** Budget ads are published
- Sept. 27** Second public hearing on property taxes and budget by City Council, including the adoption of the final millage rate and final budget

### **Interlocal Agreements**

As a consolidated city and county government, Jacksonville has an additional layer of complexity with the setting of its property taxes. The four other municipalities within Duval County have in place inter-local agreements with the City of Jacksonville which dictate the appropriate millage rate to be levied within those municipalities to pay for their share of county services provided by the consolidated government. Each of these municipalities is designated in the consolidated government charter as an Urban Service District (USD). Jacksonville Beach is USD #2, Atlantic Beach is USD #3, Neptune Beach is USD #4 and Baldwin is USD #5.

For USDs 2 through 4, the millage rate adopted for the City of Jacksonville (General Services District) is reduced by 3.2907 mills to arrive at the millage rate levied by the City of Jacksonville upon property in these three cities. For USD #5, the City of Jacksonville millage rate is divided by 1.188 to produce the millage rate levied within Baldwin.

The consolidated government then, in essence, adopts three different levies during its budget hearings: one for the City of Jacksonville, another for the three beach cities and a third levy for Baldwin. All three levies have their own rolled-back rate calculated. (There is a separate chapter that addresses the inter-local agreements with the other municipalities more fully.)

In FY11, the three beach cities had a combined taxable value of \$4.8 billion, or just less than one-tenth the size of the City of Jacksonville's taxable value. Baldwin's taxable value was only \$49 million, or 0.1 percent of the amount of the City of Jacksonville's taxable value.

### Millage Rate History

Below is a table which shows the millage rate history since FY85 for the City of Jacksonville General Services District levy only.

YEAR	MILLAGE RATE	YEAR	MILLAGE RATE	YEAR	MILLAGE RATE
1985.....	12.2567	1994.....	11.3158	2003.....	10.1842
1986.....	12.2567	1995.....	11.3158	2004.....	9.8389
1987.....	11.5317	1996.....	11.2158	2005.....	9.6879
1988.....	11.5317	1997.....	11.1158	2006.....	9.6500
1989.....	11.5317	1998.....	11.0158	2007.....	9.6400
1990.....	11.5317	1999.....	10.9158	2008.....	8.4841
1991.....	11.5317	2000.....	10.7861	2009.....	8.4841
1992.....	11.2776	2001.....	10.5723	2010.....	9.2727
1993.....	11.3158	2002.....	10.3675	2011.....	10.0353

The average millage rate for the 24 years since FY85 has been 10.6913. The millage rate has been fairly consistent from year to year, with a few exceptions when the millage rate changed dramatically.

Within the last eight years, the millage rate continued a gradual decline that began in FY96, hitting a low of 8.4841 in FY08. The sizeable drop was due to a required reduction by the State of Florida of the rolled-back rate less a 3 percent "penalty stroke" as the legislature sought to reduce local government property tax revenues just after the peak of the housing boom. After holding the millage rate flat in FY09, the millage rate was set at the rolled-back rate in FY10 as the mayor and Council disagreed on the proposed millage rate. In FY11, the millage rate was ultimately set by Council at 10.0353, just below the rolled-back rate of 10.1193 mills. If, as expected, assessed values continue to fall in FY12, holding the millage rate constant will result in a reduction in property tax revenues. Assessed values are not expected to show much growth in the next several years.

The table below identifies the expected property tax revenue to the General Fund and its rate of growth over the previous year if the current millage rate of 10.0353 is continued through FY15.

	EXPECTED PROPERTY TAX REVENUE				
	2011	2012	2013	2014	2015
Revenue (Millions)	485.5	476.8	485.1	500.5	520.1
Growth rate (Percent)		(1.8%)	1.7%	3.2%	3.9%

## ACTIONS TAKEN

### Advisory Referendum on Property Tax Revenue Limit

In 1992, an advisory referendum was adopted by Duval County voters that recommended limiting the increase in property tax revenues to a growth rate of 3 percent per year. The period of declining millage rates that lasted throughout the 1990s and into the mid-2000s was the result of following the provisions of this advisory referendum. This was at a time when property values were rising rapidly every year. In the later half of the decade of the 2000s, as property values stopped their sharp increases and actually began to decline, the city ceased following the advisory referendum.

## **New Voting Requirements for Millage Rates**

In 2007, the legislature passed rules that required certain voting thresholds to be met depending upon how far the adopted millage rate would be set above the rolled-back rate. The intent of the legislation was to make it more difficult for a local government to have a large increase in the millage rate. These voting thresholds must be met only when adopting the final millage rate; they are not required when approving the proposed millage rate filed by Aug. 4 nor when adopting the tentative millage rate at the first public hearing in September. However, failure to achieve the required voting threshold at the final public hearing will result in severe sanctions by the State of Florida (loss of half-cent sales tax revenues for one year - roughly \$70 million). The voting thresholds are as follows:

**Majority vote** – Only a majority vote of the Council membership is needed to approve a millage rate that is less than or equal to the rolled-back rate, plus an adjustment for the change in Florida per capita personal income. However, if the city does not levy the maximum millage rate allowed by a majority vote in one year, the “excess” capacity is brought forward for future years, increasing the maximum majority vote level in the future.

The past two years, the city has levied less than the maximum it could have by majority vote, thus for FY12, it has more capacity to raise the millage rate beyond just the rolled-back rate adjusted by the change in Florida per capita personal income.

**Two-thirds vote** – A two-thirds vote of the Council membership is required for any millage rate that is up to 110 percent greater than the maximum majority vote millage rate.

**Three-quarters vote** – A three-quarters vote of the Council membership is required for any millage rate that is above 110 percent of the maximum majority vote millage rate, up to the statutory limitation of 20 mills.

## **FY11 Millage Deliberations**

The mayor’s proposed budget for FY11 recommended a proposed millage rate of 10.1193, equal to the rolled-back rate. City Council, after making various expenditure and revenue adjustments to the proposed budget, set the millage rate at 10.0353. While there were various other proposals to make deeper cuts in the proposed budget and millage rate, none of them received a majority vote of Council to set a lower millage rate. In FY11, the maximum majority vote millage rate was 10.1849 mills for the City of Jacksonville (General Services District). Since this rate was higher than the adopted millage rate of 10.0353, only a simple majority vote was needed to adopt the millage rate. However, the millage rates for the beaches (USD #s 2 through 4) and Baldwin (USD #5) both required a two-thirds vote for adoption.

## **STATUS OF ACTIONS TAKEN**

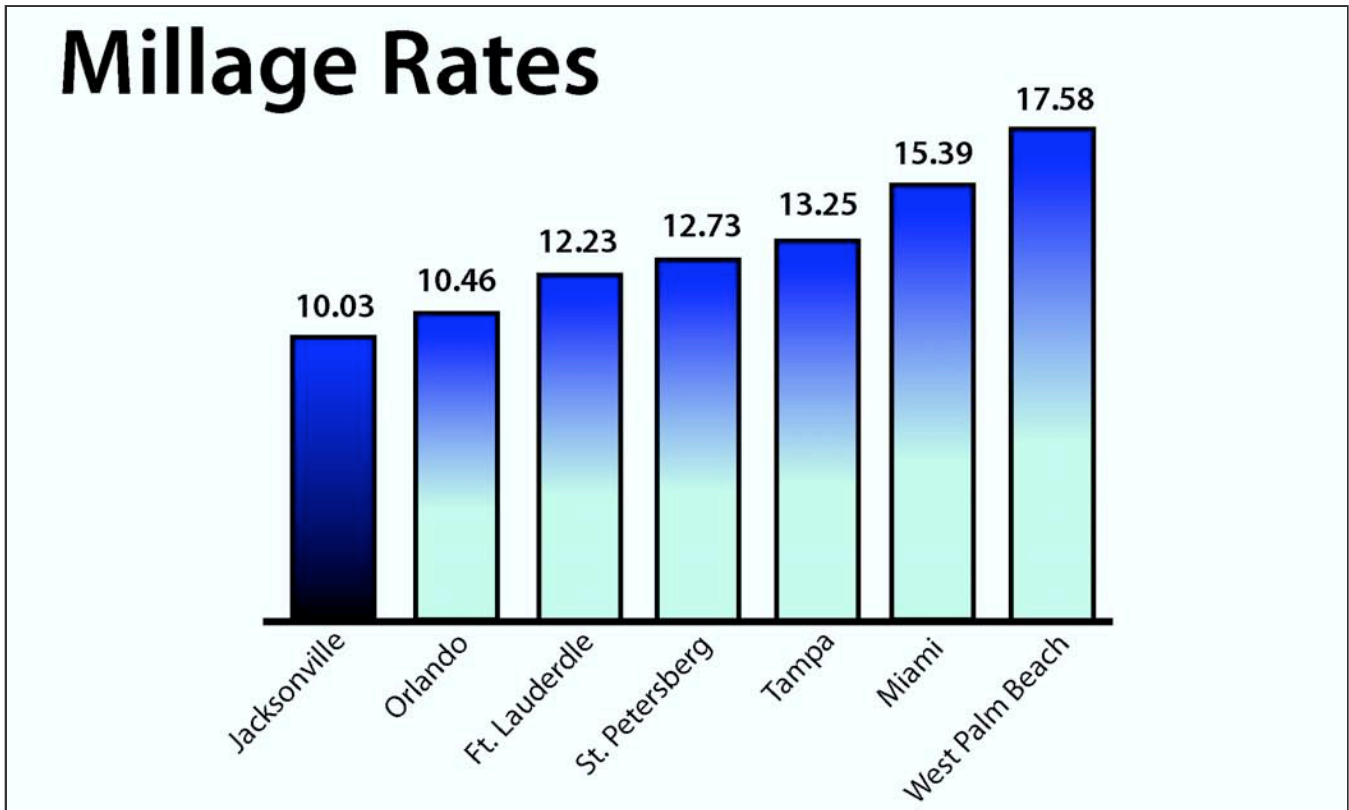
### **TRIM Compliance**

The State of Florida requires certain forms to be completed and sent to them upon completion of the second public hearing. This compliance includes levying a millage rate that is consistent with the voting requirements noted above. For example, if the city were to adopt a millage rate with a simple majority vote that the rules above required to be passed by a supermajority vote, the city would be penalized by losing its half-cent sales tax revenues for a 12-month period (an impact of \$70 million - \$75 million) if the city did not take steps to come into compliance. The state will notify the city within 30 days of receiving our TRIM compliance package as to whether our actions were consistent with state law. If there are violations, the state will indicate how serious they are and what corrective actions, if any, need to be taken. The City of Jacksonville has been in compliance.

### **Benchmarking Property Tax Millage Rate**

The Budget Office has compiled property tax millage rate data from other large cities in the State of Florida. Information has been obtained from the following cities: Orlando, Fort Lauderdale, St. Petersburg, Tampa, Miami and West Palm Beach. The graph below shows the rates charged to residents of those cities. Since Jacksonville is a consolidated city and county government, the city and county millage rates have been combined in the

other cities to provide for an accurate comparison. Even with the limitation of this comparison due to possible differing levels of service or different financial structures, the comparison does provide a meaningful look at how competitive Jacksonville is with other Florida cities.

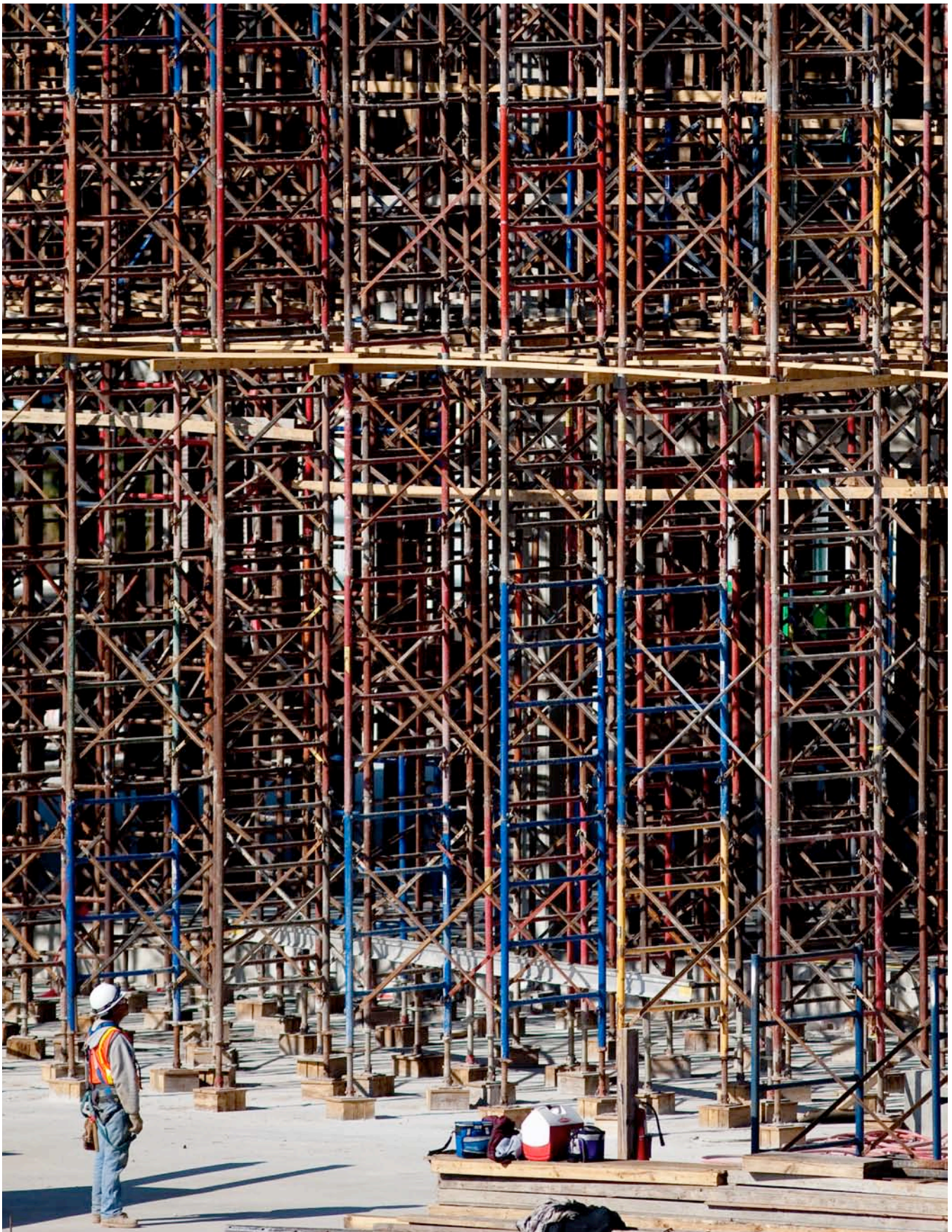


## NEXT STEPS

Adopting the appropriate millage rate for a local government is a major policy decision for the mayor and City Council. Sometimes, setting the millage rate serves as the first step in the budget process, by setting a cap on revenue. In other instances, the millage rate is used to close the final gap in funding services in the upcoming budget. In either case, the appropriate millage rate is a political decision based upon elected officials' judgment of what citizens should pay for the myriad of public services that residents desire to be collectively provided, as well as how these officials determine to be the best method to spread the burden of paying for those public services. It is also linked to what other revenues the government has at its disposal to provide those services.

Local governments that have a diverse revenue stream can lessen their dependence on the property tax, putting downward pressure on millage rates. Governments that rely more heavily on user fees are likely to have a lower millage rate. A greater reliance on fees will also affect equity considerations related to the relative burden placed upon ratepayers and taxpayers as a percentage of income. Finally, some taxpayers may wish to pay a greater portion of their share of the cost of local government through property taxes to reduce their federal income tax liability. All of these considerations play a role in determining the appropriate millage rate and the appropriate mix of revenues.

The setting of an appropriate millage rate should be influenced by certain realities regarding municipal finance. Without a major restructuring of Florida law, property taxes will remain the single most important revenue for the City of Jacksonville. From strictly a financial perspective, trying to diversify the city's revenue stream will make it less vulnerable to restrictions placed on property taxes, as well as the periodic booms and busts of the real estate market. However, in our representative democracy, the mayor and members of City Council, who are elected to represent the citizens of Jacksonville, will weigh a variety of factors as they decide upon the "appropriate" millage rate.



**CHAPTER FOUR**

**CAPITAL IMPROVEMENT PROGRAM**

# CAPITAL IMPROVEMENT PROGRAM

## INTRODUCTION

The Capital Improvement Program (CIP) is a multi-year forecast of major capital building and infrastructure needs. In Section 106 of the Ordinance Code regarding Fiscal Responsibility, the City of Jacksonville has adopted a requirement for a financially feasible “Five Year Capital Improvements Plan.” The plan is designed to outline the funding source and amount of funding for each capital project, and the funding source and amount of funding necessary for the anticipated post-construction operational cost of each project. The Five Year CIP must be filed and approved each fiscal year concurrently with the consideration of the annual operating budget.

## IMPORTANCE

The CIP is used to determine and prioritize the amount of funding to allocate for capital projects on a yearly basis. The first year of the five year plan becomes the CIP Budget for that year. The CIP coordinates planning and financing of infrastructure improvements to meet the needs of the City of Jacksonville and compliance with State of Florida growth management mandates.

Coupled with the decision making process for the operating budget, the decisions in the CIP represent the single most important set of decisions made annually by the Mayor and City Council. The CIP process organizes decision making in a way that weighs each capital need in the context of the vision and mission of the city. It is also important because the process forces a consideration of projects in light of accepted fiscally conservative financial policy guidelines. Further, the CIP process requires a review of whether the maintenance needs of existing infrastructure are being met before taking on new projects.

## HISTORY

Prior to 2005, the CIP was the responsibility of the Planning and Development Department. At that time, there was far less consideration given to the ability to fund projects and the CIP document essentially became a “wish list” book. There was little discussion of the operating costs of new capital projects such as building a new Main Library which was three times the size of the old library building.

Per the direction of Mayor Peyton, the city’s CIP process underwent an extensive review to improve how projects were evaluated and selected, and more importantly, how to ensure that projects selected for the CIP and approved by City Council would be financially feasible. Research was conducted nation wide to determine best practices for capital improvement planning. Shortly after that review and subsequent improvements, the City of Jacksonville was selected as a pilot community for implementing Florida Senate Bill 360, a new Florida growth management law also referred to as the “pay-as-you-grow system,” which took effect on July 1, 2005.

The best practice research led to the following changes:

- The responsibility for managing, administering and monitoring the CIP process was centralized under the Budget Division of the Finance Department.
- The Project evaluation and recommendation process was revised and improved.
- All capital project initiatives were consolidated into the reformed CIP process.
- The capital improvement budget document was restructured to provide improved transparency, including the identification of future operating budget impacts.
- Ongoing reporting requirements were improved.
- A debt affordability study was required to establish a target level for current and future year CIP projects and projected funding sources.

Due to the thorough research and design of the new CIP process, the City of Jacksonville was selected by the Florida Department of Community Affairs as the best practice model for large governments in the State of Florida to follow when implementing Senate Bill 360.

## ACTIONS TAKEN

### PROGRAM AREAS

As part of implementing best practices and to assist decision makers in balancing and prioritizing needs across the city, "Program Areas" were established. Following are the areas with a brief explanation of each:

**Drainage:** Project that improves drainage conditions and reduces flooding.

**Environment/Quality of Life:** Project that would promote or improve the environment for the citizens of Jacksonville (e.g. environmental cleanup of ash sites).

**Government Facilities:** Project designated as government facilities with primarily employee occupancy.

**Parks:** Project with buildings, grounds and/or recreational facilities within park boundaries, including the Preservation Project.

**Public Facilities:** Project for facilities designated for primarily citizen use including facilities such as the Duval County Courthouse, Veterans Memorial Arena and the Baseball Grounds of Jacksonville.

**Public Safety:** Project relating to public safety, including facilities such as a fire station.

**Roads/Infrastructure/Transportation:** Project dedicated to expanding and widening roads; interchanges, overpasses and intersection improvements; and also includes: road resurfacing, sidewalks/bike paths, as well as accompanying landscaping/tree planting

These program areas are representative of the major services provided by the City of Jacksonville. In a comprehensive Capital Improvement Program, each area should be addressed to ensure that the city continues to meet high standards for quality of life.

### PRIORITIZING CAPITAL PROJECTS

Choosing which capital projects to undertake can be influenced by many factors. Currently, mandates drive many, if not most, CIP decisions.

For Fiscal Year 2011-12, 55 percent of the CIP is for mandated environmental clean-up of ash sites. This is a long-term project resulting from an agreement between the City of Jacksonville and the U.S. Environmental Protection Agency (EPA). Prior to the 1960s, it was common practice for Jacksonville and other cities to make available the ash that was generated from municipal incinerators to citizens for use as fill on their property. The agreement with EPA requires the city to test parcels within defined areas of the city and to clean up any property to the strictest state and federal standards. The overall project, involving more than 2,700 properties, is anticipated to take between two and four years to complete.

Another local mandate is found in Chapter 421 of the Ordinance Code which requires a study be prepared every five years of the expansion needs for the Jacksonville Fire and Rescue Department. This study has become commonly referred to as the TriData study, named after the company that performed the first two studies. The last study highlighted a list of needs for the next 10 years. These needs include, but are not limited to, new stations which are included in the CIP program. When the long range plan of fire and rescue improvements is adopted by City Council, the Mayor is then required, by ordinance, to include funding for these projects in the CIP or to provide an explanation of why these projects cannot be funded.

The implementation of the JFRD Long Range Plan has been deferred in each of the last two years of budget deliberations. Unfortunately, it will likely be proposed for deferral again due to the projected \$65 million shortfall in the operating budget for FY 2012.

### Multiyear Financial Forecasting and Financing Strategy

The five-year CIP assists in identifying needs beyond the current year and provides a framework for implementing a vision. Attached is the summary page for the five year plan approved by City Council last fall which covers fiscal years 2011 through 2015. It identifies revenue sources at the top of the page for each fiscal year. Below that are the projects and funding in each corresponding fiscal year. Just as the city has to have a balanced operating budget, the city must have a balanced CIP.



# FY 11-15 ADOPTED CAPITAL IMPROVEMENT PROJECTS

## CURRENT FUNDING SOURCE

Pay Go - Current Revenues	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16
Interest & Revenue Appropriation	3,700,000	6,700,000	9,700,000	1,200,000	1,200,000	1,200,000
TID	1,300,000					
Interest & Revenue Appropriation	10,835,160	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Banking Fund Debt Proceeds	55,895,450	65,964,220	53,335,694	45,430,865	600,000	600,000
Grant(s) - FIND/Other	730,000	600,000	600,000	600,000	600,000	600,000
<b>Total Per Year</b>	<b>\$ 147,551,636</b>	<b>\$ 72,030,610</b>	<b>\$ 63,635,694</b>	<b>\$ 58,730,865</b>	<b>\$ 58,730,865</b>	<b>\$ 58,730,865</b>

## ANTICIPATED FUNDING SOURCE

Dept.	Program Area	Project Name	Total Est. Expenditures	Prior Years'								
				Appropriation	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	Beyond 5th		
1	E&C	Environment/Quality of Life	3,000,000	1,000,000	2,000,000							
2	E&C	Environment/Quality of Life	23,750,000	17,500,000	6,250,000							
3	E&C	Environment/Quality of Life	98,320,000	31,120,000	20,000,000	15,000,000	7,200,000					
4	E&C	Environment/Quality of Life	2,500,000	2,250,000	250,000							
5	E&C	Environment/Quality of Life	7,500,000	500,000	3,000,000	3,500,000	250,000					
6	FR	Public Safety	3,044,783									3,044,783
7	FR	Public Safety	318,270	318,270								
8	FR	Public Safety	309,000	309,000								
9	FR	Public Safety	154,500	154,500								
10	FR	Public Safety	2,870,610									
11	FR	Public Safety	2,954,220			2,870,610						
12	FR	Public Safety	3,042,847						3,042,847			
13	FR	Public Safety	3,042,847						3,042,847			
14	FR	Public Safety	3,630,236									3,630,236
15	FR	Public Safety	3,134,132								3,134,132	
16	FR	Public Safety	2,956,100								2,956,100	
17	FR	Public Safety	3,227,470									3,227,470
18	FR	Public Safety	3,322,180									3,322,180
19	FR	Public Safety	3,322,180									3,322,180
20	FR	Public Safety	3,421,845									3,421,845
21	FR	Public Safety	3,524,501									3,524,501
22	FR	Public Safety	530,000									530,000
23	JEDC	Targeted Economic Develop.	36,088,274	9,088,274								
24	JEDC	Drainage	1,500,000	720,000	310,000	160,000						
25	R&C	Parks										
26	R&C	Parks	7,455,531	4,455,531	1,000,000	500,000	500,000	500,000	500,000			
27	R&C	Parks	4,800,000	671,500	167,500	504,000	604,800	392,000	126,000			
28	R&C	Parks	604,800	53,533								
29	R&C	Parks	445,533									
30	R&C	Parks	8,000,000									
31	R&C	Parks	27,415,166	13,919,316	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,295,850	
32	R&C	Parks	3,000,000	3,000,000								
33	R&C	Parks										
34	PW	Environment/Quality of Life	9,800,000	3,800,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	100,000		100,000
35	PW	Environment/Quality of Life	800,000	200,000	100,000	100,000	100,000	100,000	100,000	100,000		
36	PW	Government Facilities	54,768,230	51,132,164	3,636,066							
37	PW	Government Facilities	52,464,266	22,964,266	5,500,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000		
38	PW	Government Facilities	19,743,625	6,743,625								
39	PW	Government Facilities	2,247,000	2,247,000								
40	PW	Government Facilities	350,000,000	273,500,000	76,500,000							
41	PW	Parks	37,208,014	27,708,014								
42	PW	Parks	17,567,322	9,567,322								

Dept.	Program Area	Project Name	Total Est. Expenditures	Prior Years' Appropriation	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	Beyond 5th
43	PW	Roads/Infrastructure/Transportation	14,500,000	750,000						13,750,000
44	PW	Roads/Infrastructure/Transportation	26,300,000	1,000,000	25,300,000					
45	PW	Roads/Infrastructure/Transportation	1,300,000	1,300,000						
46	PW	Roads/Infrastructure/Transportation	36,886,580	28,186,580	1,500,000	1,500,000	2,000,000	2,000,000	2,000,000	200,000
47	PW	Roads/Infrastructure/Transportation	3,700,000	2,700,000	1,000,000					
48	PW	Roads/Infrastructure/Transportation	136,024,386	43,599,107	12,000,000	15,000,000	15,000,000	18,000,000	18,000,000	17,425,279
49	PW	Roads/Infrastructure/Transportation	11,000,500	5,000,500	6,000,000					
50	PW	Roads/Infrastructure/Transportation	14,039,877	5,039,877	3,000,000	1,500,000	1,500,000	1,500,000	1,500,000	
51	PW	Roads/Infrastructure/Transportation	12,286,701	2,536,701	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	4,750,000
52	PW	Targeted Economic Development	5,000,000	5,000,000						
53	Sheriff	Public Safety	143,887,312	128,887,312						
54	Sheriff	Public Safety	5,000,000	2,000,000						
55	JEDC	Environment/Quality of Life	300,000	300,000						
56	JEDC	Environment/Quality of Life	1,700,000	700,000	1,000,000					
Total			\$1,220,006,338	\$565,702,310	\$147,551,636	\$72,030,610	\$75,264,220	\$63,635,694	\$58,730,865	\$238,391,003
Surplus (Deficit)					0	0	0	0	0	0

Conservative fiscal management requires that when financing capital projects, the city should balance pay-as-you-go funding with borrowing. Pay-as-you go funding can be generated by property taxes or other current revenues, accumulating and using reserves, or obtaining grants. Government reliance on pay-as-you-go sources for capital financing is analogous to private sector use of equity sources to finance private business capital needs or to a homeowner using funds in a savings account to replace the air conditioning system in his home. The city has adopted a goal, as outlined in Chapter 106 of the Ordinance Code, of utilizing the equivalent of one mill of property tax revenues for the funding of capital improvements. This represents a funding target of approximately \$50 million each year. The FY 2011 CIP budget includes only \$3.7 million for pay as you go funding of projects. Before the Better Jacksonville Plan was approved the city had a higher level of commitment for this method of funding which relied on the gas tax.

Borrowing is the other method of financing capital projects. The city borrows money to finance capital spending and then, while using the assets that were built with the borrowed money, makes debt service payments back to the lender over a 20 to 30 year time period. It is analogous to a citizen borrowing money to purchase a home and then making mortgage payments over the next 30 years while he lives in the home.

It is important to strike a balance between pay-as-you-go funding and debt financing. The Finance Department conducts an annual debt affordability study as required by Ordinance Code Section 110. This study allows the city to continually evaluate its fiscal health and credit quality, as well as provide an effective management tool for policymakers to control debt issuance. It summarizes the city's current debt position, compares the city's current position to relevant industry standards and similarly-sized and rated cities and counties, and outlines the possible impacts of future debt issues on the city's credit position.

The intent of the study is to highlight "How much debt should we issue" and not "How much debt can we issue." More information on debt affordability can be found in the next chapter on debt management.

The Finance Department, with input from other departments, determines the revenues available for funding projects. How much pay-as-you-go funding is determined by the amount of other pressing needs in the General Fund. The debt affordability model is crucial in determining the amount that should be borrowed. In addition, the Finance Department looks for other revenue sources from completed projects, interest earnings, and available grants. These sources are reviewed yearly for updates and corrections.

The Public Works Department, working with other departments, is responsible for determining project costs. Factors are always changing that influence the cost of projects. The availability of land, the cost of labor, materials, and fuel along with design issues can all play a role. Project cost estimates are also routinely reviewed for updates and corrections.

## STATUS OF ACTIONS TAKEN

Best practices for CIP management have now been accepted and implemented into the culture of the financial management system of the city. For the past five years, the city has produced a financially feasible Capital Improvement Plan that is consistent with those best practices. However, not all goals have been achieved.

Due to the significant and costly mandate of ash clean up and the challenging financial condition of the city, it has not been possible to adequately fund the pressing needs identified in each of the program areas. The CIP contains a large “Unfunded Requested Capital Improvements Projects” list. The current unfunded projects list, which can be found in an appendix in the CIP document for the city, lists more than \$752 million worth of projects that lack funding in the current constrained financial environment.

## NEXT STEPS

### **The city should establish the appropriate balance between capital maintenance and new capital construction**

While the CIP should include some new investment projects, maintaining the existing assets of the city should be the highest priority. Fifty-five percent of projects in the CIP are mandated environmental projects with 39 percent going toward capital maintenance leaving only 6 percent for new projects. The city may be able to do more new projects if capital maintenance is funded from the operating budget with pay as you go funds.

### **Continue to increase the “aggregate” size of the Five-Year CIP**

The city has been able to moderately increase the CIP in order to address needs. However, there are huge unmet capital needs in the city. Working toward an increase in the size of the CIP should continue to be a priority. It should be noted that the first year of the CIP is distorted due to the inclusion of additional funds for the completion of the Unified Duval County Courthouse Facility which is a part of the Better Jacksonville Plan.

### **Move incrementally toward the pay as you go funding goal**

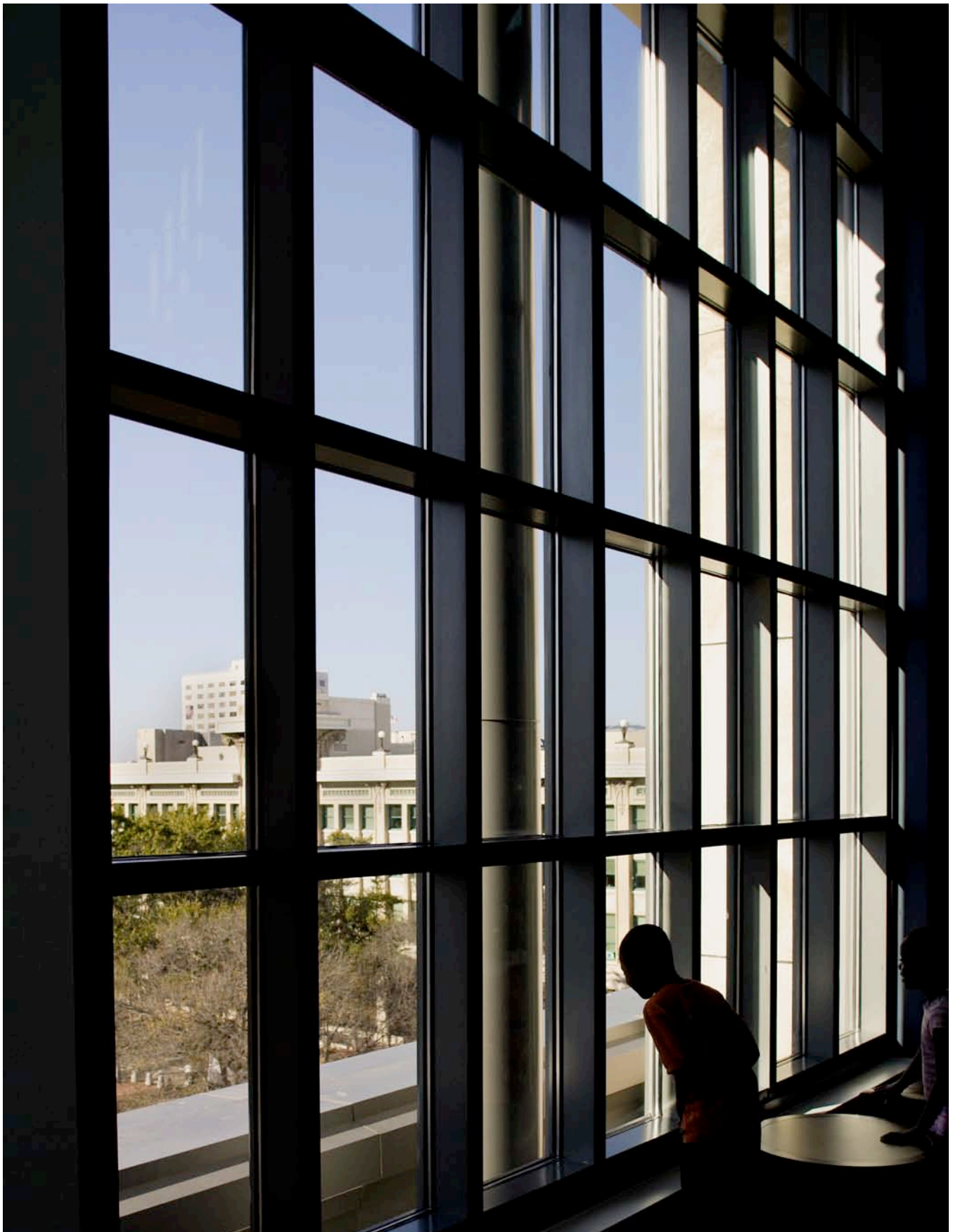
Section 106 of the Ordinance Code provides the goal of utilizing the equivalent of one mill of property tax revenues (approximately \$50 million) for the funding of capital improvements. In FY 2011 the City of Jacksonville has \$3.7 million of pay as you go funding programmed in the CIP with increases projected in the last three years of the five year plan going up to a level of \$12.7 million in FY 2015. Unfortunately, it is likely that when the next CIP is prepared, the pay as you go funding will be flat at \$3.7 million for all five years. While difficult to achieve in the present financial climate, attention should be given to increasing the amount of pay as you go funding each year. Even modest increases will minimize the amount of borrowing required to fund the CIP.

### **Continue to evaluate the operating budget impact of capital projects**

One of the major changes to the CIP process was to include a review of the operating impact of new projects. It is imperative for transparency and accountability that new projects not only continue to fully disclose these costs, but that it becomes a part of the policy discussion and decision making. When a capital project is recommended for inclusion in the CIP, staff should make certain that the operating costs are included in the operating budget that is recommended to City Council.

### **Reporting on capital projects should be improved**

Currently, it is difficult to get a summary of project spending on approved capital project budgets. Updating the reporting process of project spending will not only assist project monitoring, but will also assist with the proper investment of capital funds.



**CHAPTER FIVE**

**DEBT MANAGEMENT**

# DEBT MANAGEMENT

## INTRODUCTION

Prior to a discussion of how a city government should manage its debt program, an understanding of why it might elect to issue debt in the first place is important. The primary reason a city may finance certain long-lived assets is a matching concept, similar to the near universal practice of individuals borrowing to purchase a house. Such a financing arrangement allows homeowners to pay for the asset (their home) over the expected period of use or occupancy. Matching the cost of an asset over its expected useful life is a fundamental accounting concept, often referred to as inter-period or inter-generational equity. There is an intuitive fairness in requiring that citizens pay for the long-lived assets they use (such as roads, parks, etc.) while they are using them.

## IMPORTANCE

Effective policies and guidelines for the management of the City of Jacksonville's \$2 billion debt portfolio are critical in a number of ways.

- The policies contribute to fairly sharing the burden of acquiring or constructing capital assets across the extended lives of those assets.
- Effective, institutionalized guidelines survive political and economic cycles and add stability to the long term financial health of the city.
- Conservative financial management practices and guidelines are a critical element in each of the nationally recognized bond rating agencies' (Moody's, Standard & Poors and Fitch) assessment of creditworthiness. Each firm has a proprietary methodology to evaluate a local jurisdiction's practices and guidelines, and gives great weight to the existence of and adherence to sound financial policy statements.

## HISTORY

At the mayor's request, City Council has adopted best practices, guidelines, limitations and controls relative to its debt program as articulated in the City's Debt Management Policy (the Policy) and in Section 106 of its Ordinance Code. The Policy is designed to "promote effective and efficient management of the city's debt program by providing a written framework for how the city accesses the credit market, by establishing debt limitations and restrictions, identifying preferred debt structures and debt issuance practices, creating guidelines for refunding of previously issued debt, and establishing limits and restrictions in the use of derivative products for risk management". Highlights of the Policy's guidelines and related sections of the Ordinance Code are listed below.

- The Ordinance Code establishes City Council as the only entity authorized to approve the issuance of debt.
- The city has established a Debt Oversight Committee consisting of the Chief Financial Officer, the Chief Administrative Officer, the Treasurer, the Comptroller and the Budget Officer. The Council Auditor is an ex-officio member.
- The Policy is required to be reviewed annually and amendments must be approved by City Council.
- The Policy and the Ordinance Code establish five debt management parameters which act as tools for policy makers to monitor and control debt issuance.
- The Ordinance Code requires the administration to prepare an annual Debt Affordability Study that reports on the city's debt position at year's end relative to each of the codified debt parameters. A more complete discussion of the Debt Affordability Study and its role in sound debt management is included later in this paper.
- The Policy links the city's projected debt issuance by reference with the city's five-year, financially feasible Capital Improvement Plan (CIP) by displaying projected future borrowing identified in the Debt Affordability Study within the CIP document.
- The Policy establishes that under no circumstance will the city amortize repayment of debt beyond the useful life of the asset acquired and indicates that, where feasible, the city should incorporate shorter amortizations to minimize interest costs and comply with its principal repayment targets.

- Variable rate and medium term note limitations are established.
- The Policy commits the city to make comprehensive disclosures to the market place by way of an Investor Relations webpage found within the City of Jacksonville website ([www.coj.net](http://www.coj.net))
- The Policy requires the city to strive to maintain strong credit ratings by virtue of its policies and actions as a means of minimizing the costs of borrowing and assuring access to the market place.

Prior to 2006, the City of Jacksonville managed its debt issuance by pledging specified revenue streams as security for thematic capital initiatives. For example, the River City Renaissance capital program pledged the city's Local Government Sales Tax distributions from the state, and the Better Jacksonville Program capital program pledged revenues from two local option sales tax issues (Transportation and Infrastructure).

The primary criteria to determine whether more debt could be issued was a calculation called the additional bonds test. For example, more bonds could be issued using the Local Government Sales Tax if the recent revenue collections were greater than a stated percentage (i.e. 135 percent) of the debt service payment required for both the old and new bond issues. This test was designed to protect bond holders from declines in revenues.

The following shows how this calculation works.

Annual payments on previously issued bonds.....	\$10,000,000
Annual payment on proposed new bond.....	2,000,000
Total annual payments required.....	\$12,000,000
Annual Local Government Sales Tax Revenue.....	\$20,000,000
Revenue as percentage of debt payments.....	167%

Using the example above, the city would conclude that not only was there capacity to issue the new bonds, but that even more debt could be issued in the future using this same revenue. But good debt policy does not just impose limits on the amount of debt outstanding; it also helps manage the impact of repayment on current and future operating budgets. As simple as it sounds, borrowers need to be reminded that borrowing money is almost always easier than paying it back.

What an additional bonds test fails to consider, is the potential alternative use of the pledged revenue to pay for other operational needs. For example, instead of using the Local Government Sales Tax to support additional debt for new capital projects, funds from that source could be used to meet the increasing cost of employee health care. Using the additional bonds test as the primary criteria for whether the city can issue more bonds can lead to over commitment of resources to debt payments and leave little flexibility in future budgets to meet operational needs or address unexpected costs.

Beginning in 2006, the city introduced an annual Debt Affordability Study, which is intended to change the public discussion from debt capacity ("How much debt can I issue?") to debt affordability ("How much debt should I issue?"). Along with the introduction of Debt Affordability, the city adopted and codified the debt parameters, targets and limitations used in the Debt Affordability Study to measure the overall soundness of the city's debt program. Those are listed below along with a brief comment as to where the city stands in relation to the benchmark as of Sept. 30, 2009.

**Debt to Market Value**

The city's overall debt to estimated market value improved from 3.17 percent in 2008 to 2.78 percent in 2009. This is still higher than the city's adopted target of 2.5 percent but better than in 2002 when the ratio was 2.82 percent, or when it was as high as 3.60 percent in 2004.

**Debt Service as Percent of Expenditures**

Debt service as a percentage of general expenditures decreased from 11.16 to 10.60 percent during the last year. This ratio has remained fairly constant since 2003, and less than the city's maximum target of 11.50 percent.

**Unassigned Fund Balance as Percent of Revenues**

The city's \$82 million combined Unassigned General Fund Balance and Emergency Reserve for FY 2009 increased to 8.6 percent of revenues, but still remains lower than the adopted target of 10-14 percent. This ratio, which continued its recent improvement, is a critical rating agency consideration in addressing the stability of financial operations as these funds serve as a source of flexibility in times of economic and fiscal stress.

**Ten Year Principal Paydown**

At the end of the 2009 fiscal year, the city's net tax supported debt had a rapidity of repayment ratio of 40.98 percent over the ensuing ten year period, indicating that debt is being paid down less quickly than the recommended target of 50 percent. The city has, however, produced significant improvement in its 10 year paydown ratio since 2004, increasing from 30 to 41 percent.

**Debt Per Capita**

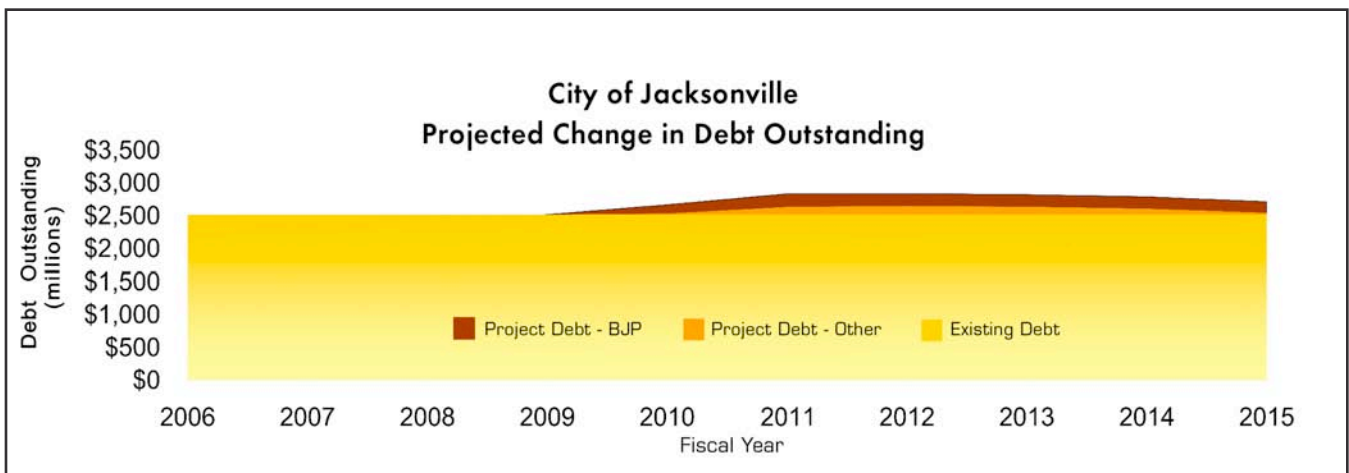
From 2002 to 2009, as debt levels increased, the overall debt per capita also increased from \$1,841 to \$2,807. The target is \$2,600, with an absolute maximum of \$3,150.

The parameters above relate particularly to the issuance of new or additional debt. The city has also established guidelines for refinancing or refunding existing city debt. Periodic reviews of all outstanding debt are done to determine refunding opportunities. Refundings will be considered only within federal tax law constraints. The sale of municipal bonds, where the interest received by the bondholder is not subject to federal income tax, must meet IRS requirements.

An example of an IRS constraint is the requirement that the length of a bond issue not exceed the life of the asset. According to the city's fiscally conservative practices, any refunds for debt service savings must produce a net present value savings of at least 5 percent of the refunded bonds and result in debt service savings in every year. Any potential refunding that does not meet these standards must be approved by City Council.

**ACTIONS TAKEN**

The city has shifted its focus away from specific revenue pledges for thematic capital initiatives, and toward a debt affordability decision process matched with annual borrowing as programmed in the five year Capital Improvement Plan. The following demonstrates the projected impacts on outstanding debt for the ensuing five years as reported to City Council as a part of the Debt Affordability Study. As can be seen, new debt is planned primarily as existing debt is being paid off.



The city developed and deployed greater communication with the bond markets by providing access to the following documents through the city's Investor Relations webpage on [www.coj.net](http://www.coj.net):

**Continuing Disclosure Supplement**

This document describes each of the city's bond programs and the revenues pledged to repay each program, lists all bond series outstanding for each program, and provides historical data as to actual revenues collected, debt service required and revenue coverage for each bond program.

### **Debt Policy**

The Debt Policy was adopted by City Council in June 2009 and subsequently amended in 2010. In addition to establishing key debt issuance limitations, the Policy established the Debt Oversight Committee which meets regularly to provide direction to staff.

### **Debt Affordability**

The city will soon issue its fifth update of the Debt Affordability Study.

The city has prioritized efforts to shorten bond amortizations to better match the expected useful lives of the assets being financed resulting in higher annual repayments, but saving significantly over the life of the bonds.

### **STATUS OF ACTIONS TAKEN**

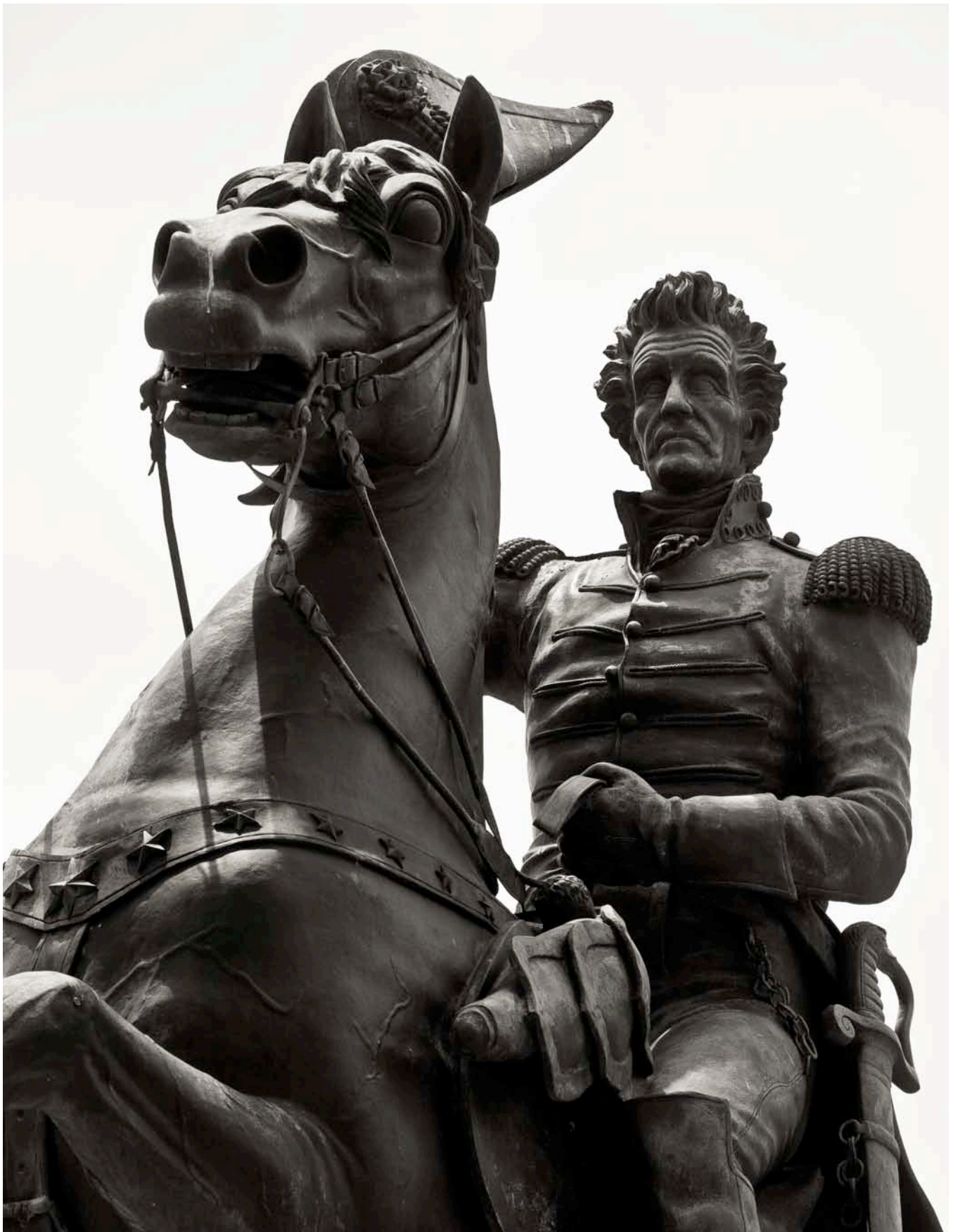
- The city has enjoyed significant success during the last five years in establishing the Debt Affordability Study and the Five-Year CIP as the primary tools for policymakers in deciding how much debt to issue.
- The marketplace has responded very favorably to the city's Investor Relations website. The City of Jacksonville was selected by MuniNetGuide.com, in partnership with the College of Urban Planning and Public Affairs at the University of Illinois at Chicago, as an issuer that stands out as a front-runner in providing online investor information. The organization recently featured the city's website in its publication.
- Rating agencies and other market players have commented favorably on the city's Debt Affordability Study. All three rating agencies have made reference to the document in their press releases regarding rating actions retaining the city's AA category bond rating.

### **NEXT STEPS**

The city should "stay the course" on debt management policy and practice. Specifically, the city should focus on the following:

- Issuing any future new debt only within the parameters and guidelines of the Debt Affordability Study
- Remaining within the established guidelines for refinancing debt by requiring debt service savings in each year, and by avoiding restructuring bond issues for the purpose of extension of the term of repayment
- Continue striving to appropriately match asset lives with repayment terms and emphasizing shortened repayments to save interest carry costs





# PENSION REFORM

## INTRODUCTION

The City of Jacksonville sponsors two public employee retirement systems that provide retirement, death and disability benefits; each is administered by a separate pension board of trustees. The City of Jacksonville Retirement System (JRS) includes separate defined benefit plans for general employees and corrections officers, as well as an alternative defined contribution plan for general employees. The Police and Fire Pension Fund (PFPF) is a defined benefit plan for uniformed police and fire personnel.

Substantially all city employees participate in one of these plans. Less than 1 percent of city employees, primarily elected office holders, participate in the State of Florida Retirement System (FRS). The General Employees Pension Plan (GEPP) includes employees of JEA, with approximately 40 percent of plan participants, and the Jacksonville Housing Authority (JHA), with approximately 1 percent of plan participants. The JRS is administered by a nine-member board of trustees that makes recommendations to the Jacksonville City Council. The Police and Fire Plan is administered independently by a five-member board. The City Council is responsible for establishing and amending plan provisions for all of the city's pension plans.

This chapter will give an overview of pension basic information; a summary of the cost elements for the plans; an explanation of how those cost elements are funded; a summary of the city's three defined benefit pension plans and single defined contribution plan option; and a description of each of the plans' recent funding status, as well as describe the city's efforts to restructure the pension benefits to address long term financial sustainability of the city's normal cost elements for the plans.

## IMPORTANCE

The current administration has recognized as a key initiative the need to address the growing costs of pensions. Pension reform is now a focal point in almost every state and local government jurisdiction that offers a plan for its employees. The City of Jacksonville, as plan sponsor, is responsible for the adequacy of funding for both the JRS (exclusive of JEA and JHA employees) and the Police and Fire plans. The combined city contribution for all plans, exclusive of JEA and JHA employees, was \$32 million for FY 2003, \$118 million for FY 2010 and is projected to be \$181 million by FY 2016.

Trends in normal pension costs, as well as the burden of funding past service costs, are expected to consume more and more of the city's general fund and greatly diminish the city's flexibility to meet future service delivery needs. The city must adopt sound public policy standards designed to provide competitive pension plan benefits in order to attract and retain good employees; however, it must also pay for those benefits in a rational, systematic and affordable way over the term of service of an employee.

In order to better understand the pension issues facing the city today it is helpful to start with an overview of pension basics, followed by discussion of pension issues currently under consideration at the state level, and then conclude with a discussion of pension issues specific to Jacksonville.

### **Pension Basics**

There are two basic types of pension plans: defined contribution (DC) plans, and defined benefit (DB) plans. The names of the two plan types are descriptive of how they are funded and operate.

In a DC plan, the employer first defines how much the annual contribution will be. DC plan participants each have a separately maintained account, typically held by a third party plan administrator, and the investments in that account are directed by the employee, usually through a variety of investment options available from the third party administrator. The employee's accumulated account balance at retirement is intended to last the lifespan of the retiree and spouse. Whether the balance accumulated at retirement is adequate primarily depends on three factors: 1) life expectancy; 2) withdrawal patterns (how quickly the account balance will be spent); and 3) investment performance (how much the account balance will earn over time).

A DB plan operates in the reverse. In a DB plan, the benefit to be received by the employee upon retirement is defined or established in the plan documents. That benefit (e.g. \$1,000 per month) is typically determined based on a formula as discussed below. Once the benefit is defined, the employer uses actuarial assumptions and principles, such as future earnings assumptions and life expectancy of retirees, to determine how much funding is needed for future investment and benefit payments. Plan participants in a defined benefit plan do not participate in investment strategy decisions, and as the name suggests the benefit they receive is "defined" and not adjusted based on investment performance.

While there are a great many differences between how the two types of plans are funded and operate, the most important difference is who assumes the risk of poor investment performance. In a DC plan, risk for market underperformance is transferred to the employee since only the contribution is established or defined, not the eventual benefit. In a DB plan, the employer retains the risk if investments underperform or even lose value, since the retiree's benefits have already been defined.

DB plans calculate the amount an employee will be entitled to receive at retirement using a formula that typically reflects a length of service factor (stated as a percentage earned for each year of employment) multiplied by an average pay factor over some limited time, usually, the last or highest 36 to 60 months of service before retirement.

For instance, a defined benefit plan that awards 2 percent per year of service would provide an employee who worked for 25 years and made an average of \$50,000 per year over the last five years of service a benefit of \$25,000 per year, calculated as follows:

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(a) Years of service .....	25
(b) Service credit per year of service.....	2%
(c) Benefit percent (a x b).....	.50%
(d) Average salary, last five years.....	\$50,000
Calculated benefit ((c) x (d)).....	\$25,000

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Typically, public sector defined benefit plans for public safety employees recognize the greater physical demands of police and fire service and allow earlier retirements than in non-public safety positions.

Both DB and DC plans may have both employer and/or employee contributions. The Florida Retirement System (FRS), for example, does not currently require employee contributions while the City of Jacksonville plans do. Each plan has a vesting schedule that sets out time of service benchmarks for when employees are entitled to receive benefits (DB) or when they gain ownership of employer contributions made on their behalf (DC).

Trends in the private sector demonstrate that private employers are almost universally moving away from defined benefit plans toward less costly and more predictable defined contribution plans. Recognizing this trend, and in order to offer a choice to City of Jacksonville employees, in 2009 the city created a DC plan within the Jacksonville Retirement System for GEPP participants as an alternative to participating in the DB plan. Both employer and employee contributions to the DC plan stated as a percentage of pay are 7.7 percent. Employees vest in the employer contributions to the plan at 25 percent after two years, and an additional 25 percent per year thereafter until fully vested after five years of service. Employees can electively change from the DC plan to the DB plan, or vice versa, up to three times within their first five years of participation.

DC plans are more straightforward and easier to understand. Since DB plans are considerably more complex, and they are the type of plans which cover almost all city employees, the rest of this paper on will focus on DB plans.

**Funding Elements**

The amount required to be contributed by the employer to its retirement plan is calculated by the actuary as a part of a periodic plan valuation. Many employers, the GEPP among them, have a plan valuation done annually, and thus the required contribution changes each year. The required contribution has two elements that are separately calculated then added together to arrive at the total annual required contribution.

The first element is normal cost, which represents the cost for an employee to accrue one more year's accumulated service. The normal cost is the best measure of the current year cost of retirement benefits provided by the employer.

The second element of the required funding amount is past service or unfunded liability costs, which represents the amount required to pay down the plan's unfunded liability balance over time, similar to an individual paying down a mortgage. Florida pension rules allow for these costs to be paid down or amortized over a period not to exceed 30 years.

## **Sources of Funding**

Plan contributions are structured by employers in many ways, for just as many reasons. Plan design determines which funding source or sources will be used. The basic sources for plan funding are described below.

### **• Employee contributions**

Some DB plans require employees to contribute a percentage of their earnings to their retirement. The required employee contribution, if any, is established by the employer. (For example, the City of Jacksonville General Employees Pension Plan requires an employee contribution of 8 percent of pay.)

### **• Employer contributions**

All DB plans have a required employer contribution which is determined by the plan actuary and is stated in both dollars and percentage of pay. (For example, in FY 2010, the city was required to contribute \$24 million dollars or 13.5 percent of payroll to the GEPP.)

### **• Earnings on investments**

All plans depend on investment earnings to lower the required contributions from other sources. A significant amount of energy is spent managing the investments of the plan in an effort to meet or exceed the earnings assumption and thereby reduce dependence on employee and employer contributions.

### **• Other**

Many plans have other miscellaneous funding sources. For example, municipal police and fire pension plans in Florida receive additional funding from a state tax on insurance premiums. Some of the outside funding sources are available to fund general benefits while some have restrictions on their use.

## **Unfunded Liability**

Since unfunded liabilities are the focus of significant public discussion, it is important to understand how a pension plan comes to have an unfunded liability and how that unfunded balance changes. Unfunded liabilities originate from any negative variance from the many factors and assumptions used by the actuary in calculating the employer contribution requirement, such as benefit levels, investment earnings estimates, life expectancy, retirement patterns, and salary growth.

A common and easily understood event that increases unfunded liability is the granting of retroactive benefits, such as the increased service credit the city awarded some years ago. The pension credit per year of service was increased from 2 percent per year of service credit for each year of employment to 2.5 percent for all employees in the General Employees Pension Plan. That change applied to all existing employees even for those whose years of service were prior to the change. Therefore, immediately upon adoption of the new earnings credit, a 24-year employee would have seen his accumulated earnings credit go from a 48 percent service credit factor (2 percent times 24 years) to a 60 percent service factor (2.5 percent times 24 years), an increase in their future pension benefit of 12 percent. Such an action resulted in an increase in unfunded liability since no contribution was made to the plan for the higher benefit for any of the 24 years of prior service.

Sometimes, the granting of retroactive benefits is in lieu of some other form of additional compensation, such as a larger salary increase. Because the immediate budgetary impact of additional retroactive benefits is nominal in the year the benefit is approved, resources remain available for other current year needs, leaving future fiscal periods to suffer the consequences. In this example, retroactive awarding of additional benefits is in fact a negative variance from the assumptions used by the actuary in calculating the contribution required for all previous years.

Unfunded liability is also increased by underperformance of pension investment portfolio earnings relative to the assumed earnings rate used by the actuary. When calculating required contributions, the actuary uses assumptions as adopted by the governing board of the pension plan regarding how much future investment earnings will be. This presumed rate is called the earnings assumption or discount rate. For example, if the plan uses an 8 percent earnings assumption the actuary calculates the required contribution based on the expectation that the plan investments will earn 8 percent. But if the portfolio only earns 6 percent in a given year, the plan becomes unfunded for the 2 percent earnings difference between the 8 percent assumption and the 6 percent actual earnings. The reverse is also true, that if earnings exceed plan assumptions, unfunded liabilities would go down, if all other assumptions were met or exceeded.

It should be noted that in the context of unfunded liabilities resulting from investment under performance, reporting of losses stated in only percentage of portfolio terms can be very misleading.

For example portfolio losses of 50 percent in period one, followed by 50 percent gains in period two, still result in a net loss to the portfolio of 25 percent as demonstrated by the following calculation.

---

Portfolio balance, beginning.....	\$1,000
Loss, period 1.....	-50%
Portfolio balance, beginning period 2.....	\$500
Gain, period 2.....	+50%
Portfolio balance, ending period 2.....	\$750
Cumulative loss, period 1 and 2.....	-25%

---

The examples above of retroactive benefits and market underperformance are by no means the only sources of unfunded liability growth. Actuarial calculations use a number of significant assumptions other than earnings and benefit levels, including such factors as life expectancy, retirement patterns, death in service experience, salary growth and the timing and amount of cost of living adjustments. Negative actual results from any of these assumptions (e. g. employees living longer than projected or retiring earlier than projected) will result in increased unfunded liability.

## HISTORY

### Other jurisdictions

For the past several years, state and local government pension plans have been the subject of intense scrutiny as policy makers in state capitols, county courthouses and city halls all over the country have been wrestling with a growing concern that the cost of existing public employee pension plans is not sustainable in governmental budgets of the future.

In Florida, newly-elected Governor Rick Scott proposed legislation calling for dramatic changes in the Florida Retirement System (FRS). Almost all employees of the State of Florida, all counties in Florida (except Duval) and some cities are covered by FRS. In his proposals to the legislature, he called for a change from a non-contributory plan, where employees make no employee contribution, to a contributory plan with employees contributing 5 percent of salary. He also proposed later retirement dates, the elimination of the Deferred Retirement Option Program (DROP), and a move toward having new employees covered by a defined contribution plan rather than the existing defined benefit plans.

DROP is a program under which an employee may elect to retire, and then defer receipt of normal retirement benefits while continuing to work for up to five years. During that five year period the employee would continue to receive his salary and all other benefits, except pension accrual. During the DROP period the retirement benefits would be placed in a separate account for the employee and would earn interest. At the time the employee would leave service to the government, which has to be no later than 60 months after entering DROP, he would have available to him the funds in his DROP account consisting of all retirement benefits received during the five year period, along with interest. At that time he would also then begin to receive his retirement benefits directly.

Both the Florida House of Representatives and the Senate are considering separate pension reform bills which are variations of the Governor's proposals. There is also legislation under consideration which proposes to change the use of state funds provided to municipal police and fire plans. At the time of this writing the Florida Legislature is still in session and the exact nature of any change is unknown. However, there is a general consensus that pension reform of some type will be passed by the legislature and signed by the governor.

In addition to action in Tallahassee, city governments throughout the state, as well as across the country, have been considering pension reform in their own jurisdictions. Most cities have been considering changes that would affect new employees. One of the most dramatic proposals has been the changes made by the City of Miami in their police and fire pension plans. In that local government, changes were adopted which reduced the accrual rate, prospectively, for existing employees, not just future employees. The Miami changes will likely be resolved in court.

## The City of Jacksonville

The table below provides an overview for the three separate defined benefit plans offered by the City of Jacksonville: General Employees Pension Plan, Corrections Officers Pension Plan and the Police and Fire Pension Plan. The overview consists of information as of Sept. 30, 2010, regarding membership data, benefit structure, significant plan assumptions, and financial condition and general trend information.

### OVERVIEW OF DEFINED BENEFIT PLANS

	JACKSONVILLE RETIREMENT SYSTEM		
	GENERAL EMPLOYEE PENSION	CORRECTIONS OFFICERS PENSION	POLICE AND FIRE PENSION
<b>ACTUARIAL REPORTS:</b>			
Date of last actuarial valuation	Oct. 1, 2010	Oct. 1, 2010	Oct. 1, 2008
Actuarial method	Entry age	Entry age	Entry age
<b>Membership:</b>			
Retirees and beneficiaries currently receiving benefits	4,504	55	1,953
Deferred Retirement Option (DROP) participants	-	109	361
Terminated employees vested, not yet receiving benefits	97	1	39
<b>Active employment plan members:</b>			
Vested	3,694	374	1,959
Non-vested	2,586	314	661
<b>TOTAL PLAN MEMBERSHIP</b>	<b>10,881</b>	<b>853</b>	<b>4,973</b>
<b>BENEFIT STRUCTURE:</b>			
<b>Accrual rate:</b>			
Years one through twenty	2.5%	3.0%	3.0%
Years twenty-one and after	2.5%	2.0%	2.0%
Years of service required to vest	5	5	5
Years of service required- normal retirement	30	20	20
Final average pay parameters	3 years	3 years	2 years
Maximum benefit as % applied to final average pay	80%	80%	80%
<b>Cost of living (COLA) adjustments:</b>			
Years delay after retirement	5	1	1
Annual percentage increase	3%	3%	3%
<b>DROP structure:</b>			
Options	Back	Forward	Forward
Maximum duration- years	5	5	5
Earnings rate on benefit payments held in trust	actual with +4% ceiling, -4% floor	actual with 0% floor	8.4% guaranteed
<b>PLAN ASSUMPTIONS:</b>			
Earnings rate	8.4%	8.4%	8.5%
Mortality Table in use	RP-2000	RP-2000	1994
Salary growth	3.5%	3.5%	5.5%

**Market smoothing practices:**

Term - years	5	5	5
Recognition timing	5/15 year 1 to 1/15 year 5	5/15 year 1 to 1/15 year 5	5/15 year 1 to 1/15 year 5

**FINANCIAL INFORMATION (in millions):****Annual contributions 2009-10:**

City	\$24	\$10	\$85
Other participating employers	\$17	-	N/A
Other sources	-	-	\$10

**Employer contribution stated as percentage of pay:**

FYE 9-30-09	10.43%	17.16%	32.11%
FYE 9-30-10	13.50%	31.78%	49.60%
FYE 9-30-11	13.50%	31.78%	49.60%
Employee contribution stated as percentage of pay	8%	8%	7%
Covered Payroll	\$323	\$32	\$158
Benefit payments (including DROP payments)	\$116	\$7	\$120

**Assets (net of securities lending) as of September 30, 2010:**

Market value	\$1,456	\$90	\$971
Actuarial value	\$1,641	\$97	\$861
Unfunded Actuarial Accrued Liability- September 30, 2010	\$522	\$107	\$980
Funded Ratio	75.86%	47.69%	46.79%

The City of Jacksonville does not participate in Social Security, having opted out in 1983 under an IRS Code Section 218 election. This means that neither the city nor any employees covered by the city pension plans pays into Social Security. Therefore, employees will not receive Social Security benefits unless they have participated in Social Security while working at other employers.

Electing out of Social Security has obvious implications for benefit comparisons with pension plans offered by other public jurisdictions and private sector employers who are competing for the same worker. For example, firefighters in the Jacksonville Fire and Rescue Department have pension coverage only through the City of Jacksonville pension plan, while firefighters working for St Johns, Clay or Nassau County Fire Departments will have pension coverage in both Social Security and FRS. Not being in Social Security also has implications for policy decisions regarding the structure of the city's pension plans.

The table below provides a comparison of the employer contribution rate, shown as a percentage of payroll, for each of the City of Jacksonville pension plans with some other major public and private employers in the region. Elected officials of the City of Jacksonville are no longer in a city pension plan. They are now members of the elected official group in FRS. The FRS "special risk" category covers police officers, firefighters and corrections employees. It should be noted that all other county governments in the area participate in both the Florida Retirement System (FRS) and Social Security. It should also be understood that for the private employers listed, the table presents simplified information that offers an "order of magnitude" comparison. The private employers have a range of retirement plans for different groups of employees. Plans are different for employees represented by unions, with different plans provided for different unions. In some cases, there are different plans for management or executive level employees.

The Florida Constitution requires that plan contributions be made annually in amounts determined by an actuarial valuation. Any contribution shortfalls are the responsibility of the city to fund. The Florida Division of Retirement reviews and approves the city's actuarial report to ensure compliance with actuarial standards and appropriateness for funding purposes. The city is precluded from using the contribution rate calculated in a valuation until the valuation is approved by the state actuary. Failure to provide responses acceptable to the state actuary can result in withholding of Local Government Sales Tax, City and County Revenue Sharing funds from the city (more than \$100 million for the City of Jacksonville in 2010).

The following table shows trends relative to payments of the required employer contribution for all defined benefit pension plans offered by the City of Jacksonville. The Corrections Officers Plan was established in 2005. Prior to 2005, corrections officers were included in the General Employees Pension Plan and they are shown as “Combined Plans” in the table. The chart reflects the required contributions for each year, and reports the actual contribution made by the city for each plan in both dollars and as a percentage of payroll.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
(in thousands)

	Plan Year Ending Sept. 30	Annual Required Contributions	City Cash Contributions	Employer Contribution Percentage	Alloted from Past Excess Contributions	Total City Contributions	Percentage Contributed
<b>Combined Plans</b>	2001	\$12,235	\$125	-	\$12,110	\$12,235	100%
	2002	12,724	-	-	12,724	12,724	100%
	2003	19,003	8	-	18,995	19,003	100%
	2004	25,775	23,773	-	2,002	25,775	100%
<b>General Employees Pension Plan</b>	2005	\$27,724	\$14,607	10.18%	13,117	\$27,724	100%
	2006	28,670	7,934	11.60%	20,736	28,670	100%
	2007	29,297	29,581	11.41%	-	29,581	101%
	2008	29,371	29,488	10.96%	-	29,488	100%
	2009	29,491	29,530	10.43%	-	29,530	100%
	2010	38,612	40,551	13.50%	-	40,551	105%
<b>Corrections Officers</b>	2005	\$3,233	-	\$1,787	1,446	\$3,233	100%
	2006	1,917	1,917	6.65%	-	1,917	100%
	2007	1,830	2,482	6.17%	-	2,482	136%
	2008	4,329	4,350	13.86%	-	4,350	100%
	2009	5,268	5,101	17.16%	146	5,247	100%
	2010	9,097	9,491	31.78%	-	9,491	104%
<b>Other Funding Sources</b>							
<b>Police &amp; Fire Pension Plan</b>	2004	\$39,295	\$22,098	18.55%	8,423	\$22,098	100%
	2005	50,727	25,851	18.55%	15,294	25,851	100%
	2006	53,263	34,712	26.26%	8,906	34,712	100%
	2007	55,927	42,866	28.97%	2,704	42,866	100%
	2008	65,389	47,145	32.11%	7,593	47,145	100%
	2009	67,993	49,246	32.11%	7,540	49,246	100%
	2010	99,018	81,171	49.60%	6,327	81,171	100%

Some critics of the city have suggested that in some years the city declared a “pension holiday” and did not make the required contribution to all three of the pension plans.

**That is not correct. As can be seen in the previous table, the City of Jacksonville has NEVER failed to make 100 percent of the required employer contribution to each of the city’s pension plans.**

In some years prior to 2007, the city counted as a part of its contribution, as allowed by State regulations, amounts applied from funds accumulated in the Past Excess Contributions (PEC) account. The city’s actuarial report describes PEC as “the accumulation of prior cash payments made by the city into the Plan in excess of the minimum requirements”. Whether the funds were transferred from the general fund, the PEC account, a reserve, or some other source, the amount of funds in the pension funds would have been the same.

The trend information in the following table gives a history of funded status for the plans. Funded status is the difference between the present value of the retirement obligation owed and the assets currently available to pay retirement obligations stated as a percentage.



## EMPLOYER CONTRIBUTION RATES for the Fiscal Year Beginning Oct. 1, 2010

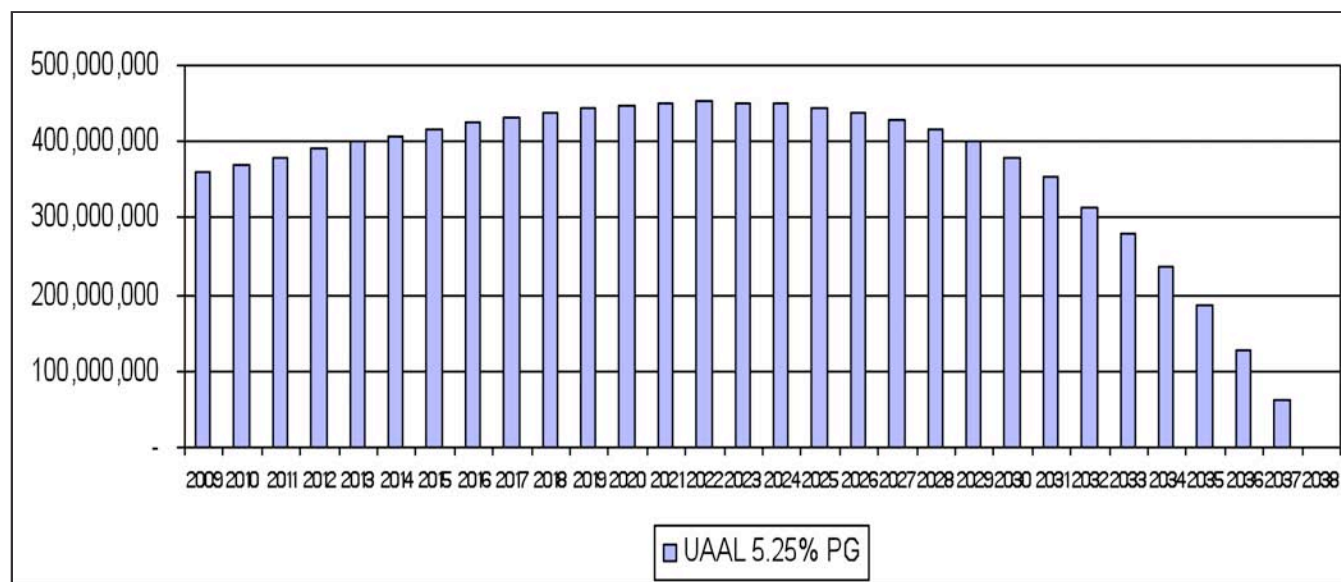
	Pension	401(k)	Applicable Maximum Salary	Social Security	Total
<b>City of Jacksonville</b>					
General Employee Defined Benefit Plan	13.50%	-	None	-	13.50%
General Employee Defined Contribution Plan	7.70%	-	None	-	7.70%
Corrections Officers Plan	31.78%	-	None	-	31.78%
Police and Fire Plan	49.60%	-	None	-	49.60%
<b>Florida Retirement System</b>					
Elected official	18.64%	-	None	6.20%	24.84%
Judges	21.79%	-	None	6.20%	27.99%
Special risk	23.25%	-	None	6.20%	29.45%
Senior management	14.57%	-	None	6.20%	20.77%
Regular class	10.77%	-	None	6.20%	16.97%
<b>CSX</b>	Cash balance	up to 3.5%		6.20%	9.70%
<b>Fidelity</b>	-	up to 3.5%		6.20%	9.20%
<b>Merrill Lynch</b>	-	up to 4%	\$ 75,000	6.20%	10.20%
<b>Winn Dixie</b>	-	up to 2.5%		6.20%	8.70%

(1) Employer rate was lowered to 4.2% for 2011 and is only paid on first \$106,800 of earnings

(2) Match of employee contribution of 4% of earnings on first \$75,000 of earnings

The Governmental Accounting Standards Board (GASB) is actively working on new reporting standards for all public sector pension plans. These new standards will impose fundamental changes in treatment and reporting of unfunded liabilities. It is expected that these standards will be even more stringent than the current standards.

In addressing policy decisions regarding amortizing unfunded liabilities, it is important to recognize that unfunded liabilities grow in the early years as demonstrated by the normal amortization in the graph below which projects a typical unfunded liability with a projected 5.25 percent salary growth rate.



All three of the city's defined benefit pension plans report an unfunded liability. As of Sept. 30, 2010 the unfunded liabilities were as follows: General Employees Pension Fund, \$522 million; Corrections Officers Pension Plan, \$107 million; and Police and Fire Pension Fund, \$980 million; for a total unfunded liability of slightly more than \$1.6 billion. The contributing factors specific to the city's unfunded status are discussed below.

### **Retroactive benefits granted**

Eleven times since 1990 the city has approved significant retroactive benefit enhancements, such as increased earnings credits, earlier normal retirement age, and earlier COLAs. Five of the retroactive awards were for the General Employee Plan, five for the Police and Fire Plan, and one for the Corrections Officers Plan. Each of those benefit enhancements applied to current employees with past service resulting in an increase in unfunded liabilities for each change in each of the respective plans.

### **Market performance**

Another significant contributor to the unfunded liability in all three plans is market underperformance. For the 10 year period from 2001 to 2010, the actual earnings for all three plans approximated 3.75 percent per year compared to assumed earnings of 8.4 or 8.5 percent per year, resulting in significantly increased unfunded liability. Market underperformance and the granting of retroactive benefits have been by far the two biggest reasons for increases in unfunded liability.

## **CHANGES IN ASSUMPTIONS**

A change in the assumptions used to prepare the actuarial valuation that results in increased future pension contributions also increases unfunded liability. For example, a change to a more recent mortality table that reflects longer life expectancy, or changes to higher assumed rates of payroll growth than those used in previous valuations, will cause the unfunded liability to increase.

Another criticism of the city, which is also not valid, is that the benefits in city pension plans are so rich that they far exceed comparable employers and thereby drive the normal cost element beyond affordable levels. The benefit structure of the current plans is roughly comparable with other employer plans that compete with the city for new hires. While there may be a few pockets of rich benefits, such as the guaranteed rate of return of 8.4 percent in Police and Fire Pension Plan DROP accounts, there are other areas where benefits are not as generous as other employers.

The debate about pension reform has included various non-traditional solutions to reducing the unfunded liability. Suggestions have included having the city issue pension obligation bonds and contributing the proceeds to the pension plans. This would leave the city's General Fund with the additional requirement of repaying the bonds over a period as long as thirty years. Other suggestions have included donating assets such as buildings or other city-owned property to the plan, or executing and contributing a direct loan agreement obligating the city to the pension plans with an interest rate that meets or exceeds the earnings assumption. All of these proposals accomplish little more than a rearrangement of the existing obligations, to the benefit of the pension plans and the detriment of the city government.

One of the most predictable ways to reduce the unfunded liability is to pursue a reduction in pension benefits for existing employees similar to the action taken by the City of Miami. In the same way that a retroactive benefit enhancement for existing employees increases unfunded liability, the reduction of a benefit for existing employees leads directly to making the unfunded liability smaller. The current administration has chosen to honor the commitments made to existing employees and chosen not to pursue a reduction of benefits for them.

The actuarial reality is that the combination of retroactive benefits, market underperformance due to the Great Recession, and changes to assumptions (mortality, salary growth, longevity, retirement patterns, etc) account for almost the entire current unfunded liability amount. While the disclosures to policymakers that accompanied requests for benefit enhancements met minimum legal standards, the analysis and discussion of benefit enhancements did not include information about long term future costs for each benefit enhancement. Better understanding of those facts may have caused different decisions to be reached.

Additionally, benefit enhancements appear to have been approved with an expectation that earnings growth, not employer contributions, would be sufficient to adequately pay for the future benefits.

It should also be noted that the State of Florida Division of Retirement has notified other municipal pension plans that earnings assumptions in the range of 8.5 percent are “overly optimistic.” It is the opinion of the city’s actuary that the state will likely require that our next actuarial studies use a lower earnings rate assumption. The assumption currently used by the Florida Retirement System is 7.75 percent. That change will increase unfunded liability. It is projected by the city’s Chief Financial Officer that the use of more accurate assumptions in the next actuarial valuation done for the Police and Fire Pension Fund will result in an increase in the employer contribution from 49.6 percent of payroll to 65 or 70 percent of payroll beginning in FY 2012-13.

## ACTIONS TAKEN

Under Florida law, pension benefits for public employees are a mandatory subject for collective bargaining. In the fall of 2009, the city administration began to negotiate reductions in pension benefits for future employees with all unions representing employees in the General Employees Pension Plan. As stated earlier the administration chose not to propose any reductions in benefits for existing employees. The purpose of the proposed pension changes was to reduce the growth in the normal cost of pensions for city employees. A summary of the changes that were proposed for future general employees can be found in the following table.

### GEPP INFORMATION SHEET FOR NEW HIRES PER PROPOSED ARTICLE 10

Current	Proposed
Employee Contribution 8% of earnable compensation on a pre-tax basis	No change
Retire with 20 yrs of service service at age 55 (50%)	Retire at 20 years of at 60 years of age (50%)
Retire with 30 years of service regardless of age (75%)	No change
Retire with 5 years of service at age 65	No change
Early retirement option: reduced by 0.5% for each month preceding age 55. • 20 years of service and age 50	Early retirement option: by 0.5% for each month preceding age 60. • 20 years of service and age 55
Early retirement option: At least 25 yrs of service but less than 30, at any age; Benefit determination formula= FAP*2.0%* years of service.	No change
Final average pay (FAP) based on best 36 months last 10 years	FAP based on 5 highest of last 10 years
Benefit determination formula = FAP*2.5%* years of service to a maximum of 80% (maximum reached at 32 years of service)	Same (with adjustment to FAP as noted above)
75% Spousal benefit	Multiple options. Benefit to beneficiary with actuarial adjustment.
On-Duty Disability	No Change
Non-Duty Disability	No Change
Time Service Connections	No Change
Military Leave Buy Back	No Change

Vesting requirements	No Change
BackDrop and PLOP	No Change
COLA	No Change
Re-employment After Retirement	No Change
DC Plan	No change; Will be an option effective Oct. 1.

Also in the fall of 2009, the city administration began to negotiate with police and fire unions for a series of benefit reductions for future employees who would be members of the Police and Fire Pension Fund. The table below summarizes the benefit reductions that were proposed at that time.

**PROPOSED PENSION REFORM ELEMENTS FOR PROSPECTIVE POLICE AND FIRE EMPLOYEES**

<b>Current Plan</b>	<b>Tentative Agreement</b>
Retire with 20 years service at any age	Retire with 25 years of any age
Benefit accrual Rate 3% per year for first 20 years and then 2% per year for 10 years to a cap of 80% at 30 years of service.	Benefit accrual Rate of 2.5% per year subject to a cap of 80% at 32 years of service.
Pension start date for vested, terminated members: at Normal Retirement Age	Pension start date for vested, terminated members: Age 55 with 10 years service or age 65 with 5 but less than 10 years service at termination.
DROP eligibility: Employee can enter DROP at 20 years of service	DROP Eligibility: None
Eligible for: 5 years of DROP with up to 30 years of service	“Back DROP” Eligibility: Eligible for 8 year “back DROP” to 25 years of service (calculated backward on termination date)
3 years of DROP with 30-31 years of service	Flexible; up to 8 different options for benefit and DROP balances
2 years of DROP with 31-32 years of service	Promotions can affect “back DROP” choices.
Guaranteed DROP interest rate of 8.4%	Rate linked to earnings assumption as set for funding by actuary, less a risk premium of .25%. Prospective rate adjustment will not exceed 8%.
3% Cost of Living Adjustment (COLA) begins as early as three months after DROP	COLA capped at 3% beginning: 60 months after employment termination (end of back DROP)
Final Average Pay based on last 24 months of service Employee pre-tax contribution of 7%	Final Average Pay based on last 36 months Employee pre-tax contribution of 8%
75% spousal benefit without cost (following retiree passing away)	75% spousal benefit without cost (following retiree passing away)

No age limit for new employees

Introduce age limit of 31 for new employees  
(Age 35 with up to 4 years of military service)

Premium Tax Refunds:  
allocated by Agreement

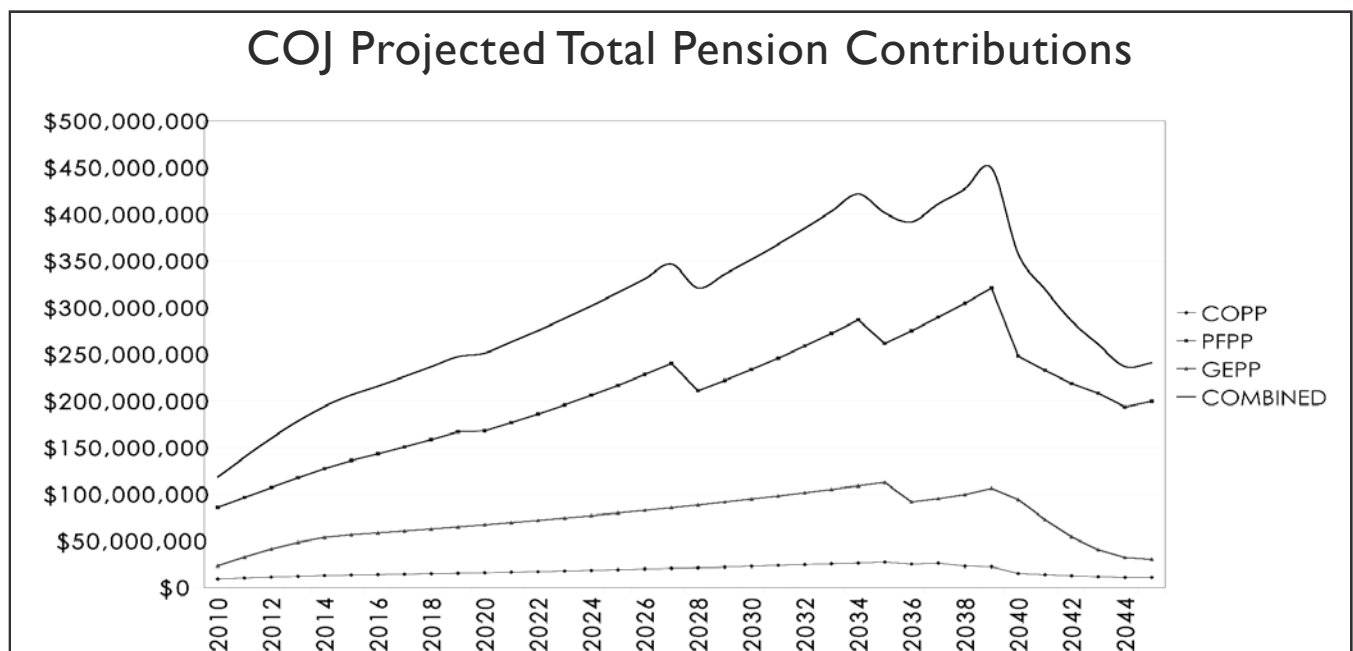
Premium Tax Refunds:  
Paid to "Share Plan" and allocated to Employees as  
additional benefit. Effective date and allocable  
amount to be determined in future as revision to  
Agreement.

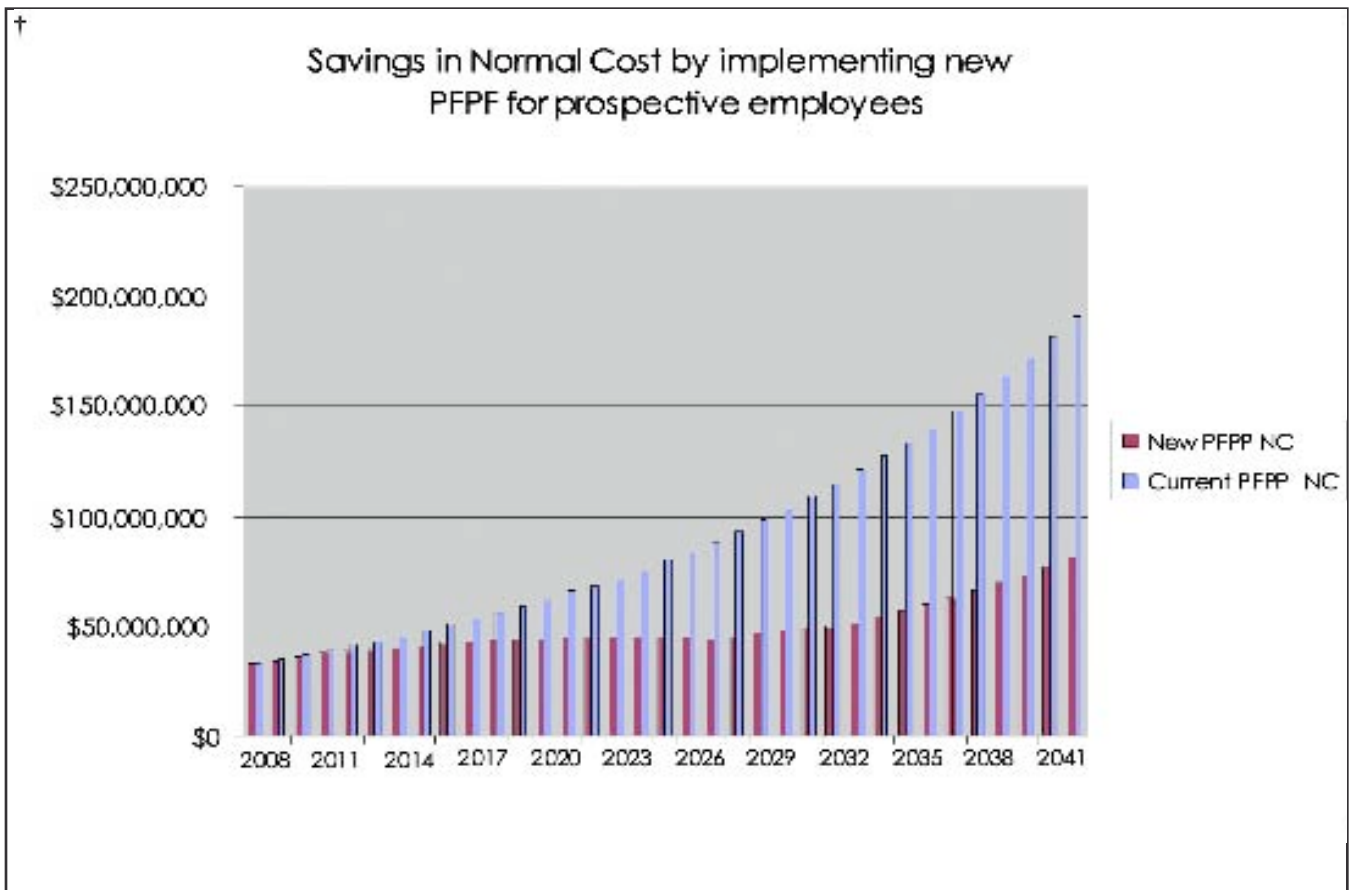
The police and fire unions refused to bargain on pension benefits, citing a concern that there existed a contract between the independent Police and Fire Pension Fund Board of Trustees and the City of Jacksonville which prohibited the unions from having the authority to negotiate. While a legal opinion prepared for the city contradicted that argument, in the interest of moving the process forward, the administration accepted waivers from the unions and began discussions with the Police and Fire Pension Fund leadership for the changes to the contract that would implement the pension reductions sought by the city.

It was estimated that the successful negotiation and implementation of all the changes sought by the city in the General Employees Pension Plan and the Police and Fire Pension Fund would together result in a savings to taxpayers of approximately \$1 billion over the next 35 years.

While the benefit structure of the city's current pension plans appears comparable to other employer plans that compete with the city for new hires, and the plan's normal costs are currently manageable, the public debate on the sustainability of the pension plans must focus on the present and future funding requirements for both normal and unfunded costs. This growing normal cost requirement, combined with the contributions required to retire the unfunded liabilities, is likely not sustainable without future funding implications for other city needs. The chart below demonstrates the rapid increase in total pension contributions required to be made by the city over the next 35 years.

The city has invested significant time and energy in evaluating the competitiveness and affordability of the existing benefits for each of its plans. Using this information, the city developed the proposals outlined above for a modified benefit structure for all employees hired in the future. The new benefit structure as proposed does not affect existing employees. The proposed benefit structure will result in lower normal costs as shown in the example below in the comparative cost for old and new plans in the Police and Fire Pension Fund.





## STATUS OF ACTIONS TAKEN

All of the unions representing general employees, except one, reached agreements with the city on new collective bargaining agreements. Those agreements included a 2 percent pay cut effective Oct. 1, 2010 and a provision to have reduced pension benefits for new employees who will be represented by those unions. Union memberships have ratified those contracts, and the ratified contracts have been approved by vote of City Council. The negotiated pension provisions for general employees require that enabling legislation be filed along with the filing of legislation to modify Police and Fire Pension Fund.

The terms for the one general employee union with which an agreement was not reached – the Communications Workers of America – has since been decided by the City Council through impasse resolution proceedings, with similar outcomes regarding pay cuts and pension changes. While collective bargaining agreements have been reached, it is expected that the legislation, which must be adopted to implement the pension reductions, will be filed following the successful resolution of Police and Fire Pension Fund changes.

Negotiations with the fire union have been concluded with a pay cut similar to other employees. That collective bargaining agreement has been ratified by union membership and approved by City Council. An impasse has been declared in police negotiations and both sides are awaiting a hearing to be conducted by a special magistrate in the next several weeks. However, as was stated earlier, the city accepted the FOP and IAFF union waivers to negotiate pensions and began discussions about pension reductions for police and fire through discussing changes to the settlement agreement with the Board of Trustees of the Police and Fire Pension Fund. Those discussions have just concluded, with an agreement to reduce benefits for new police and fire employees roughly comparable to the city's original proposal. The proposal will be presented to the full PFPF Board for consideration May 18, 2011 and requires approval by the Jacksonville City Council. It is estimated that the savings resulting from the Police and Fire Pension Fund changes coupled with the changes to the General Employees Pension Plan will be approximately \$1 billion over the next 35 years.

The table below represents the final version of changes for the police and fire employees.

**PROPOSED PENSION REFORM ELEMENTS FOR PROSPECTIVE  
POLICE AND FIRE EMPLOYEES**

<b>Current Plan</b>	<b>Proposed Plan</b>
Retire with 20 years service at any age	Retire with 25 years of service at any age
Benefit accrual Rate 3 percent per year for first 20 years and then 2 percent per year for 10 years to a cap of 80 percent at 30 years of service	Benefit accrual Rate of 2.8 percent per year for the first 25 years of service and 2 percent thereafter subject to a cap of 80 percent at 30 years of service
Pension start date for vested, terminated members: at Normal Retirement Date	Pension start date for vested, terminated members: Age 55 with 10 years service or age 65 with 5 but less than 10 years service at termination
Credited service for vesting at 5 years of service, terminated members: 3 percent	Credited service for vesting at 8 years of service, terminated members: 2.5 percent
<p>DROP eligibility:</p> <ul style="list-style-type: none"> <li>• Employee can enter DROP at 20 years of service</li> <li>• Eligible for:               <ul style="list-style-type: none"> <li>5 years of DROP with up to 30 years of service</li> <li>3 years of DROP with 30-31 years of service</li> <li>2 years of DROP with 31-32 years of service</li> </ul> </li> </ul>	<p>DROP Eligibility: Employee can enter DROP at 25 years of service. Pending State approval of City funding through DROP period</p> <p>“Back DROP” Eligibility:</p> <ul style="list-style-type: none"> <li>• Eligible for 8 year “back DROP” to 25 years of service (calculated backward on termination date)</li> <li>• Flexible; up to 8 different options for benefit and DROP balances</li> <li>• Promotions can affect “back DROP” choices</li> </ul>
Guaranteed DROP interest rate of 8.4 percent	Rate linked to earnings assumption as set for funding by actuary, less a risk premium of .25 percent. Prospective rate adjustment will not exceed 8 percent
3 percent Cost of Living Adjustment (COLA) begins as early as three months after DROP	COLA capped at 3 percent beginning: • 24 months after employment termination
Final Average Pay based on last 24 months of service	Final Average Pay based on last 60 months of service
Employee pre-tax contribution of 7 percent	Employee pre-tax contribution of 8 percent
75 percent spousal benefit without cost (following retiree passing away)	75 percent spousal benefit without cost (following retiree passing away)
No age limit for new employees	Introduce age limit of 31 for new employees (Age 35 with up to 4 years of military service)
Premium Tax Refunds: allocated by Agreement	Premium Tax Refunds: After 12 years, allocation split between “Share Plan” and city.
Disability Pension at 60 percent of earnings base.	Disability Pension at 50 percent of earnings base
<b>\$700 million in savings over 35 years</b>	

## NEXT STEPS

- Discussions with the leadership of the Police and Fire Pension Fund for reduced benefits for new employees in June 2011 have been concluded. It will now be necessary to introduce legislation before the City Council in order to implement those reduced benefits, not only for future police and fire employees, but also for employees in the General Employees Pension Plan. Then the details for similar reductions of future employees covered by the Corrections Officers Pension Plan will need to be addressed.
- In the upcoming months, actuarial valuation studies will be undertaken for the city's defined benefit pension plans. It is important that the most accurate assumptions be used in those studies so as not to overestimate or underestimate the unfunded liability in the plans.
- The city should review whatever legislation has been adopted by the State of Florida in the 2011 legislative session that either directly impacts the city's pension plans or changes other plans in the marketplace where the City of Jacksonville recruits for employees.
- The city should continue the current course to budget for and systematically pay down the unfunded liabilities in the city's pension plans over the allowable amortization period, consistent with the decision not to reduce benefits for existing employees.
- The next administration should conduct the research necessary to establish a funding framework that targets a funding level for the employer contribution for new employee retirement benefits that will allow the city to remain a competitive employer. It is estimated that this will result in a target in the range of 10-15 percent.
- The next administration should introduce legislation to expand the disclosure requirements relative to the long term cost, not just first year cost, of any benefit enhancement prior to any action by City Council so as to provide complete and accurate information about any future pension changes.





# JACKSONVILLE TRANSPORTATION AUTHORITY

## INTRODUCTION

This chapter will provide an overview of the history of the Jacksonville Transportation Authority (JTA), and the city's relationship with JTA, with particular emphasis on the funding arrangement regarding the Better Jacksonville Plan (BJP).

## IMPORTANCE

Understanding the city's legal and operational relationship with the JTA is important in order to manage the collective shared commitments to a massive capital project initiative, the Better Jacksonville Plan. Additionally, the JTA's vision for itself includes an expanded regional role that would result in greater independence from the city which could have significant consequences for the City of Jacksonville.

### History

In 1955, the Jacksonville Expressway Authority was founded to build bridges and expressways in Duval County and was funded by toll revenues. A merger in 1971 of the original Expressway Authority and several private bus companies resulted in today's Jacksonville Transportation Authority.

Working closely with the Florida Department of Transportation (DOT) and the City of Jacksonville, JTA develops and implements road construction plans to improve traffic flow in the Consolidated City of Jacksonville. While JTA plans, designs and constructs significant roadway projects for both the state and the city, the JTA does not own or maintain those roadways. Once construction is complete, the JTA transfers the roads to the entity responsible for maintenance.

The JTA, a state agency by law, has been included in the city's financial reporting for the last 15 years, as have the city's other major authorities. During the 2009 state legislative session, the JTA sponsored legislation that moved them toward their stated goal of becoming a regional transportation body, independent of the City of Jacksonville.

The JTA operates both governmental and business type activities. Governmental activities are primarily the road construction programs managed on behalf of the federal, state and local governments, with funding provided by each entity. The JTA does not have a significant, self generated governmental funding source, but relies on funding from other governmental agencies. The JTA's business type activities are the bus system, the Automated Skyway Express (ASE) and transit service for disabled and disadvantaged riders. Operating revenues for the business type activities are provided through passenger fares, governmental grants (including the city's mass transit amount) and other sources.

### The 1988 Referendum

The current version of today's complex funding relationship with JTA originated in 1988 with the voter approval of the one-half percent Transportation Sales Tax, later referred to as BJP I. In this referendum, voters approved a half-cent sales tax, with no expiration date, as a dedicated funding source for mass transit and for removal of tolls on expressways around the city. For the better part of a decade, JTA operated under that Transportation Sales Tax funding arrangement, providing mass transit on behalf of the city, with the sales tax collections, and providing the construction of roads and bridges with grant and other funding provided by the Florida DOT and/or the city.

### The 2000 Interlocal Agreement between the city and JTA

In the late 1990s, the city and JTA began discussing financing plans for a \$750 million road construction program. In order to provide borrowing capacity for this program the city needed access to a revenue stream that was attractive to the credit markets, such as the half-cent Transportation Sales Tax approved in 1988 and assigned to JTA.

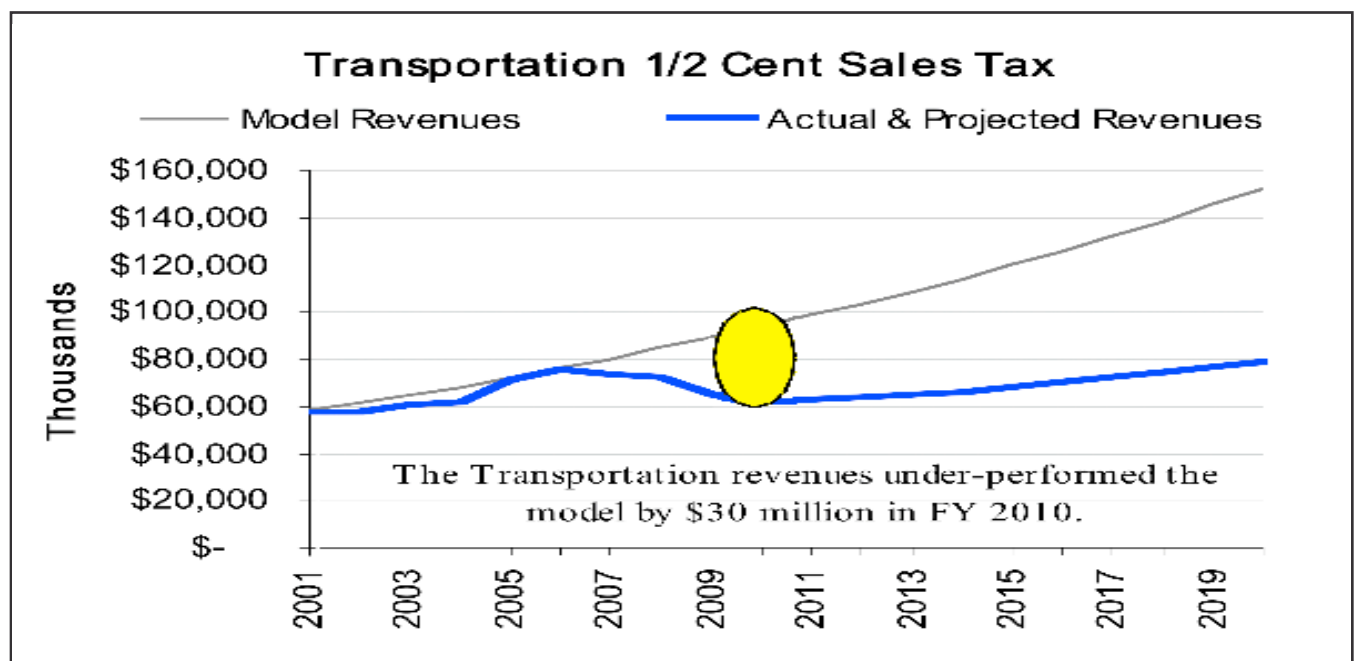
In 2000, the city and JTA entered into an Interlocal Agreement to manage the division of revenue and funding commitments for a \$750 million road program. The agreement outlines the city's and JTA's decisions to fund a new major road construction program utilizing both the 1988 one-half percent Transportation Sales Tax, used

at that time by the JTA for its transit operations, and the city's state shared Constitutional Gas Tax distribution, used in prior years by the city for major road maintenance. The agreement also transferred the city's Local Option Gas Tax, a less desirable revenue for bonding purposes, to JTA as a funding source for mass transit acting as a substitution for the Sales Tax which had previously been flowing to JTA. Both the Transportation Sales Tax and the Constitutional Gas Tax have no stated expiration date. The Local Option Gas Tax had been approved for a maximum of 30 years. It will expire in 2016. The tax can also be renewed for up to an additional 30 years by future City Council action.

The Interlocal Agreement established the guidelines of this new road program which came to be known as BJP I and identified funding expectations and limitations related to the program as summarized below with a comparison to program to date actual results.

BJP TRANSPORTATION PROJECTS (in millions)			
	Intermodel Agmt Model	Program to Date Actuals	Remaining Commitments
Project Cost	\$750	\$552	\$198
Bonds Authorized	\$550	\$403	\$147
Cash, Pay-go	\$200	\$149	\$51

There are revenue projections within the agreement that show the capacity to pay debt service on construction project debt and to fund mass transit by combining residual sales taxes available after debt service is paid with the Local Option Gas Tax. Unfortunately, those revenue estimates were far too aggressive. While the projections were met in the early years, they were too optimistic over the long run, as demonstrated in the graph below. For example, the Interlocal Agreement projected Transportation Sales Tax revenue of \$93 million for 2010. Actual collections for that year were just under \$61 million.



The failure to collect at projected levels has obvious implications for the road construction program in that significantly less cash is being generated for debt service than was projected. However, mass transit funding is also significantly impacted since the mass transit funding formula in the agreement is heavily dependent on excess sales tax revenues after paying all debt service.

## **The Infrastructure Sales Tax Referendum**

In 2001, voters approved the Better Jacksonville Plan which imposed a one-half percent Infrastructure Sales Tax in addition to the previously approved Transportation Sales Tax. This one-half percent assessment, which is widely referred to as BJP II, expires on Dec. 31, 2030. The project list for BJP II included an additional \$750 million in road projects over and above the road projects funded by the Interlocal Agreement, plus an additional \$750 million in “vertical” projects, such as the arena, courthouse and libraries.

## **ACTIONS TAKEN**

In 2006, facing soaring construction costs for concrete and steel, the city was unable to fund many transportation projects, as well as some of the vertical projects. City Council approved legislation which re-prioritized funding for transportation projects, identified other funding sources such as Fair Share contributions and established a target goal of \$140 million in additional funding from JTA through various future state appropriations.

Again in 2009, the city was faced with the need to change its plans for the road construction program, this time due to significant declines in the sales tax revenues. City Council approved legislation to provide a city General Fund “bridge,” borrowing \$300 million in order to complete ongoing projects for both the city and JTA until such time as the sales tax revenues recovered. The plan, which was well received by the bond rating agencies, contemplated borrowings over a three-year period of approximately \$100 million per year. This financing will be repaid from Infrastructure Sales Tax collections through the year 2030 if funds are sufficient. If not, the General Fund will ultimately be obligated to repay the debt.

## **STATUS OF ACTIONS TAKEN**

The project priorities established by City Council legislation in 2006 remain in place. While progress has been made, the plan still has projects that were listed as funded in the 2006 legislation that have not been funded due to the decline in sales tax revenues.

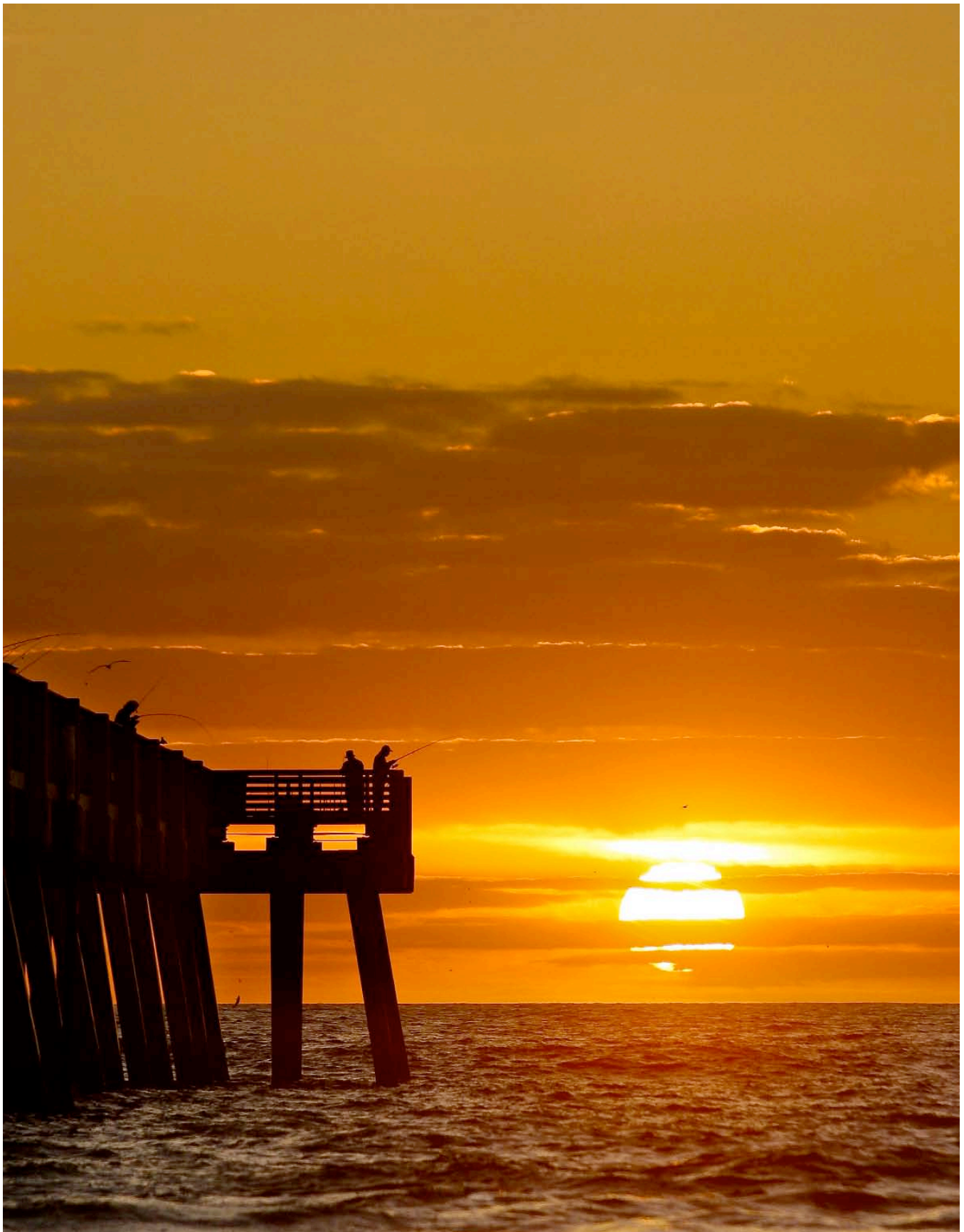
Two of the three bond issues contemplated in the 2009 bridge financing solution have been issued with the final series expected to be sold later this fiscal year. Even though the General Fund provided the ultimate pledge, and therefore made the funding possible, the debt repayment has been and is expected to continue to be made from available Infrastructure Sales Tax collections.

## **NEXT STEPS**

- A significant number of road projects from BJP I and BJP II remain unfunded. A separate chapter on the Better Jacksonville Plan provides a list of those projects. The city needs to determine whether, and if so, how, funding can be provided to accomplish the construction of those projects that were promised to the citizens of Jacksonville.
- The city has unmet obligations from the Interlocal Agreement and subsequent legislation. Funding in the amount of approximately \$198 million is supposed to be provided by the city from the Transportation Sales Tax through a combination of the sale of bonds and cash for the construction of road projects. Due to lower revenue projections for the sales tax, providing those funds for road projects will result in fewer dollars available for mass transit. The JTA has indicated it will oppose attempts by the city to fulfill its obligations for road projects, if doing so will lower funding for mass transit. The city and JTA should pursue discussion and a mutually acceptable resolution of this issue.
- The Local Option Gas Tax will expire in 2016. In most Florida cities, this revenue is used by the city to provide road maintenance. As stated above, in a previous agreement, the City of Jacksonville agreed to make this revenue available to JTA to fund mass transit. JTA would like the city to reauthorize the gas tax for an additional 30 years to support mass transit and to do so soon, as to provide for adequate planning. The tax can be reauthorized for an additional 30 years from the date of reauthorization. For example, a reauthorization in 2012 would provide for gas tax revenue until 2042, while a reauthorization in 2016 would provide for revenue until 2046. JTA generates approximately 10 percent of its mass transit revenue from the fare box. In most urban areas, the fare box provides a higher percentage of the revenues necessary to support the transit system.

Therefore, the issue of the reauthorization of the gas tax leads to three questions which should be addressed by the city in future discussions with JTA about the gas tax:

- Whether, and if so, when, to consider reauthorization of the gas tax
- Whether the fare box should provide a higher percentage of mass transit revenues, thereby relieving the gas tax and/or other taxes from the current 90 percent support level, and
- Whether the city should receive some portion of a reauthorized gas tax to support city road maintenance, even if it results in a lower level of service for mass transit.



**CHAPTER EIGHT**

**AGREEMENTS BETWEEN THE CITY OF JACKSONVILLE,  
THE BEACH CITIES AND BALDWIN**

# AGREEMENTS BETWEEN THE CITY OF JACKSONVILLE, THE BEACH CITIES AND BALDWIN

## INTRODUCTION

The formal relationship that exists between the City of Jacksonville and the three beach cities and Baldwin is defined by the City Charter in Articles 1, 2 and 3. The primary theme is that the Consolidated City of Jacksonville acts as a county government in its relationship with the three beach cities of Jacksonville Beach, Neptune Beach and Atlantic Beach and the Town of Baldwin. The Beaches and Baldwin have all the powers and duties of municipalities under state laws and the Constitution of the State of Florida. The charter establishes Urban Services Districts (USD) 2 through 5 for the four smaller cities while the Consolidated City of Jacksonville operates from the General Services District (GSD). The charter was adopted by a vote of the citizens of Duval County in 1967 to create a consolidated government pursuant to a State law, which authorized this vote. The new Consolidated City of Jacksonville began its existence on Oct. 1, 1968.

## IMPORTANCE

The Beaches and Baldwin comprise a population of approximately 45,500 or 5.05 percent of the total population (900,518) in Duval County. It is important that this population be treated in a fair and equitable manner.

In the current fiscal year (2010-11) the beach cities and Baldwin contribute approximately 6.3 percent or \$31.8 million of the total ad valorem (property) tax of the Consolidated City of Jacksonville. \$5.2 million is allocated back to the Jacksonville Beach Tax Increment Districts (USD 2A and 2B) for a net ad valorem collection from the Beaches and Baldwin of \$26.6 million or 5.3 percent of the adjusted gross tax revenue. The beach communities make up 8.96 percent of the Duval County taxable value while Baldwin has 0.09 percent of the taxable value for a total of 9.05 percent of the Duval County taxable value for the four cities.

## History

### **1982 Interlocal Agreement. (Dual taxation)**

Unfortunately, litigation has too often defined the Consolidated City of Jacksonville's relationship with the Beaches and Baldwin. The three incorporated beach cities in Duval County have fought with the Consolidated City of Jacksonville over the ways taxes and government services are shared. This led to a lawsuit in 1979, which alleged that residents of the four smaller cities were being taxed twice for services they provided to their citizens (dual taxation). A settlement of the litigation established the 1982 Interlocal Agreement. The Atlantic Beach government filed a second lawsuit in 1993 alleging a breach of the 1982 agreement, which led to several amendments to the 1982 Interlocal Agreement.

The 1982 agreement established an ad valorem tax differential of 18.8 percent. It gave the Beaches and Baldwin free use of the landfill, defined county services and defined a number of county roads in the Beaches and Baldwin to be maintained by the Consolidated City of Jacksonville.

Prior to this agreement the Beaches and Baldwin were paying an ad valorem tax rate to the Consolidated City of Jacksonville that did not take into consideration services already funded by the Beaches and Baldwin (i.e. police, fire, recreation and animal care) and was governed only by the State Constitution 10 mill county cap plus general obligation debt service.

Another example of the differences in services was the City of Jacksonville did not charge for residential garbage collection / disposal while the Beaches and Baldwin had a residential fee for garbage collection / disposal. In addition, the Beaches and Baldwin were charged a tipping fee to use the County landfill. Residential garbage collection and disposal was paid for from general fund revenues in the City of Jacksonville. It should be noted that the Interlocal Agreement does not have a "Term Clause" and according to the General Counsel's Office, either party to the agreements can give notice and terminate the agreements at any time.

### **Amended Atlantic Beach (USD 3) Interlocal Agreement approved in 1995 (Dual taxation)**

In 1993, Atlantic Beach (Urban Services District 3) brought a law suit against the Consolidated City of Jacksonville alleging, among other things, breach of the 1982 agreement. In order to resolve the issues, the parties agreed to amend that agreement. The amended agreement was approved by City Council in September 1995 via Resolution 95-944-256. The primary changes were as follows:

- The ad valorem millage differential was moved from a percentage difference of 18.8 percent (1.7907 millage differential in FY94/95) to a flat millage difference of 3.2907 mills as phased in over a five year period. In the 2010-11 fiscal year the Beaches communities (USD 2-4) County millage rates are 32.79 percent lower than the Consolidated City of Jacksonville millage rate (General Services District less USDs 2-4). When approved, the 1982 agreement provided that the Beaches and Baldwin (USD 2-5) county rates were 15.87 percent lower than the Consolidated City of Jacksonville rate. Therefore, the new agreements more than doubled the millage differential.
- The Consolidated City of Jacksonville (Duval County) continued to provide the services listed in the 1982 agreement.
- Free landfill use was continued unless Jacksonville imposed a uniform solid waste processing and disposal fee against residential premises. (New commercial customers would lose the free use of the city landfill).
- The Consolidated City of Jacksonville (Duval County) would start paying Atlantic Beach for lifeguards and beach maintenance (clean up) at approximately \$130,635 per year to increase annually by no more than 3 percent. (In FY 2010-11 the budget was \$186,410.) Atlantic Beach is also allocated \$9,000 per year for Lifeguard and Cleanup Capital. (In FY 2010-11 the budget equals \$9,000.)
- Atlantic Beach was allocated a share of CDBG Federal Funds based on its prorated population.
- Atlantic Beach was allocated a share of Cross Florida Barge Canal Closeout Funds based on its prorated population.
- Atlantic Beach was paid \$150,000 to provide fire suppression services to Neptune Beach and to continue to provide police services to the northeastern corner of the City of Jacksonville. (This amount is increased by 3 percent every year.) (In FY 2010-11 the budget was \$233,696.)
- The City of Jacksonville agreed to pay for the repair and resurfacing of Sherry Drive and the design and reconstruction of Hopkins Creek drainage, both in Atlantic Beach.
- There is a provision on the calculation and meaning of the Population Formula.

### **Amended Jacksonville Beach (USD 2) Interlocal Agreement approved in 1996. (Dual taxation)**

As a result of the 1995 Interlocal Agreement amendment with Atlantic Beach, the Jacksonville Beach interlocal agreement was also modified. The revision was approved by City Council in 1996 via Resolution 96-481-132. The major points of the new agreement were as follows:

- The ad valorem millage differential was moved from a percentage difference of 18.8 percent to a flat millage difference of 3.2907 mills and phased in. In the 2010-11 fiscal year the Beaches Communities (USD 2-4) county millage rates are 32.79 percent lower than the Consolidated City of Jacksonville millage rate. When approved, the 1982 agreement provided that Beaches and Baldwin (USD 2-5) county rates would be 15.87 percent lower than the Consolidated City of Jacksonville rate. This more than doubled the millage differential.
- The City of Jacksonville agreed to give Jacksonville Beach a \$4 million loan to be repaid from the millage differential. The loan was repaid with interest, with the last payment in FY2003-04.
- Jacksonville continued to provide the services listed in the 1982 agreement. The issue of the landfill was not addressed in the amendment; therefore, Jacksonville Beach continued the free landfill language contained in the 1982 agreement.
- The City of Jacksonville would start paying Jacksonville Beach for lifeguards and beach maintenance (clean up) at approximately \$ 445,768 per year to increase annually by no more than 3 percent (In FY 2010-11 the budget was \$597,368).
- Jacksonville Beach was allocated a share of CDBG Federal Funds based on its prorated population.
- Jacksonville Beach was allocated a share of Cross Florida Barge Canal Closeout Funds based on its prorated population.



**Amended Neptune Beach (USD-4) Interlocal Agreement approved in 1997 (Res. 97-1143-A). (Dual taxation)**

As a result of the 1995 Interlocal Agreement amendment with Atlantic Beach, the Neptune Beach interlocal agreement was amended. The amendment was approved by City of Jacksonville Council in September 1997 via Resolution 97-1143-A. The primary changes in the new agreement were as follows:

- The ad valorem millage differential between the Consolidated City of Jacksonville millage tax rate and the County rate charged to Neptune Beach was moved from a percentage difference of 18.8 percent to a flat millage rate difference of 3.2907 mills. In the 2010-11 fiscal year the USD 2-4 county millage rates are 32.79 percent lower than the General Services District (GSD) millage rate. When approved, the 1982 agreement provided that USD 2-4 county rates would be 15.87 percent lower than the GSD rate. (This more than doubled the millage differential).
- Jacksonville committed to continue to provide the services listed in the 1982 agreement.
- “Free” landfill use was continued unless the City of Jacksonville imposed a uniform solid waste processing and disposal fee against residential premises.
- The City of Jacksonville would start paying Neptune Beach for lifeguards and beach maintenance (clean up) at approximately \$129,941 (FY 1997-98) per year to increase annually by the lesser of 3 percent or the Neptune Beach Budget for lifeguard and beach cleanup (In FY 2010-11 the budget was \$190,824).
- Neptune Beach was allocated a share of CDBG Federal Funds based on its prorated population.
- Neptune Beach was allocated a share of Cross Florida Barge Canal Closeout Funds based on its prorated population.
- There is a provision on the calculation and meaning of the Population Formula.
- The City of Jacksonville agreed to pay Neptune Beach \$20,000 per year (FY 1997-98) for mowing, weed control, trash removal etc. for a portion of Penman Road and Florida Boulevard. The \$20,000 was to be increased by 3 percent each year (In FY 2010-11 the budget for this account is \$29,370).

**Baldwin (USD-5) did not amend the 1982 Interlocal Agreement**

Unlike with the Beaches cities, there was never an amendment to the 1982 Interlocal Agreement for the Town of Baldwin. In FY 1995-96 the amended millage reduction terms of the Atlantic Beach interlocal amendment was applied to all three Beach cities and Baldwin. This continued until FY 2006-07 when the millage rate terms of the 1982 agreement was applied to Baldwin only. Those terms were applied because the Jacksonville Sheriff’s Office took over responsibility for police services in the Town of Baldwin.

**Other Interlocal Agreements with the Beaches and Baldwin**

The 6-cent Local Option Gas Tax: As part of the process to approve the 6-cent local option gas tax, the Beaches and Baldwin are given their per capita share of the gas tax fund from the State to be spent on their local roads. The City of Jacksonville allocates its per capita share to the Jacksonville Transportation Authority for county-wide mass transit which includes the beach cities. The allocation based on population is as follows:

Jacksonville	855,067	94.95%
Jacksonville Beach	22,715	2.52%
Atlantic Beach	13,779	1.53%
Neptune Beach	7,362	0.82%
Baldwin	1,595	0.18%
<b>Total Duval County</b>	<b>900,518</b>	<b>100%</b>

The Better Jacksonville Plan (BJP) ½-Cent Sales Tax: The Beach cities and Baldwin, pursuant to Florida Statutes 212.055(2)(c), were entitled to a distribution of the BJP ½-Cent sales tax. According to the agreement negotiated in 2000, the BJP ½-Cent sales tax is allocated as follows:

Jacksonville	96.88%
Jacksonville Beach	1.50%
Atlantic Beach	0.97%
Neptune Beach	0.54%
Baldwin	0.11%
<b>Total</b>	<b>100%</b>

The City of Jacksonville has entered into other agreements with the three Beach cities and the Town of Baldwin on issues such as cooperation in school construction siting, capital improvement projects, mutual aid agreements for fire protection (Atlantic Beach, Neptune Beach and Baldwin) and 911 Emergency equipment/operating agreements. Most of these agreements are not controversial.

### ACTIONS TAKEN

The only issue of significance addressed in the last several years has been the matter of fire services in the Town of Baldwin.

Prior to 2008, the Town of Baldwin provided fire protection to its citizens using a volunteer fire department with an additional response coming from the Jacksonville Fire and Rescue Department (JFRD) station in Maxville. In 2008 (Ord. 2008-834-E), the City of Jacksonville and the Town of Baldwin entered into an agreement that provides staffing for the fire station in Baldwin with one JFRD firefighter on duty at all times. This represented one JFRD firefighter on each of three 24 hour shifts.

Baldwin agreed to reimburse the City for the three firefighters assigned to the station. In 2010 the agreement was amended to provide for a simpler formula to be used in calculating the amount of the reimbursement provided by Baldwin to the City of Jacksonville for the JFRD staffing.

### STATUS OF ACTIONS TAKEN

There has been no formal review or amendment of the Dual Taxation Interlocal Agreements since 1997 when the Neptune Beach amended agreement was adopted.

In 2010 Council Member Reginald Brown introduced Resolution 2010-404-D directing the City Council Auditor to study, research, and analyze the Interlocal Agreements (Dual Taxation) approved in 1982, 1995, 1996 and 1997 in coordination with General Counsel, Council Research Division and any assistance available from the Executive Branch and to make a report and recommendation to City Council on all facts and circumstances relative to the taxing and provision of services provided to the citizens of the three beach cities and Baldwin. However, the legislation was not adopted by the City Council.

### NEXT STEPS

#### ISSUES

There are three significant issues that could be studied in more detail to ensure that there is equity for both the residents of the four smaller cities, and the more than 800,000 Jacksonville citizens who do not live in one of the beach cities or in the Town of Baldwin.

#### **Fire services at the beaches.**

At the start of the consolidated government, the three Beach cities provided their own fire protection. Rescue services have consistently been provided by the City of Jacksonville as a countywide service.

In 1995 the City of Jacksonville took over fire protection services in Neptune Beach. The 1995 amendment to the Interlocal Agreement with Atlantic Beach provided that the City of Jacksonville would pay the City of Atlantic Beach \$150,000 to furnish fire service to Neptune Beach. This amount would be escalated by 3 percent each year and is budgeted at \$233,696 for FY 2010-11.

This means that Neptune Beach pays nothing from its budget for fire service. In 1999, at the request of Atlantic Beach, the Jacksonville City Council approved a fire agreement with Atlantic Beach (Resolution 98-1006-A) whereby the City of Jacksonville would assume the duties to provide life support and fire services to the

residents of Atlantic Beach. The agreement provided that the JFRD use the Atlantic Beach Fire Station. This agreement recognized the continuing interlocal agreement obligation of Atlantic Beach to provide fire suppression to Neptune Beach, and for Jacksonville to continue paying Atlantic Beach for providing the service to Neptune Beach.

The fire agreement provided that Atlantic Beach would pay the City of Jacksonville \$677,804 for the first year of the agreement as reimbursement for JFRD firefighters and this amount would be escalated by 3 percent each year thereafter. The 2010-11 budget of the City of Jacksonville contains the amount of \$947,622 as revenue from the City of Atlantic Beach as payment for fire service. Offsetting this payment is a payment of \$233,696 from the City of Jacksonville to Atlantic Beach for providing fire service to the City of Neptune Beach.

Basically, the City of Jacksonville is providing Fire Services to Atlantic and Neptune Beach for \$713,926 in FY 2010-11. The per capita cost for fire services for an Atlantic Beach resident is approximately \$52 and the per capita cost for a Neptune Beach resident is \$0. This compares to a per capita cost for Jacksonville of \$145 based on the 2010-11 budget. The per capita cost for Jacksonville Beach, which provides its own fire service, is \$154 based on the Jacksonville Beach 2010-11 budget.

**Landfill Disposal Costs**

In the 2010-11 budget the City of Jacksonville allocated \$1,528,606 for payment of the landfill charges for the Beaches and Baldwin as follows:

City	Landfill Cost Allocation
Jacksonville Beach.....	\$847,748
Atlantic Beach.....	\$418,791
Neptune Beach.....	\$258,609
Baldwin.....	\$3,458
<b>Total .....</b>	<b>\$1,528,606</b>

Based on the language in the amended interlocal agreements with Atlantic Beach and Neptune Beach, the City of Jacksonville can stop providing “free” landfill use valued at approximately \$677,400 to those cities.

Starting in FY 2011-12, the City of Jacksonville is scheduled to bill its residents \$151.80 per year for solid waste collection and disposal which coupled with the Garbage Franchise Fee appears to cover the full cost of solid waste collection and disposal and does not use any ad valorem tax to fund the City of Jacksonville residential collection and disposal cost. In the current fiscal year budget, FY 2010-11, City of Jacksonville residents were billed \$82.95 in a non ad valorem assessment to pay for solid waste collection and disposal.

Continued provision of “free” or no charge use of the Duval County landfill to Jacksonville Beach and Baldwin for residential and commercial accounts is in accordance with the Jacksonville Beach and Baldwin Interlocal Agreements, but “free” landfill use to Jacksonville Beach and Baldwin clearly creates an inequity with citizens in the Consolidated City of Jacksonville and Atlantic Beach and Neptune Beach because those three cities are paying a tipping fee to use the landfill.

Additionally, the City of Jacksonville’s Solid Waste Division has been unable to properly insure that the private haulers under contract to the Beaches charge the “free” City of Jacksonville account for only allowable solid waste collected at the Beaches and Baldwin. Commercial garbage collections made outside of the Beach cities could be mixed with commercial collections made at the Beaches and Baldwin and the entire load could be charged to the Beaches “free” account.

**Millage Rate Comparisons**

The table on the following page depicts the property tax rates charged to citizens of the Consolidated City of Jacksonville and the other four cities in Duval County, either directly or as a result of the interlocal agreements discussed in this paper.

City Rate	County Rate	Municipal	Total
Jacksonville <sup>(1)</sup>			10.0353
Jacksonville Beach	6.7446	4.0947	10.8393
Atlantic Beach	6.7446	3.1553	9.8999
Neptune Beach	6.7446	3.1826	9.9272
Baldwin <sup>(2)</sup>	8.4472	2.5962	11.0434

The “inferred” county millage rate for Duval County is 6.7446 mills based on the millage rate charged to the Beaches. The municipal millage rate for the City of Jacksonville is 3.2907 mills based on the millage reduction in the interlocal agreement for the beach cities.

The “county” rate charged to the citizens of Baldwin by the Consolidated City of Jacksonville is higher because the Town of Baldwin eliminated the Baldwin Police Department and police services are provided by the Jacksonville Sheriff’s Office. The “county” millage tax rate charged to property in Baldwin is governed by the 1982 Interlocal agreement.

## NEXT STEPS

Of the three issues listed above, the issues of fire service and landfill charges are proposed for further consideration, while the issue of millage rates is not.

### Fire services

Based on the review of the interlocal agreements and the per capita cost of fire service, it appears that the charges from the City of Jacksonville to Neptune Beach, Atlantic Beach and Baldwin should be reviewed and if necessary adjusted to spread the cost of fire service more equitably.

City	Population Budget <sup>(2)</sup>	2010/11	Per Capita <sup>(3)</sup>
Jacksonville	855,067	\$123,692,345	\$144.66
Jacksonville Beach <sup>(1)</sup>	22,715	3,503,496	\$154.24
Atlantic Beach	13,779	\$713,926	\$51.81
Neptune Beach	7,362	0	0
Baldwin	1,595	\$198,000	\$124.14

#### Notes:

(1) The City of Jacksonville Beach provides and funds fire services at Jacksonville Beach. The Budget shown is from the City of Jacksonville Beach.

(2) Source is the University of Florida, Bureau of Economic and Business Research estimates of population on April 1, 2009.

(3) The Per Capita Cost for the City of Jacksonville was calculated based on the Budget for the Fire Dept. less Rescue and less the fire payments from Atlantic Beach and the Town of Baldwin. Atlantic Beach and Baldwin only pay a portion of the cost of providing Fire service. Neptune Beach pays nothing for the fire service it receives.

The estimated subsidy for fire to the Atlantic Beach, Neptune Beach and Baldwin is as follows:

City	Estimated Subsidy <sup>(1)</sup>
Atlantic Beach	\$1,279,380
Neptune Beach	\$1,064,987
Baldwin	\$32,733
Total	\$2,377,100

The estimated subsidy was calculated based on the City of Jacksonville's per capita cost less the per capita charge the City of Jacksonville charges to provide the fire service to Atlantic Beach or Neptune Beach or Baldwin to arrive at a per capita subsidy multiplied by the population of the City served by the City of Jacksonville. For example, the per capita subsidy to Atlantic Beach is approximately \$92.85 multiplied by the Atlantic Beach population equals a total subsidy of approximately \$1,279,380.

### **Landfill Disposal Costs**

Effective with the FY 2011-12 budget and based on the need to give the beach cities and Baldwin communities proper notice, it is recommended that no charge or "free" landfill should be eliminated pursuant to the amended agreements for Atlantic Beach and Neptune Beach. This action will save the City of Jacksonville \$677,400 annually. Because of internal control issues and the equity of giving "free" use of the landfill to Jacksonville Beach and Baldwin, but not to Neptune Beach or Atlantic Beach, it is suggested that "free" use of the landfill should be negotiated out of the 1982 Interlocal Agreement for Jacksonville Beach and Baldwin. This will save the City of Jacksonville an added \$851,206 every year.

### **Ad Valorem Taxation**

Based on a general review of the current tax rates, but without undertaking an intensive and costly analysis of municipal and county revenues and expenditures in order to arrive at an inferred county millage tax rate and an inferred municipal millage tax rate, the millage rate differential (3.2907 mills) for the Jacksonville Beach, Atlantic Beach, Neptune Beach and the 18.8 percent differential for Baldwin appear to be generally reasonable.

To determine if the millage rates charged to the Beaches cities and the Town of Baldwin are correctly determined, there would have to be an expensive, expert review of all Consolidated City of Jacksonville revenues and expenditures and proper county or municipal classification of each to calculate the appropriate inferred municipal and county tax rates which should be used in the interlocal agreements. Even after that analysis, there would have to be negotiation with the four smaller cities to set new rates.

Reopening the discussion of millage rate differentials in the interlocal agreements could result in further litigation on the Dual Taxation issue. Neither the study effort nor the ensuing negotiation on millage rates should be considered a high priority in the next several years.



**CHAPTER NINE**

**BALANCING THE FY12 BUDGET**

# BALANCING THE FY12 BUDGET

## INTRODUCTION

In the fiscal year 2011-12 budget the City of Jacksonville faces a deficit of approximately \$60 million. The shortfall projected for next year is a result of two primary drivers, decreasing revenue – primarily property taxes – and increasing costs – primarily employee related expenses. The shortfall is considered a structural deficit which means expenditures are growing faster than revenues.

As in years past, the options available to address the deficit are to increase revenues, reduce expenditures, or a combination of both approaches.

Applying one-time revenues (i.e., the use of reserves or the sale of assets) or deferring certain expenditures may close the gap in a single year; however, such actions would increase the structural deficit for ensuing fiscal years, and ultimately require more drastic actions to close the gap. The approach that will lead to the least disruption for taxpayers is to adopt a balanced budget that addresses the deficit without utilizing reserves or employing other one-time actions.

## IMPORTANCE

The operating budget determines how much revenue will be raised, the combination of revenues that will be used to raise funds, the relative burden placed upon different taxpayers and ratepayers by the revenue mix chosen, and how those resources will be spent. This is a very basic function of all governments in determining what services to provide and the level to which those services will be provided. Setting the operating budget is one of the most important annual functions that any government will undertake. It has a significant and direct impact upon the entire community.

## ACTIONS TAKEN

The five-year forecast relies on assumptions that are designed to be mainstream, rather than either pessimistic or optimistic. The projections will not be absolutely accurate; rather, they establish a general trend for the annual deficits that should be reasonably accurate.

Without any corrective action, the deficit is estimated to grow to \$200.6 million in FY 2015-16. This projection is the basis for the analysis that identifies the existence of a structural deficit (see Attachment I – Five Year Forecast with Assumptions).

In partnership with the Jacksonville Community Council, Inc. (JCCI), the current administration conducted a series of five budget workshops throughout the city and a two-week long online survey between February and May with the purpose of soliciting public involvement in the budget process through a prioritization of city services. JCCI will compile data from the workshops and surveys and share it with city decision makers.

## STATUS OF ACTIONS TAKEN

By ordinance, the administration is required to submit a tentative proposed budget to the Jacksonville City Council no later than May 1. The current administration has therefore submitted this document to the City Council (see Attachment II – General Fund GSD Tentative Budget FY 2011-12). Within the proposed budget, the city managers along with the Budget Division have identified approximately \$10 million in potential savings. This savings is primarily related to the proposed elimination of 80 to 90 positions within the government. In addition, each department has been asked to review their budgets and prepare a document outlining how additional cuts could be implemented within their organizations. This material will be provided to the next administration for its review and consideration.

The new administration is required, by ordinance, to submit the FY 2011-12 budget to City Council by July 15. As previously stated, options to producing a balanced budget include increasing revenue reducing expenses, or some combination of the two approaches. Following is a menu of possible changes to both revenues and expenditures.

## REVENUE INCREASE OPTIONS

### Property Taxes

The major revenue source for the operating budget is property taxes, which generates roughly \$500 million annually and comprises about 50 percent of all General Fund – 011 revenues. A separate chapter on property taxes provides greater detail on this important revenue source.

Based upon preliminary estimates, if the administration chose to address the entire approximate \$60 million budget shortfall through a millage rate increase, the rate would go from 10.0353 mills to 11.3374 mills. Using these same preliminary estimates, every 0.1 mill increase in the millage rate produces approximately \$4.6 million in additional property tax revenues.

### Franchise Fees

The city's franchise fee is found in the ordinance code. It requires a utility to pay for the use of the city's rights of way.

Currently, the city imposes a franchise fee of 5 percent on natural gas and manufactured gas, and a 3 percent franchise fee on electricity, water and sewer. The franchise fee on electricity, water and sewer can be increased to a maximum of 6 percent by a majority vote of the City Council. It is projected that in the FY 11/12 budget year, the 3 percent franchise fee will produce \$44 million in revenue. If the city chose to increase the franchise fee on electricity, water and sewer to 4 percent, the franchise fee would raise approximately \$14 million in additional revenues for FY12. An increase to 5 percent would raise approximately \$27 million in additional revenues, and an increase to 6 percent would raise an additional \$39 million

### Ninth Cent Motor Fuel Tax

All counties in Florida levy a one-cent tax on diesel fuel in order to provide a uniform tax rate on diesel fuel. In addition, counties may levy a one-cent tax on gasoline, also known as the Ninth Cent Motor Fuel Tax.

In its role as a county, Jacksonville could levy this additional one-cent tax on gasoline for FY12. The tax may be adopted by a majority-plus-one vote of the City Council, or by voter approval in a countywide referendum. The tax must be adopted prior to July 1 in any given year to become effective the following Jan. 1. In order for this tax to address the FY12 budget deficit, the city would have to adopt an ordinance before July 1, 2012. The estimated revenue for this tax, had it been in place during FY11, is \$4.4 million.

### Local Option Fuel Tax (1 to 5 cents)

In addition to the Ninth Cent Motor Fuel Tax, the city may also levy up to an additional five cents on gasoline (but not diesel fuel). The tax may be adopted by a majority plus one vote of City Council or by voter approval in a countywide referendum.

As with the Ninth Cent Motor Fuel Tax, the tax must be adopted prior to July 1 to become effective the following Jan. 1. In order for this tax to address the FY12 budget deficit, the city would have to adopt an ordinance before July 1, 2012. Imposition of the tax would result in the distribution of some of these new monies to the other municipalities within Duval County, proportional to their expenditures on streets and roads.

The estimated revenue for this tax had it been levied at one cent during FY11 is \$3.8 million. At the five-cent level, the tax would generate \$19 million in additional annual revenue. Both the Local Option Fuel Tax and the Ninth Cent Motor Fuel Tax must be used exclusively to fund transportation expenses.

### Sales Taxes

While a local option sales tax can be implemented by referendum, the proceeds of the sales tax must be used for certain purposes, as specified by state law, almost all of which would have no impact on the finances of the General Fund.

One exception would be for indigent medical care. The General Fund currently pays approximately \$23.8 million annually to Shands Hospital for this purpose. However, Duval County is the only county that is not allowed to levy a sales tax of up to 0.5 percent for this purpose. While a bill passed in the 2009 Legislative Session to allow Duval the ability to levy such a tax, then Governor Charlie Crist vetoed the bill, thus eliminating it as not an option at this time. Had the Governor signed the bill, the city could have implemented the sales tax with either a majority-plus-one vote of City Council or by voter referendum.



The city still has the capacity to levy an additional 0.5 percent local option sales tax each for both transportation and infrastructure purposes. An additional 0.5 percent sales tax for transportation could be used to provide an ongoing source of funds for road maintenance and improvements, or could be used for mass transit. To adopt an additional one half percent local option transportation sales tax would require approval by voter referendum. Given the lead time needed to put a referendum on the ballot, and due to the fact that there is no election scheduled until early 2012, this option is not feasible for the FY12 budget.

An additional one half percent sales tax for infrastructure could be spent on any capital improvement, including roads. If the funds were spent on infrastructure for which we are currently issuing debt to finance, it would provide a small amount of relief to the operating fund. However, the construction of additional capital projects would undoubtedly increase the burden upon our operating fund, as noted above. This option is not available for addressing the FY12 budget deficit due to the referendum limitations noted in the previous paragraph.

## REVENUE DECREASE OPTIONS

### Fees

Three fees were adopted as part of closing the FY08 budget gap: a 3 percent franchise fee on electricity, water and sewer; an average of \$5 per month/single family home stormwater fee used in part to pay for new river cleanup programs mandated by the U.S. Environmental Protection Agency; and a \$3 per month residential solid waste collection and disposal fee that would increase over time (subsequent legislation was approved increasing the amount to \$12.65 per month allowing the city to capture the cost of providing the service).

In FY11, the current 3 percent franchise fee is expected to raise \$42 million in revenue, the stormwater fee will raise \$29 million and the solid waste fee will generate approximately \$38 million in revenue. Occasionally, there has been discussion by the public and elected officials about repealing these three fees. If all three fees were repealed, it would increase the budget gap by an additional \$109 million.

### Property Tax

It has also been suggested that the property tax millage rate should be returned to the rate levied in either FY10 (9.2727 mills) or FY09 (8.4841 mills). To return the rate to the FY09 level would rescind the increases in the rate that have taken place over the past two years. To return to the FY10 rate would result in a reduction of revenue of \$35 million, while a return to the FY09 level would reduce property tax revenue by \$71 million in FY12.

The table below summarizes the revenue options that are available for consideration in balancing the FY12 budget.

Revenue Change	Potential Increase	Potential (Decrease)
Increase Millage to 11.4676	\$66 million	
Increase Franchise Fee to 6 percent	\$39 million	
Eliminate Franchise Fee		(\$44 million)
Eliminate Stormwater Fee		(\$29 million)
Eliminate Solid Waste Fee		(\$38 million)
Reduce millage rate to 8.4841		(\$71 million)
<b>Totals</b>	<b>\$105 million</b>	<b>(\$182 million)</b>

Obviously any revenue decrease would have to be offset by a revenue increase from a different source or by expenditure reductions.

## EXPENDITURE REDUCTION OPTIONS

### **Collective Bargaining Agreements**

The city's numerous agreements with its unions, except for the Fraternal Order of Police (FOP) and the Communications Workers of America (CWA), will expire on Sept. 30, 2012. Both the FOP and the CWA will have contracts that expire before Sept. 30, 2012. It should be noted that the contract with the International Association of Fire Fighters (IAFF) prohibits layoffs or demotions through Sept. 30, 2012. Thus, there will be very limited opportunities to reduce employee costs that are subject to collective bargaining for FY12.

### **Pension Benefits**

Given that pension benefits are subject to collective bargaining, limited opportunities are available for closing the FY 12 budget gap as it relates to the pension plans. Revisions to the Police and Fire Pension Plan have recently been negotiated with the Police and Fire Pension Fund Board. However, the changes under consideration would only affect new hires. Changes within other bargaining units have also addressed changes only for new employees.

Such changes have little impact in the short run. Exercising a greater impact upon pension costs would require changing benefits that are earned by existing employees. To implement such changes would require collective bargaining and new actuarial valuations, making it unlikely that it will happen in the next several months.

### **Containment of Health Care Costs**

While subject to collective bargaining, some reductions in health care costs (specifically, reductions in the rate of increase of health insurance premiums) are potentially obtainable by changing the plan itself. The city has made adjustments in its health insurance plan for the past couple of years, and anticipates it will again make changes in order to restrict the premium increase to no more than 10 percent for the Jan. 1, 2012 renewal. More sweeping changes to reduce costs would have to be done through changes to collective bargaining agreements, most of which do not expire for 18 months.

### **Across the Board Departmental Percentage Reductions**

One option to achieving budget savings is to require a specified percentage reduction of each department's expenditures. Depending upon their individual circumstances (some departments have more fixed costs such as state and federal mandates, than others), certain departments could severely impact their operations if they simply apply the required percentage reduction to all divisions and programs within the department.

After already weathering several years of reductions to the budgets of departments that report directly to the mayor, an across-the-board departmental cut may have severe consequences on a department's ability to maintain the same level of service.

### **Reducing or Eliminating Programs**

Another option to reducing costs is to focus on prioritizing the programs and services that are being delivered and proceed with the reduction or elimination of entire programs that are deemed to be of a lower priority. In the long run, this method of pruning the size of the government may be more likely to lead to a sustainable financial situation than continuing to provide the same public service at an increasingly lower level of service.

The Budget Division requested a list of possible budget reductions from all departments equal to a 15 percent reduction. Departments have provided either across-the-board cuts to all divisions, or more often, have made programmatic reductions. In addition, the Budget Division has identified other possible expenditure reductions.

Attachment III provides a menu showing the financial impact of 5, 10 and 15 percent cuts in the General Fund supported expenditures of departments and agencies. A five percent cut of all department budgets results in a savings of \$44.1 million in FY 12. A 10 percent reduction saves \$88.1 million, while a 15 percent cut generates an annual savings of \$132.2 million.

It should be noted again that in the preliminary budget sent to City Council in May 2011 includes more than \$10 million in budget reductions identified by the administration to help in balancing the FY 12 budget. Projections will be continuously updated over the next several weeks.

## NEXT STEPS

Under the assumptions used in the recent five year projections, current revenues are not expected to equal or exceed anticipated expenditures. The recession that began in December 2007, and technically ended in June 2009, has significantly reduced the intergovernmental revenues that were derived from the sales tax (one half percent sales tax, as well as county and municipal revenue sharing). In addition, property values (and new construction) are not expected to rebound for several years, thus negatively affecting property tax revenues and removing a source of organic revenue growth from the operating budget.

On the expenditure side, employee costs, as well as other operating costs such as fuel, are expected to increase and further strain the operating budget. At the same time, there will be pressure to add fire stations, parks, libraries, etc., in order to provide services to various areas of the city that rapidly developed in recent years preceding the recession. These factors will need to be considered when finding a mix of revenues and expenditures that will be sustainable.

The operating budget's structural imbalance will not be solved by an organic growth in city revenues. The sooner corrective steps are taken to address the imbalance, the easier it will be to solve, ultimately resulting in less reductions in services and lower taxes. Use of reserves or other one-time solutions to solve the budget gap in FY12 will only lead to a larger gap that will have to be closed in FY13.

The challenge, therefore, is to select a combination of revenue changes and/or expenditure reductions that will close the projected budget gap for FY12. It is the position of this administration that the budget for FY12 should be balanced only with additional expenditure cuts and that there should be some level of "shared sacrifice" reductions made in all areas of the budget.

## ATTACHMENT I

### PROJECTION FY12 THROUGH FY16

GENERAL FUND – GSD  
REVENUE AND EXPENDITURE PROJECTIONS FY 2011 - 2016

3/29/2011

REVENUES	FY2010 Budget	FY2011 Budget	FY2012 Projection	FY2013 Projection	FY2014 Projection	FY2015 Projection	FY2016 Projection
Property Taxes - Net	470,085,407	485,533,272	458,909,098	449,433,948	461,595,187	478,337,501	499,252,603
Utility Service Taxes	129,456,900	133,171,627	132,918,954	134,423,446	135,141,034	136,106,525	137,085,862
Other Taxes	1,131,466	1,138,500	1,157,558	1,169,072	1,180,701	1,192,447	1,204,309
Franchise Fees	39,444,236	43,924,385	45,197,157	46,496,239	47,045,489	47,544,554	48,056,837
Licenses and Permits	8,067,732	7,775,760	7,802,250	7,880,273	7,959,075	8,118,257	8,280,622
JEA Contributions	99,187,538	101,687,538	104,187,538	106,687,538	109,187,538	111,687,538	114,187,538
Half-cent Sales Tax	74,818,660	72,728,053	73,226,250	76,155,300	79,201,512	81,577,557	84,024,884
City Revenue Sharing	22,736,482	21,037,921	21,655,651	22,180,369	22,719,582	23,273,711	23,811,060
County Revenue Sharing	24,729,621	23,245,573	23,050,389	23,595,932	24,162,652	24,751,550	25,356,619
Other Revenue Sharing	7,337,215	7,276,535	7,326,334	7,382,046	7,417,129	7,480,038	7,543,570
Ambulance Fees	14,881,269	15,850,629	17,386,410	17,734,138	18,088,821	18,450,597	18,819,609
Other Charges for Services	45,915,388	43,391,313	41,046,141	41,724,962	42,057,763	42,768,323	43,116,359
Fines and Forfeits	4,150,663	3,329,800	3,263,645	3,266,885	3,282,752	3,298,698	3,314,724
Interest Income	9,727,038	7,883,212	7,236,000	7,272,180	7,500,000	7,537,500	7,575,188
Miscellaneous Revenue	16,438,525	16,289,031	16,210,969	16,543,448	16,869,705	17,092,023	17,324,497
Other Sources	13,392,273	6,102,689	5,762,028	5,364,600	5,364,600	5,364,600	5,364,600
<b>TOTAL REVENUES</b>	<b>981,500,413</b>	<b>990,365,838</b>	<b>966,336,372</b>	<b>967,310,376</b>	<b>988,773,541</b>	<b>1,014,581,420</b>	<b>1,044,318,882</b>

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**EXPENDITURES**

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Advisory Boards	425,010	404,068	422,091	440,027	450,847	463,166	476,124
Central Operations	21,315,231	20,265,271	20,571,575	21,376,300	21,662,236	22,243,693	22,854,416
City Council	9,185,120	8,883,614	9,202,093	9,557,166	9,803,049	10,057,588	10,330,427
Courts	1,565,264	852,580	870,359	888,562	907,044	925,989	944,211
Environmental & Compliance	18,357,170	17,932,245	18,657,016	19,395,611	19,914,268	20,451,701	21,029,877
Finance	8,683,630	6,921,766	7,508,424	7,798,497	7,704,737	7,876,028	8,090,382
Fire & Rescue	164,252,518	163,801,008	169,071,255	191,266,240	207,942,013	224,022,400	242,813,423
General Counsel	326,841	308,651	315,878	324,676	332,294	340,173	348,332
Human Rights Commission	1,301,632	982,048	1,031,990	1,078,373	1,108,733	1,141,369	1,174,410
Jacksonville City-Wide Activities	19,492,921	39,313,567	31,669,665	30,820,998	30,996,930	31,249,276	31,387,725
Shands Contribution	23,775,594	23,775,594	23,775,594	23,775,594	23,775,594	23,775,594	23,775,594
Mayor's Office	2,079,000	2,946,609	3,079,993	3,209,259	3,296,033	3,380,394	3,472,296
Medical Examiner	3,128,100	2,839,653	2,969,313	3,099,214	3,132,066	3,219,025	3,309,980
Office of the Sheriff	355,660,019	350,387,721	365,579,279	401,955,332	416,355,817	431,881,989	449,283,918
Planning & Development	7,916,202	7,473,512	7,860,151	8,205,898	8,409,350	8,648,841	8,951,003
Public Defender	944,431	936,989	925,160	950,856	977,284	983,955	1,011,949
Public Health	732,899	769,049	779,354	790,010	799,402	809,051	818,779
Public Libraries	41,789,848	39,602,759	41,318,459	42,901,275	44,357,533	45,874,985	47,465,643
Public Works	79,638,300	79,769,323	86,812,123	93,047,979	95,490,189	98,054,540	100,748,076
Recreation & Community Services	50,921,555	49,765,389	51,397,605	52,857,245	54,027,025	55,324,142	56,673,682
State Attorney	431,322	188,343	193,566	198,724	204,029	209,485	214,339
Supervisor of Elections	8,556,799	9,493,916	8,546,275	7,457,431	6,735,548	9,270,521	8,456,643

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**TRANSFERS TO OTHER FUNDS**

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Transfer to Children's Commission	21,058,173	20,673,779	21,127,996	21,550,556	21,981,567	22,421,199	22,869,623
Transfer to Journey	7,660,278	10,083,162	12,308,339	12,308,339	12,308,339	12,308,339	12,308,339
Transfer to PayGo	4,481,698	5,432,000	5,453,200	6,453,200	7,453,200	8,453,200	9,453,200
Transfer to Clerk of Court	1,013,119	819,954	883,494	901,164	919,187	937,571	956,322
Transfer to Property Appraiser	8,496,946	8,414,084	8,594,946	8,680,896	8,767,705	8,855,382	8,943,936
Transfer to Tax Collector	3,856,019	4,174,115	4,320,401	4,320,401	4,320,401	4,320,401	4,320,401
Transfer to Solid Waste	21,417,409	0	0	0	0	0	0
Transfer to Venues	7,836,182	9,801,442	9,997,471	10,197,420	10,401,369	10,609,396	10,821,584
Transfers to various funds	4,753,004	8,120,535	7,118,309	7,154,819	7,192,060	7,230,045	7,268,789
Total Transfers to Other Funds	80,572,828	67,519,071	69,804,157	71,566,796	73,343,828	75,135,532	76,942,194
Transfer to Debt Service Funds	80,448,179	95,233,092	109,890,519	119,142,070	122,202,553	122,366,674	124,384,271

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<b>TOTAL EXPENDITURES</b>	<b>981,500,413</b>	<b>990,365,838</b>	<b>1,032,251,895</b>	<b>1,112,104,135</b>	<b>1,153,928,398</b>	<b>1,197,706,113</b>	<b>1,244,957,694</b>
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<b>SURPLUS/DEFICIT</b>	<b>(0)</b>	<b>(0)</b>	<b>(65,915,523)</b>	<b>(144,793,759)</b>	<b>(165,154,857)</b>	<b>(183,124,693)</b>	<b>(200,638,812)</b>
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## ASSUMPTIONS

### General Overview

Economic activity is expected to increase gradually on a national level, with Florida expected to lag the rest of the nation due to the excess housing supply in the state and a reduction in population growth stemming from migration from other states.

Locally, conditions in Jacksonville are expected to improve sooner than in South and Central Florida, but the recovery is likely to be slower than compared to the nation as a whole.

High household debt levels, combined with lower property values, will continue to dampen the growth in consumer spending over the next few years. Foreclosures and short sales will continue to put downward pressure on real estate prices in the near term. While economic conditions are improved from a year ago, we still have significant obstacles facing us today.

## REVENUES

### Property Taxes

In FY10, property values fell by 4.4 percent overall, inclusive of new construction. In FY11, property values in the county fell by 7 percent overall, inclusive of new construction.

While we received the current state of the assessment roll from the Property Appraiser's Office recently, it has not been and is not likely to be a reliable indicator of what we will receive on either June 1 or July 1. At this time one year ago, these figures estimated a reduction of 3.27 percent in overall taxable value, very close to our internal projection of a reduction of 3 percent in overall taxable value. Obviously these projections turned out to be optimistic.

For FY12, we are currently projecting a reduction of 5.3 percent in overall taxable value. This is based upon decreases in the commercial portion of the tax base while seeing some stabilization in the residential sector.

Inflation, as measured by the Consumer Price Index (CPI), was up 1.5 percent for FY10. This will result in an increase of 1.5 percent in taxable values for homesteaded properties that still have Save Our Homes savings. We anticipate existing property values will be down about 2 percent in FY13 with relatively low levels of new construction, with gradual improvement beginning with FY14. We are projecting more normal real estate market conditions for FY15 and FY16, with a 4 percent increase in taxable values overall (including new construction) in each of these years. However, if these projections are accurate, the FY16 taxable values will still be \$2 billion, or 4 percent, less than the taxable values we saw in FY10.

The revenue projections assume that the City Council will approve the millage rate of 10.0353 that was adopted for FY11 throughout the five-year projection horizon.

Construction in all sectors is expected to be the weakest through FY13, before beginning marginal increases during the remaining part of the forecast period. This means we will see less new taxable value being added by new construction in both FY12 and FY13 (\$600 million) compared to a relatively modest contribution in FY11 (\$800 million). This is a sizeable decline from the \$1.44 billion added by new construction for FY10. With these and other assumptions, the rolled-back rate for FY12 would be 10.7418 mills. Of course, all of these projections are subject to numerous assumptions, but the general trend suggests that we should see stabilization during FY13.

### Utility Service Taxes

With a slower expected growth in the customer base, JEA's utility service tax revenues from electricity are likely to be relatively flat over the next several fiscal years.

On the water and sewer side, increases in rates over the next two years, combined with more aggressive conservation efforts, will also keep this revenue stream growing at a 7 percent to 8 percent rate for FY12 and FY13, after which it then will be relatively flat as well.

The other component of this category is the Communication Services Tax. We have seen a declining trend in this revenue source during the past few years. With more people relying on cell phones and computers to communicate rather than landlines, we anticipate declining revenue in FY12 and FY13, followed by flat revenues for FY14 through FY16.

### Franchise Fees

Similar to the utility service tax revenues, we expect minimal growth throughout the projection period on the electric side, a 7 percent to 8 percent growth on the water side in FY12 and FY13, followed by a similar flat growth rate for the three remaining years of the forecast.

### **JEA Contribution**

We anticipate the contribution will grow at a rate of \$2.5 million per year through the next five years. This is the base growth amount in our current agreement with JEA.

### **Half-Cent Sales Tax**

Growth in sales tax revenues will be muted during this period, up slightly in FY12 from the budgeted amount in FY11, and then growing by 3 percent to 4 percent for FY13 through FY16.

### **City and County Revenue Sharing**

These revenues are expected to be essentially flat before growing between 2 percent to 2.5 percent per year during the last four years of the projection period, slightly less than the trajectory for the half-cent sales tax revenues.

### **Interest Earnings on the Emergency Reserve Fund**

The forecast anticipates that the interest earnings will not be utilized to help bolster General Fund revenues throughout the projection period.

### **Surplus from Self-Insurance Fund**

Any surplus generated during the five-year forecast period is expected to be deposited into General Fund revenues during the fiscal year the surplus was declared. Thus, no surplus is anticipated to help bolster budgeted revenues in this forecast.

## **EXPENDITURES**

### **Salaries**

The current assumption is for salaries to reflect a 2 percent decrease in FY11 and then remain flat (except for step increases) between FY11 and FY12, with a 2 percent pay increase scheduled for Sept. 30, 2012 that will affect FY13. For FY14 through FY16, the expectation is that salaries will increase by 2 percent annually in addition to steps in the public safety departments.

### **Office of the Sheriff**

The forecast reflects additional bailiffs for the new Duval County Courthouse, as well as the termination of the practice of providing school resource officers to the Duval County Public School District. There are no additional personnel of any kind anticipated to be added after FY12. The "COPS" grant positions will be funded by the General Fund after the grant monies end (three year funding), beginning in the first half of FY 2013.

### **Pension Costs**

The forecast assumes that the Police and Fire Pension employer contributions will hold steady at 49.6 percent through FY12, climbing to 70 percent by FY13 and holding at that rate through FY16. We are projecting the General Employee (?) contribution rate to increase to 17.1 percent in FY12 and increase to 20.8 percent for FY13 and hold at that rate for the following three years. The Corrections contribution rate is expected to increase from 31.8 percent currently to 35.5 percent in FY12 and then to 38.5 percent for FY13 and then remain at that level for the following three years.

### **Fire and Rescue Department**

The forecast assumes that the improvements scheduled in the Tridata Study for FY12 and beyond will again be delayed by one year. In addition, reductions made in FY10 and FY11 will be restored in later years.

### **Health Insurance**

Health insurance premiums are expected to increase 10 percent per year during the next five years, roughly what the health insurance cost trend trajectory is currently. We anticipate that changes to the insurance program will be made to hold the increase to 10 percent, if needed.

### **Internal Service Costs**

Fuel costs are based upon the retail street price for gasoline of \$3.75 per gallon for FY12, rising to \$4 per gallon in FY13, and adding \$.10 per gallon each year for FY14 through FY16.

### ***The Jacksonville Journey***

For the next five years, we anticipate funding *Journey* at the levels originally envisioned (\$12.3 million) when the program was started. We do not anticipate receiving grant funding after FY11 ends.

### **Shands Contribution**

The contribution to Shands is expected to be flat during the projection period.

### **Public Buildings**

We anticipate growth of 2 percent annually through FY16. We have also factored in the operating costs of the new Duval County Unified Courthouse Facility, with an anticipated opening of May 2012.

### **Public Service Grants**

Public Service Grants are expected to hold at their current level of \$5,452,216 throughout the five year period.

### **Supervisor of Elections**

We have incorporated the varying costs associated with the election cycle into the five year forecast.

### **Utilities**

Electric costs are scheduled to increase by 5 percent in FY12 and 2 percent annually thereafter. Water and sewer costs are projected to increase by 12 percent in FY12 and 10 percent in FY13, before advancing only 3 percent each in the remaining years of the forecast.

## **ATTACHMENT II**

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GENERAL FUND - GSD  
TENTATIVE BUDGET - REVENUE AND EXPENDITURE  
FY 2011 - 2012

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	FY2011 Budget	FY2012 Tentative	
<b>REVENUES</b>			
Property Taxes - Net	485,533,272	450,505,854	-35,027,418
Utility Service Taxes	133,171,627	132,098,480	-1,073,147
Other Taxes	1,138,500	1,128,300	-10,200
Franchise Fees	43,924,385	45,295,577	1,371,192
Licenses and Permits	7,775,760	7,869,935	94,175
JEA Contributions	101,687,538	104,187,538	2,500,000
Half-cent Sales Tax	72,728,053	73,944,983	1,216,930
City Revenue Sharing	21,037,921	22,698,125	1,660,204
County Revenue Sharing	23,245,573	23,241,126	-4,447
Other Revenue Sharing	7,276,535	7,335,231	58,696
Ambulance Fees	15,850,629	17,605,612	1,754,983
Other Charges for Services	43,391,313	38,483,854	-4,907,459
Fines and Forfeits	3,329,800	2,865,503	-464,297
Interest Income	7,883,212	6,775,696	-1,107,516
Miscellaneous Revenue	16,289,031	15,498,820	-790,211
Other Sources	6,102,689	4,937,689	-1,165,000
<b>TOTAL REVENUES</b>	<b>990,365,838</b>	<b>954,472,323</b>	
<b>EXPENDITURES</b>			
Advisory Boards	404,068	416,270	12,202

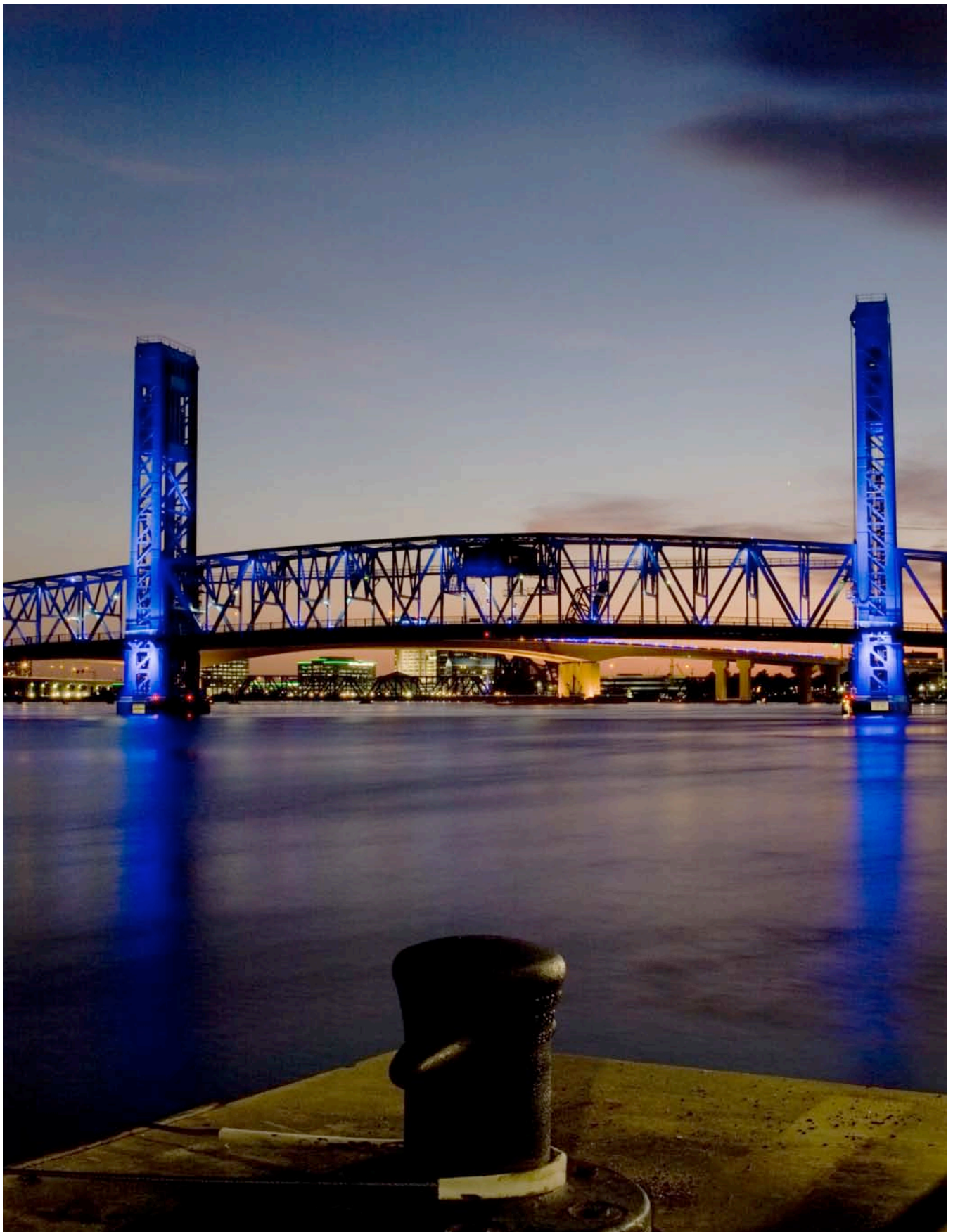
Central Operations	20,265,271	18,502,196	-1,763,075
City Council	8,883,614	9,168,742	285,128
Courts	852,580	850,306	-2,274
Environmental & Compliance	17,932,245	17,996,461	64,216
Finance	6,921,766	6,856,483	-65,283
Fire & Rescue	163,801,008	165,597,545	1,796,537
General Counsel	308,651	312,880	4,229
Human Rights Commission	982,048	924,599	-57,449
Jacksonville City-Wide Activities	39,313,567	29,081,263	-10,232,304
Shands Contribution	23,775,594	23,775,594	0
Mayor's Office	2,946,609	2,661,880	-284,729
Medical Examiner	2,839,653	2,783,318	-56,335
Office of the Sheriff	350,387,721	360,176,705	9,788,984
Planning & Development	7,473,512	6,866,613	-606,899
Public Defender	936,989	966,811	29,822
Public Health	769,049	769,442	393
Public Libraries	39,602,759	39,434,278	-168,481
Public Works	79,769,323	80,800,999	1,031,676
Recreation & Community Services	49,765,389	47,489,235	-2,276,154
State Attorney	188,343	188,343	0
Supervisor of Elections	9,493,916	8,724,137	-769,779
<b>TRANSFERS TO OTHER FUNDS</b>			
Transfer to Children's Commission	20,673,779	20,514,554	-159,225
Transfer to Journey	10,083,162	10,155,762	72,600
Transfer to PayGo	5,432,000	5,432,000	0
Transfer to Clerk of Court	819,954	864,973	45,019
Transfer to Property Appraiser	8,414,084	8,878,130	464,046
Transfer to Tax Collector	4,174,115	3,801,650	-372,465
Transfer to Venues	9,801,442	9,801,442	0
Transfers to various funds	8,120,535	7,782,469	-338,066
Total Transfers to Other Funds	67,519,071	67,230,980	
Debt Service	95,233,092	109,890,519	14,657,427
<b>TOTAL EXPENDITURES</b>	<b>990,365,838</b>	<b>1,001,465,599</b>	
<b>SURPLUS/ (DEFICIT)</b>	<b>0</b>	<b>(46,993,276)</b>	
<b>TOTAL DEFICIT HAS ALREADY BEEN REDUCED BY THE FOLLOWING POLICY ITEMS</b>			
Department reductions	10,828,496		
Projected deficit without policy items	(57,821,772)		



**ATTACHMENT III****FINANCIAL IMPACT OF 5, 10 & 15 PERCENT CUTS IN THE GENERAL FUND  
SUPPORTED EXPENDITURES OF DEPARTMENTS AND AGENCIES**

	TOTAL BUDGET	5%	10%	15%
Advisory Boards				
General Fund - 011	404,068	20,203	40,407	60,610
Central Operations				
General Fund - 011	20,265,271	1,013,264	2,026,527	3,039,791
City Council	8,883,614	444,181	888,361	1,332,542
Clerk of the Court - 016	3,569,133	178,457	356,913	535,370
Environmental & Compliance				
General Fund - 011	17,932,245	896,612	1,793,225	2,689,837
Finance				
General Fund - 011	6,921,766	346,088	692,177	1,038,265
Fire and Rescue				
General Fund - 011	163,801,008	8,190,050	16,380,101	24,570,151
General Counsel - 011	308,651	15,433	30,865	46,298
Housing				
Community Development - 1A1	489,957	24,498	48,996	73,494
Human Rights Commission				
General Fund - 011	982,048	49,102	98,205	147,307
Information Technology				
Operations - 531	24,012,467	1,200,623	2,401,247	3,601,870
Communications - 533	7,401,313	370,066	740,131	1,110,197
Radio Communications - 534	5,998,266	299,913	599,827	899,740
System Development - 536	6,986,261	349,313	698,626	1,047,939
Jacksonville Children's Commission				
Children's Commission - 191	21,022,079	1,051,104	2,102,208	3,153,312
Jacksonville Economic Development Commission				
JEDC - 751	9,774,560	488,728	977,456	1,466,184
Cecil Field Trust - 759	1,118,551	55,928	111,855	167,783
Jacksonville Journey	10,083,162	504,158	1,008,316	1,512,474
Mayor's Office				
General Fund - 011	2,946,609	147,330	294,661	441,991
Medical Examiner				
General Fund - 011	2,839,653	141,983	283,965	425,948
Planning & Development				
General Fund - 011	7,473,512	373,676	747,351	1,121,027
Concurrency Management Fund - 112	758,309	37,915	75,831	113,746
Property Appraiser - 015	8,775,888	438,794	877,589	1,316,383

Public Libraries				
General Fund - 011	39,602,759	1,980,138	3,960,276	5,940,414
Public Works				
General Fund - 011	79,769,323	3,988,466	7,976,932	11,965,398
Recreation & Community Services				
General Fund - 011	49,765,389	2,488,269	4,976,539	7,464,808
Alcoholic Rehabilitation Program - 157	604,307	30,215	60,431	90,646
Huguenot Park - ID1	696,563	34,828	69,656	104,484
Hanna Park - ID2	1,203,739	60,187	120,374	180,561
Cecil Field - IDA	1,992,843	99,642	199,284	298,926
Sheriff				
General Fund - 011	350,387,721	17,519,386	35,038,772	52,558,158
Supervisor of Elections				
General Fund - 011	9,493,916	474,696	949,392	1,424,087
Tax Collector - 017	14,763,266	738,163	1,476,327	2,214,490
<b>TOTAL</b>		<b>44,051,411</b>	<b>88,102,822</b>	<b>132,154,233</b>



**CHAPTER TEN**

**ECONOMIC DEVELOPMENT**

# ECONOMIC DEVELOPMENT

## INTRODUCTION

The International Economic Development Council defines economic development as, “a program, group of policies, or activity that seeks to improve the economic well-being and quality of life for a community, by creating and/or retaining jobs that facilitate growth and provide a stable tax base.” In Jacksonville, the goal of economic development has been to attract and retain capital and investment from outside the local area to expand the local economy, create jobs and diversify the tax base so as to lessen the tax burden on residential property owners.

The mission of the Jacksonville Economic Development Commission (JEDC), serving as the city’s economic development agency, is to develop and execute policies that result in sustainable job growth, rising personal incomes and a broader tax base. The JEDC achieves its mission through five main objectives:

- Recruit and expand higher wage job opportunities
- Promote and encourage private capital investment
- Increase the growth and expansion of small business
- Promote and leverage investment in economically distressed areas
- Promote a healthy and vibrant downtown

Common activities that JEDC performs include recruiting new businesses, assisting an existing business to define the economic opportunities for Jacksonville when the parent company is considering a consolidation of operations and promoting distressed areas of the Jacksonville community to encourage new private capital investment

It is important when defining the subject of economic development to understand the concept of “targeted industries”. Jacksonville’s targeted industries include: aviation and aerospace, logistics, financial services, headquarter operations, information technologies, life sciences (medical industries) and advanced manufacturing. These industries are highly compatible with the indigenous strengths of Jacksonville, have a high propensity for growth and generate the majority of their revenue from communities other than the one in which they are located. Every year, the state of Florida reviews which industries it will consider to be “targeted industries” and this impacts the industries that are qualified to receive various state incentives. Currently, all of Jacksonville’s targeted industries are within the state’s list of approved targeted industries.

## IMPORTANCE

Economic development activities have had a significant quantifiable economic impact on Jacksonville. In 2009 alone, economic development projects added more than \$7.9 million in incremental new city tax revenue, added 14,400 jobs to the local workforce and contributed more than \$732 million in direct annual payroll. This generated a \$1.7 billion annual impact to Jacksonville and generated \$1.2 billion in private capital investment. In addition, there were 34 downtown projects either created or ongoing that have the potential to add \$1.2 billion in new private investment in downtown. In the past five years, 449 companies (mostly small businesses) within the Enterprise Zone program are (primarily Northwest Jacksonville) utilized the program (see below for description) that creating more than 7,415 jobs.

## HISTORY

### **Formation of the JEDC**

Through an act of the Florida Legislature the JEDC was formed in 1997 by Mayor John Delaney to consolidate multiple economic development functions which were operating throughout city government and to serve as the city resource to thoughtfully consider public-private partnerships. The purpose is to have all economic development functions under common direction in order to be more strategic with resources and efforts. These economic functions under the JEDC direction include Downtown Development and Redevelopment, Community Redevelopment Agency, Cecil Commerce Center Development, Business Development, Contract Compliance (ensuring performance of economic development obligations by companies), Sports and

Entertainment, Film and Television, Public Facilities Contract Management, Enterprise Zone and Empowerment Zone Administration and the Industrial Revenue Bond Authority.

### **Public Investment Policy 1997-2006**

During the first nine years of JEDC, it followed a Public Investment Policy (PIP) that was very flexible with regard to the amount of public investment offered to a project in relation to the amount of return, in the form of new jobs and taxes that the city would receive. This flexibility caused the policy to be viewed as inconsistent. Many projects were structured to help community-based businesses that circulate existing money within the community, instead of bringing new money into Jacksonville. At one point, the use of public investment was restricted to just the struggling northwest portion of Jacksonville. However, this policy was reversed when it became obvious that no other cities in Florida were restricting themselves in such a manner and Jacksonville was losing competitive economic development projects.

## **ACTIONS TAKEN**

### **Public Investment Policy**

Public scrutiny and concern over past incentive deals led to a call to reform the way that public investment was being addressed. In response, Mayor John Peyton announced a plan in February 2004 to re-engineer the JEDC and its public investment policy. The JEDC guiding principles now include greater accountability, compliance and objectivity. Projects are now reviewed in a comprehensive process that includes extensive public engagement, analysis of peer areas' incentives policies and the engagement of a consultant.

### **Relationships with Local, State and Federal Economic Development Agencies**

The JEDC interfaces with many different economic development partners, most importantly with the Jacksonville Regional Cornerstone Economic Development Partnership (Cornerstone). Cornerstone is the regional economic development entity and is a branch of the Jacksonville Regional Chamber of Commerce. The partnership with Cornerstone has been successful because of the complementary nature of the agencies' defined roles. Whereas Cornerstone focuses on the "front-end" with a prospect business and acts as the marketer, salesperson and prospector for Jacksonville, the JEDC focuses on negotiating public investment, assisting with government roadblocks, navigating the legislative process and ensuring compliance after a project considers Jacksonville as a potential business site. State and federal agencies such as Enterprise Florida Inc. (EFI), WorkSource and the Economic Development Administration (EDA) are partners of the JEDC and staff members work very well together.

### **Prospect Identification and Management**

Generally speaking, prospects are identified through one of the following ways: businesses contact the JEDC or the Mayor's Office directly; they contact Cornerstone directly; they are a lead generated by Cornerstone; they are a lead distributed to economic development agencies across the state by Enterprise Florida or they are brought to the JEDC by a real estate professional. Cornerstone handles the prospect initially to acquaint them with Jacksonville by providing marketing materials or potentially traveling to meet with the prospect. Once it is determined that the prospect is viable and has a strong interest in locating in Jacksonville, the JEDC meets with the prospect to determine if the company needs or is eligible for any public investment to help influence the company's location decision. JEDC analyzes the suitability of public investment utilizing the Public Investment Policy described above. The JEDC and Cornerstone then work together from this point as a seamless team to convince the prospect to locate in Jacksonville.

### **Enterprise and Empowerment Zones**

Established in 1995 under a statewide program, the Jacksonville Enterprise Zone provides various tax incentives to businesses located in the zone that hire zone area residents and/or invest in the zone. Jacksonville's Enterprise Zone is a 20-square-mile base area with three additional developable sites totaling an additional 2,000 acres of property targeted for economic revitalization. All Enterprise Zone tax credit applications are required to be submitted to the JEDC for verification that the business or applicant seeking Enterprise Zone tax credits is located within the Enterprise Zone boundaries.

Jacksonville was awarded a Round III Federal Empowerment Zone Designation in 2002. The Empowerment provides federal tax benefits to companies, similar to the state benefits, provided by the Enterprise Zone. Both

zones are overseen by a single Enterprise and Empowerment Zone advisory board that reports to the JEDC Commissioners. (See attached map for the location of the Enterprise and Empowerment Zone areas.)

### **University of North Florida (UNF) Small Business Development Center (SBDC) Contract**

The JEDC oversees the UNF SBDC contract worth \$98,400 that provides small business counseling services and leverages federal funds in a 5:1 ratio. The city funding for this contract comes from the city's general fund. The UNF SBDC provides quarterly reports to the JEDC on their progress in attaining goals set forth at the beginning of each fiscal year.

## **STATUS OF ACTIONS TAKEN**

### **Public Investment Policy**

The current Public Investment Policy (PIP) provides a fact-based method to determine eligibility using a consistent project evaluation tool. It is sensitive to small businesses, wage levels and the level of distress in an area. The PIP is available for download on the JEDC website at [www.jaxdevelopment.org](http://www.jaxdevelopment.org). Click on "About the JEDC".

### **Relationships with Local, State and Federal Economic Development Agencies**

The JEDC continues to work with its partners and is monitoring the state-level changes to the economic development delivery system being instituted by Gov. Rick Scott. The consolidation of state agencies and active engagement by the Governor should only help Jacksonville's relationships with these agencies.

### **Prospect Identification and Management**

The JEDC and Cornerstone continue to work together well on business recruitment and retention projects.

### **Enterprise and Empowerment Zones**

The Enterprise and Empowerment Zone areas continue to benefit Jacksonville and are utilized by numerous companies.

### **UNF Small Business Development Center (SBDC) Contract**

The UNF SBDC has remained fully compliant with their current contract providing assistance to many small business owners and entrepreneurs.

## **NEXT STEPS**

### **Enterprise and Empowerment Zones**

JEDC staff continues to monitor developments at the federal level to hopefully extend the Empowerment Zone program beyond its current expiration on Dec. 31, 2011. Likewise, JEDC staff continues to monitor recent attempts to dismantle the state's Enterprise Zone Program or significantly change its mission upon its expiration on Dec. 31, 2015.

### **Public Investment Policy Modifications**

In order to address the ever-changing needs of businesses, the city's investment policy should be re-evaluated to determine if there are changes that can be made to make Jacksonville even more competitive. The PIP should be a tool to incentivize the type of development desired in a location that is appealing to policy makers. The following are among the most critical changes that should be considered.

- Develop more creative public-private partnership structures with companies looking to invest large amounts of capital in new facilities.
- Create more aggressive incentives for targeted industries to locate downtown.
- Eliminate self-imposed restrictions on using state Enterprise Zone and Brownfield incentives in downtown.
- Create incentives for retailers to locate downtown.
- Develop a revolving loan program and/or grant program for façade improvements downtown.

### **Engagement in Communitywide Discussions**

The city should continue to provide leadership to groups focused on improving the economic conditions of

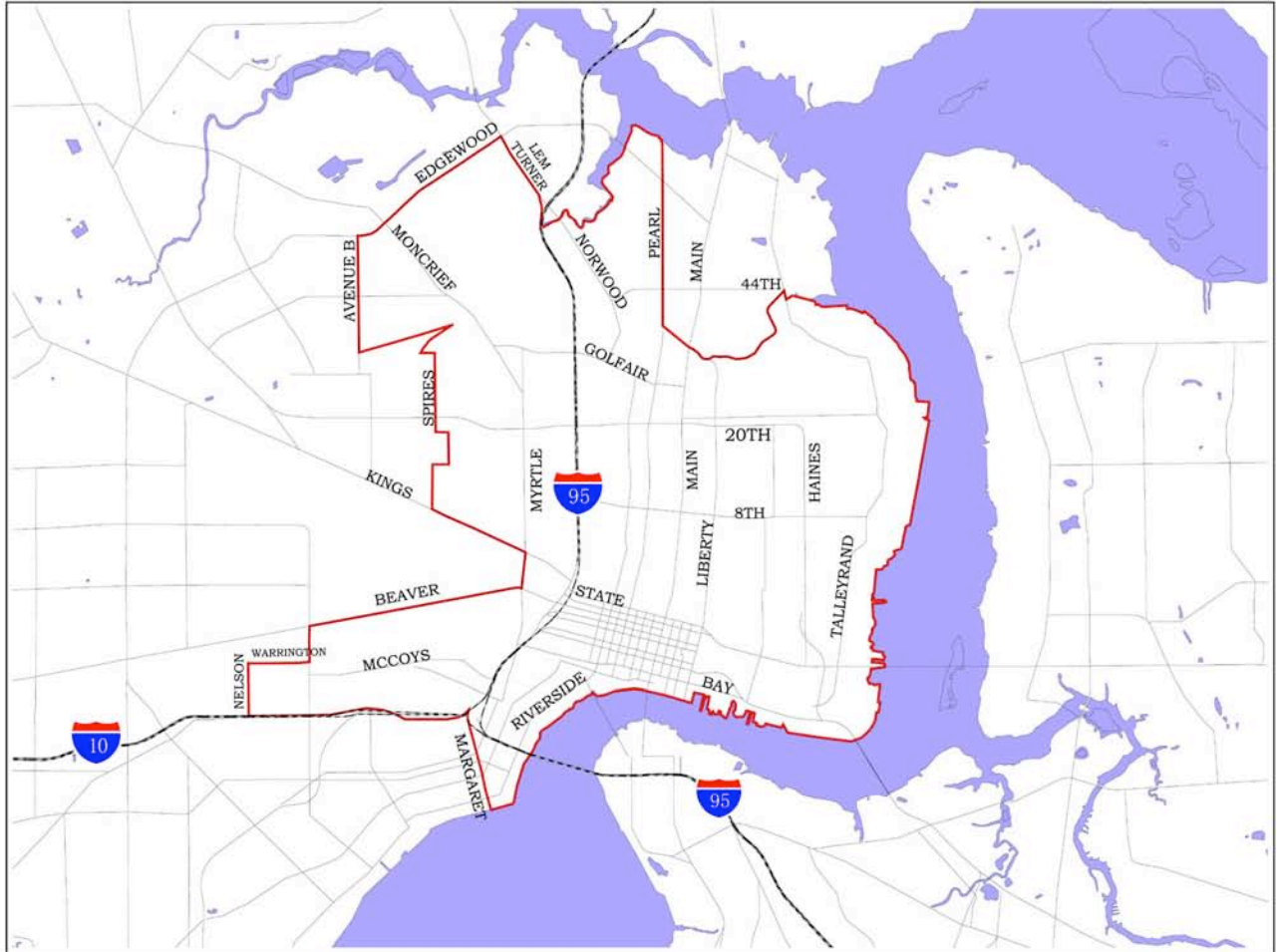
Jacksonville. Specifically, the work of the Northeast Florida Regional Council (NEFRC), the Northeast Florida Logistics Development Alliance (NFLDA), and the Logistics Advisory Group are examples of groups that are working to bring focus and influence to critical issues affecting our economy. The JEDC is a mechanism for the city to marshal its resources around significant infrastructure projects and economy-changing initiatives.

**Funding**

The city should continue to place a high priority on placing adequate resources in the budget so that the community can take advantage of economic development opportunities.

## EMPOWERMENT ZONE

### Base Area



### 3 Additional "Developable Sites"



**Philips Highway**

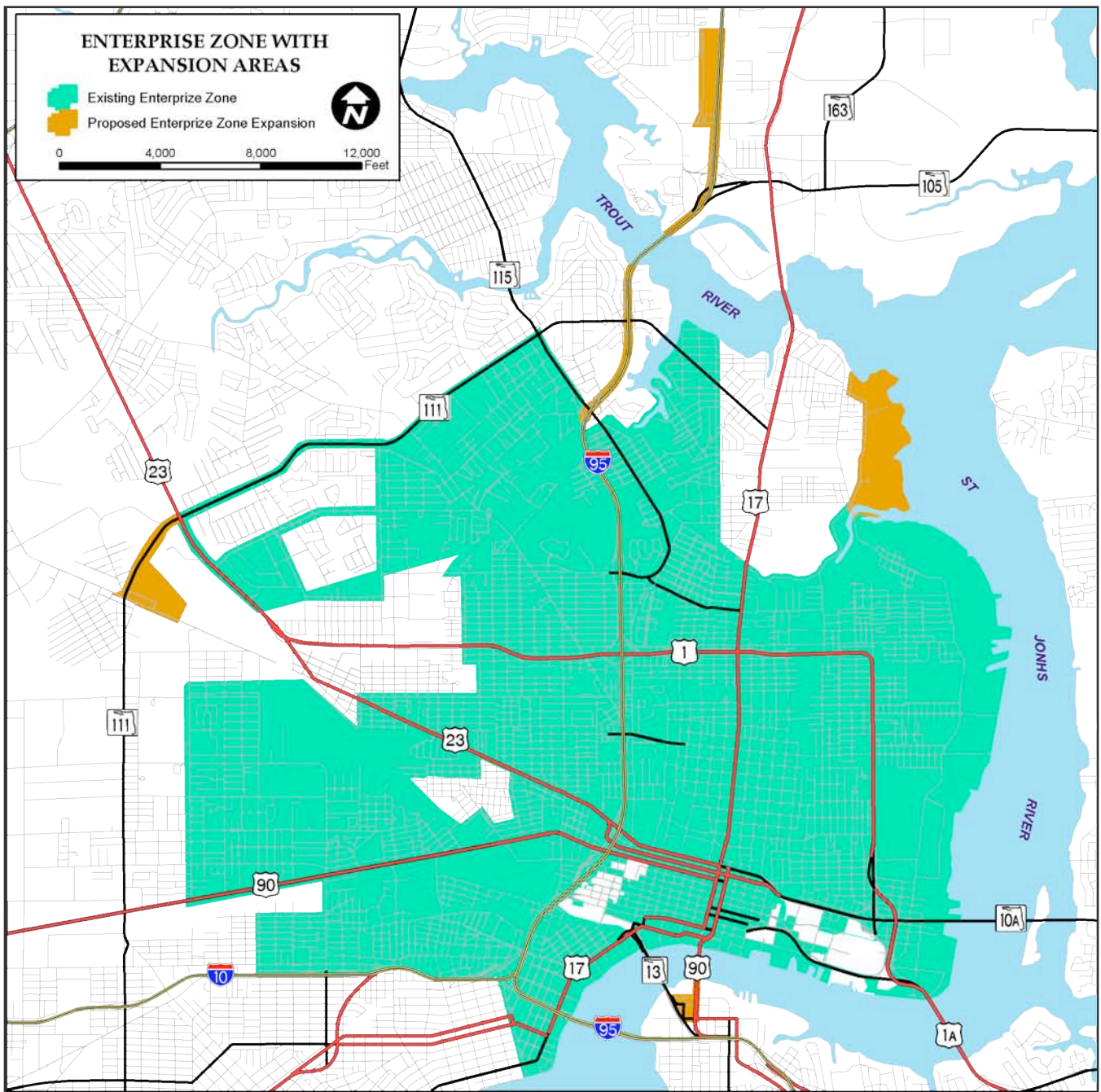


**Imeson  
Industrial Park**

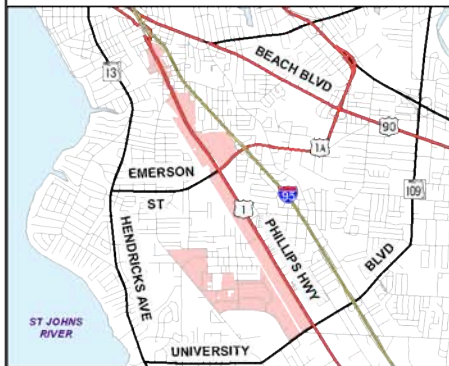


**Cecil Commerce  
Center**

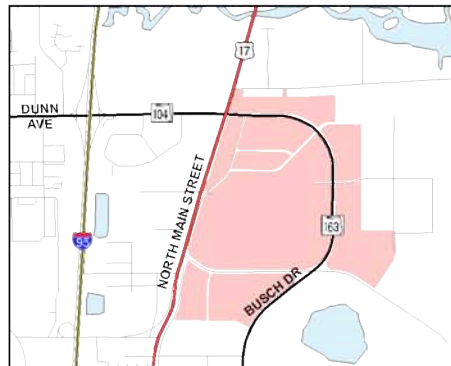




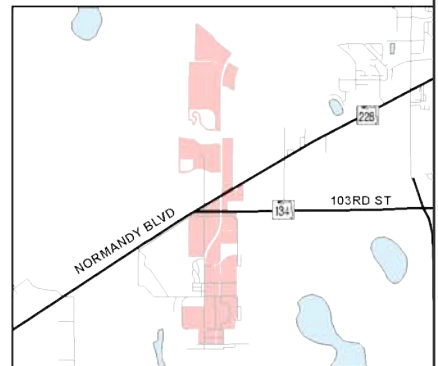
**ADDITIONAL DEVELOPABLE SITES**



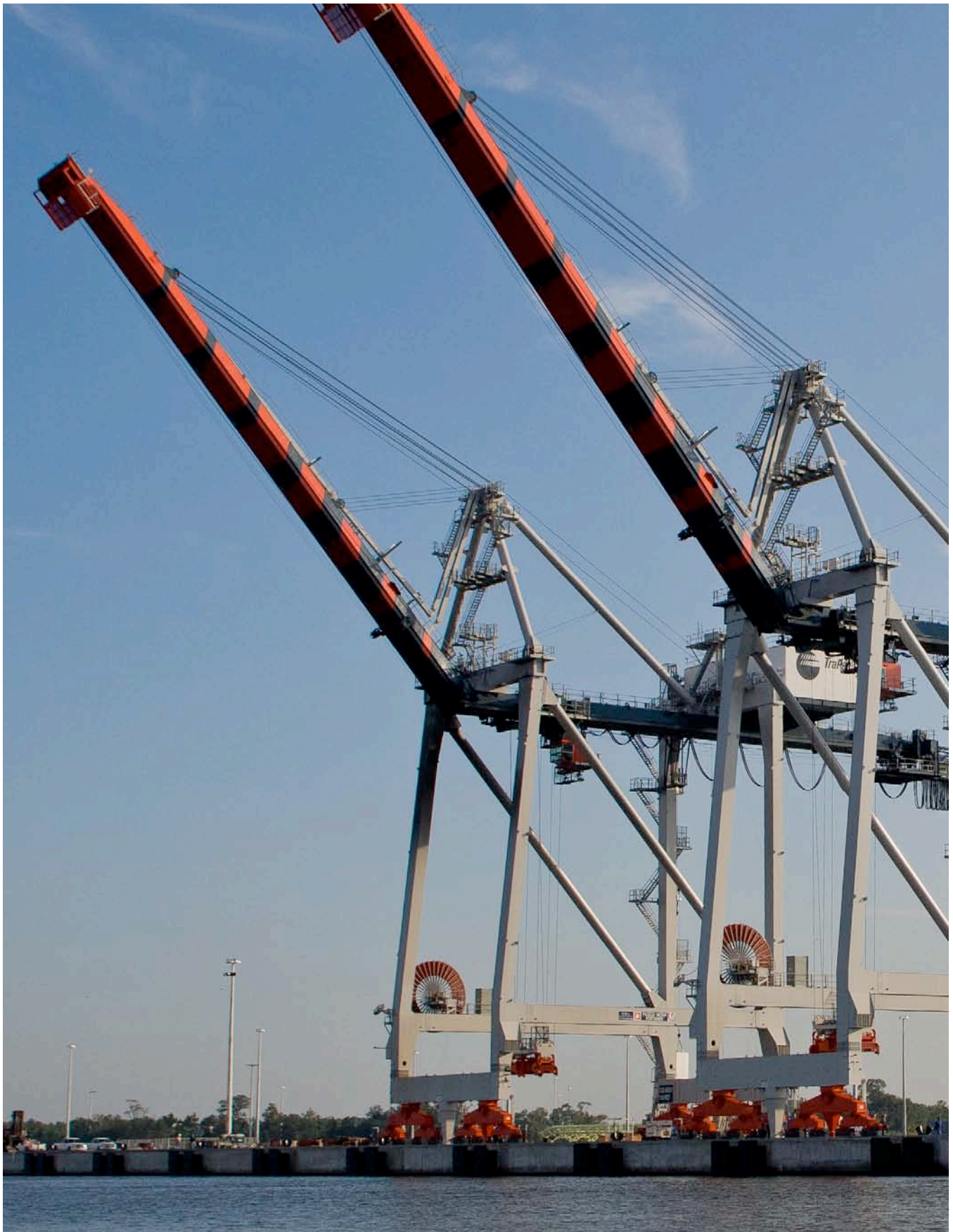
*PHILLIPS HIGHWAY*



*IMESON INDUSTRIAL PARK*



*CECIL COMMERCE CENTER*



**CHAPTER ELEVEN**

**JAXPORT**

# JAXPORT

## INTRODUCTION

The 1,400-acre Port of Jacksonville (JAXPORT) is comprised of three marine terminals situated along the St. Johns River (see attached map): Talleyrand, Blount Island and Dames Point. JAXPORT, which is served by two dozen shipping lines, JAXPORT accommodates a diverse range of cargo. The JAXPORT facilities are equipped with 15 cranes (with two more under construction), on-dock rail, advanced intermodal yards and numerous warehouses, including refrigerated warehouses.

During FY 2010, JAXPORT handled eight million tons of cargo including more than 515,000 vehicles - making JAXPORT one of the largest vehicle handling ports in the country. In this same time period, more than 1,900 vessels called on JAXPORT and more than 826,000 20-foot-equivalent unit (TEU) containers were handled. Containerized cargo flows have increased 14 percent and all outbound cargo has increased 23 percent during FY 2010. JAXPORT's top trading partners include Asia, Brazil, Argentina, Russia, Columbia, Canada and the Bahamas. In addition, JAXPORT handles 85 percent of all U.S. trade with Puerto Rico.

## IMPORTANCE

JAXPORT is the largest economic driver in Jacksonville. According to a 2009 study conducted by Martin and Associates, in Jacksonville alone nearly 23,000 people are employed in jobs directly relying on the port. An additional 43,000 positions are related to cargo activity in JAXPORT; these are jobs within the region's manufacturing, retail, wholesale and distribution industries. The average annual salary for jobs generated by JAXPORT activities is \$43,980.

Cargo activity in Jacksonville generates nearly \$19 billion in economic activity annually, including \$1.8 billion dollars in wages and salaries to those working in jobs dependent on activity at the port. JAXPORT's marine facilities provide significant economic benefits to Northeast Florida through direct employment, sales and tax revenue, and through local firms that engage in international trade and travel.

## HISTORY

The original Jacksonville Port Authority (JPA) was created by a special act of the Florida Legislature in 1963 to develop, maintain and market Jacksonville's airport and seaport facilities. Chartered by the State of Florida, the JPA was created as a government entity that would operate in a business-like fashion. In 2001, the Florida Legislature repealed JPA's charter and created two new authorities, the Jacksonville Airport Authority and the Jacksonville Seaport Authority (doing business as the Jacksonville Port Authority, or JAXPORT). The authorities were separated so that they could better focus on their very different business lines and be more competitive on the national stage.

## ACTIONS TAKEN

### **The Need to Dredge**

"Dredge the port to 50 feet" has been a battle cry of the business community for some time now. With the announcement of the Panama Canal expansion in 2006, JAXPORT began to position itself to compete for increased cargo flows. Once the canal is expanded, larger ships (called Post-Panamax ships) will be able to traverse the shipping lane and access East Coast ports more efficiently. The key issue for JAXPORT is that its shipping lane is not deep enough to accommodate the largest of these Post-Panamax ships or even a fully-loaded mid-size container ship. The Panama Canal expansion is expected to be finished in 2014 or 2015.

In addition to the opportunities provided by larger ships using the Panama Canal, there are other factors that are converging to make East Coast ports more attractive to industry. West Coast ports are close to their operating capacity, West Coast rail is often congested, and recent dock worker strikes have tarnished the reputations of ports on the West Coast. In addition, cargo entering on the West Coast must be moved by truck or rail to East Coast destinations, which incurs more costs. This cargo movement over land will only become more expensive to businesses as fuel costs continue to rise. East Coast destinations such as Florida and the Southeast region are rapidly growing, important consumer markets. This increases the desirability of JAXPORT – but only if the channel is deep enough to accommodate the larger ships.

### **Mile Point**

The term “Mile Point” refers to a point on the St. Johns River a mile from the Atlantic Ocean where the Intra-coastal Waterway intersects with the St. Johns River. While the St. Johns River at this point runs east to west, the Intracoastal runs north to south. However, the Intracoastal’s northern and southern connections to the St. Johns River are not aligned. The misalignment causes a navigational hazard, which during low tide can cause a whirlpool effect and can increase a ship’s chances of becoming grounded. This problem limits the useable time of the channel for large cargo carrying ships every day to two, four-hour periods during high tide. This limitation is unacceptable and costs shippers money as they wait in the Atlantic for the channel to be passable. JAXPORT has been working with the Army Corps of Engineers (ACOE) on a study of the situation and potential solutions.

### **Cruise Terminal Debate**

In 2004, JAXPORT began a formal study to determine the best location for a permanent cruise terminal. The current cruise terminal is only a temporary facility which requires ships to sail beneath JEA power lines and the Dames Point Bridge, and consequently restricts the height of any vessel to 174 feet. The problem is that more than 80 percent of cruise ships in service today exceed that 174-foot limit, and the cruise industry is phasing out smaller vessels which fit comfortably underneath the bridge and power lines. To accommodate cruise ships for the long-term, JAXPORT needs to find a suitable location to the east of the cruise terminal’s current location. In 2008, the JAXPORT Board of Directors approved the purchase of property in Mayport to be the future home of the cruise terminal. This was met with much citizen opposition and JAXPORT has since put any final decisions on hold.

### **Hanjin**

In November 2008, JAXPORT signed an agreement with Korean-based Hanjin Shipping Company for the development of a \$300 million, 90-acre terminal capable of handling approximately 800,000 TEUs.

### **Mitsui**

In 2009, Mitsui O.S.K. Lines completed its \$235 million, 158-acre container terminal which will inject \$870 million in new economic benefits into the Jacksonville region, including the creation of more than 1,600 port jobs and 4,000 indirect jobs. When operating at full capacity, the Mitsui facility is expected to handle 800,000 TEUs.

### **Keystone Coal**

Keystone Coal is adding a new \$100-million, 110-acre private coal terminal in the Talleyrand area.

### **Creation of the Seaport and Airport Special Committee**

In mid-2008, the Jacksonville City Council created the Seaport and Airport Special Committee to secure the resources needed to accommodate the city’s growing seaport business. This committee is briefed regularly by JAXPORT executives and is an excellent opportunity for the city to guide the conversation.

### **North Florida Transportation and Logistics Development Study**

The North Florida Transportation and Logistics Development Study is being developed by Reynolds Smith & Hills (RS&H), an engineering firm, under the direction of the North Florida Transportation Planning Organization and a coalition of stakeholders including the city. The purpose of the study is to determine the best way to deepen the channel and provide on-dock rail. The group is hopeful that when the study is complete it will be incorporated into the Florida Department of Transportation Strategic Intermodal System.

### **FTZ – Cecil Magnet Site**

JAXPORT is the administrator of Foreign Trade Zone (FTZ) #64 which provides various tax savings to businesses when they import and/or export products to foreign countries.

In 2010, JAXPORT became one of the first FTZs in the nation to participate in a new designation program that will make it faster and less expensive for companies to take advantage of the FTZ. The program also allowed for the creation of “magnet sites,” one in each county serviced by the FTZ. In Duval County, JAXPORT chose Cecil Commerce Center to be the magnet site.

## **STATUS OF ACTIONS TAKEN**

### **The Need to Dredge**

There is neither an identified nor secured source of funding for the estimated \$600 million that it will take to

complete the dredging of the channel. An environmental study and an economic impact study are in process by the Army Corps of Engineers (ACOE) to determine the viability of deepening the channel. The results are expected in 2012 and will likely make the case for dredging to 50 feet.

The U.S. Congress has banned all earmarks for projects, which means that any matching federal funds must be allocated within the President's budget. Because of ACOE regulations, they cannot allow a dredging project to begin until federal funds are committed (however small) to the project. Without earmarks, it will be difficult to begin the project even if Jacksonville and the state found a way to fund the project without federal help.

### **Mile Point**

The ACOE studied the Mile Point problem and is determining, along with JAXPORT, the best way to fix the problem. This project was included in the President's 2011 budget and is substantially funded. The expected completion date of phase one of the Mile Point fix is early 2012.

### **Cruise Terminal Debate**

JAXPORT has still not reactivated the cruise terminal discussion due to larger concerns with fixing Mile Point and dredging. However, delaying the terminal may open the door for the competitor port of Savannah, Ga. to take existing cruise business away from Jacksonville.

### **Mitsui**

Unfortunately, due to the fact that an appropriate solution for dredging the harbor has not been found, Mitsui is currently operating at only 15 percent of capacity – well below expectations.

### **Hanjin**

Lack of appropriate channel depth has delayed construction by an additional two and a half years, which makes the projected completion date sometime in 2016. This is after the expected Panama Canal expansion project is completed which means that ocean carrier routes will already be established into other East Coast ports with appropriate channel depth. It may take some time for Jacksonville to establish itself as a destination.

### **Keystone Coal**

In May 2011, Keystone received its first shipment at the new terminal and will continue to complete additional phases of the project to handle large quantities of aggregate material.

### **Creation of the Seaport and Airport Special Committee**

This committee is being briefed regularly by JAXPORT executives.

### **North Florida Transportation and Logistics Development Study**

RS&H continues to make progress on the study and is expected to complete the study in July, 2011.

### **FTZ – Cecil Magnet Site**

Hillwood, the city's development agency at Cecil Commerce Center, is working closely with JAXPORT on maximizing the value of Cecil for port tenants and shippers.

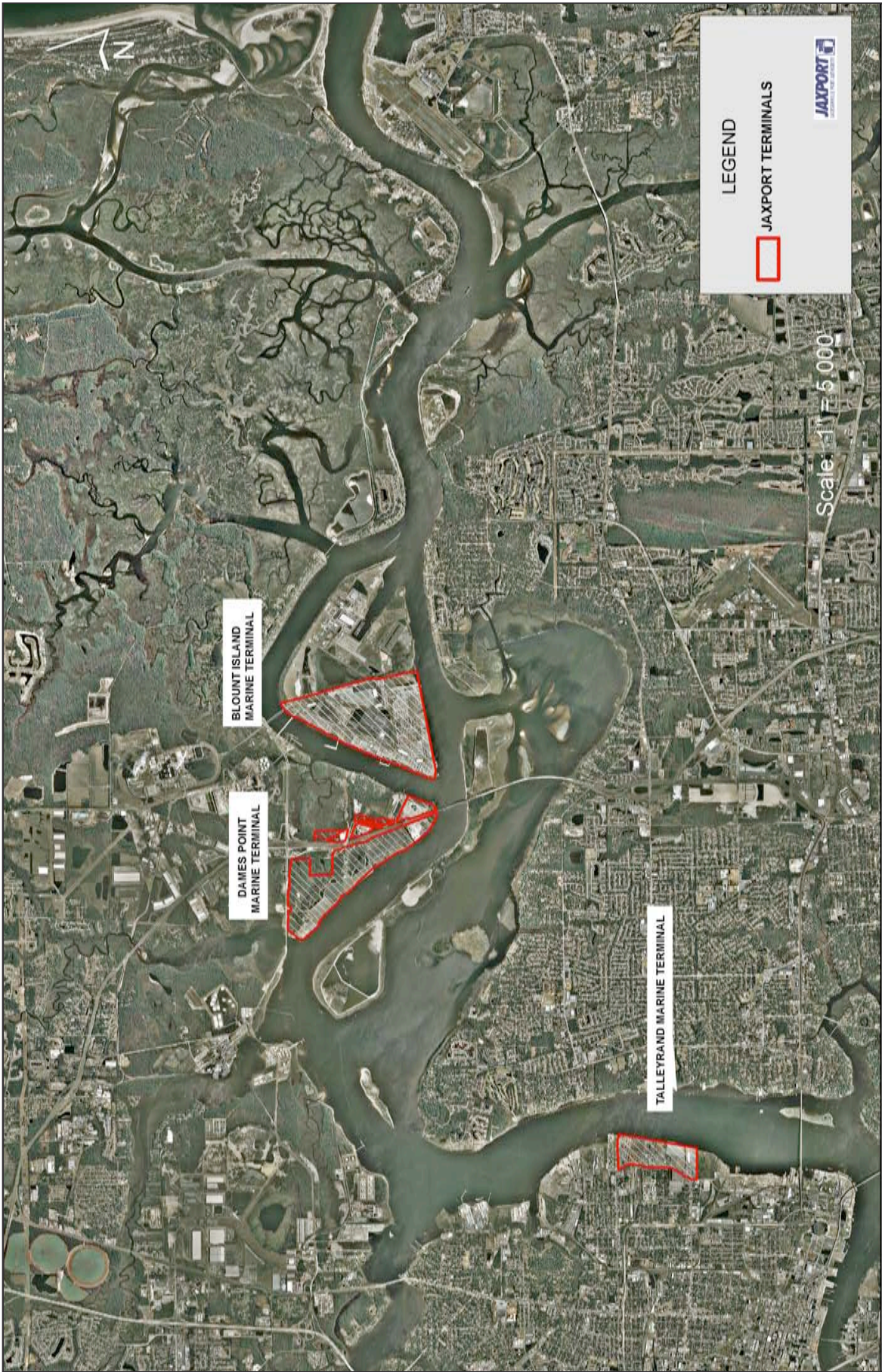
## **NEXT STEPS**

### **Political Leadership in Securing Funding for Dredging**

As the challenges outlined in this chapter have illustrated, if JAXPORT is to reach its full potential, it will need even greater support from the city. Being an aggressive champion for funding improvements will be an important job of the incoming mayor. Overcoming navigational challenges and the lack of depth in the channel are issues that impact all of Jacksonville. It will take a team approach with committed city involvement to find solutions. The city must be a player for JAXPORT to be successful.

### **Political Leadership on Developing a Cruise Terminal**

City leadership will also need to be involved in championing a new cruise terminal for JAXPORT. Helping the community understand the importance of the cruise industry to Jacksonville and working with the JAXPORT to ensure sensitivity to community concerns is an important brokering role for the incoming mayoral administration.





**CHAPTER TWELVE**

**CECIL COMMERCE CENTER**

# CECIL COMMERCE CENTER

## INTRODUCTION

When Naval Air Station (NAS) Cecil Field closed in 2000, the Jacksonville Economic Development Commission (JEDC) was charged with transforming 8,312 acres of the former base into a job center for the Jacksonville region. The JEDC has worked closely with the Jacksonville Regional Chamber of Commerce, Enterprise Florida, and other governmental and non-governmental groups, to draw and retain aviation, manufacturing and distribution businesses that have the potential to offer high wage jobs to the residents of Jacksonville. Bridgestone and Saft America, Inc. are examples of some of the larger companies the JEDC has successfully attracted to Cecil to date. In addition to helping attract companies to locate at Cecil Commerce Center, the JEDC is also responsible for the maintenance of the property's landscaping and buildings.

## IMPORTANCE

### **Major Job Center for Jacksonville**

Since day one, a major job center and economic driver for our community has been the vision for Cecil Commerce Center has been to be. Success at Cecil will be achieved once buildings are developed and businesses are attracted to the property, thereby creating jobs for our community and tax revenue for the city.

According to a 2006 study of Cecil commissioned by the Jacksonville Regional Chamber of Commerce, by 2030 Cecil Commerce Center will contribute \$3.9 billion in annual economic activity to the local economy and \$7.9 billion in annual economic activity to the Northeast Florida regional economy. In addition, the study estimated that Cecil will have approximately 30,300 employees and an additional 39,400 jobs supported by indirect and induced spending regionally.

(Cecil Commerce Center Economic Impact Analysis, Fishkind and Associates, 2006).

## HISTORY

In July, 1993 NAS Cecil Field was recommended for closure by the U.S. Defense Department's Base Realignment and Closure (BRAC) report. In response to the decision to close NAS Cecil Field, the mayor of Jacksonville established the Cecil Field Development Commission, succeeded by the JEDC. One of the critical responsibilities of the commission was to develop a proposed base reuse plan that would guide the transition of NAS Cecil Field's 8,312 acres from a fully operational Navy Base to civilian use. In 1996, the NAS Cecil Field Final Base Reuse Plan (Reuse Plan) was approved, outlining the basis for redevelopment of Cecil Field.

Shortly after the Reuse Plan was approved, the city set out to develop an Operations and Business Plan. That plan served as the basis for the city and the JEDC to acquire NAS Cecil Field via an Economic Development Conveyance. The Operations and Business Plan, which was completed in 2000, was set up to adhere to the recommendations and guidelines in the Reuse Plan. The Reuse Plan outlined the final conveyance area boundaries and acreage amounts that each party would receive. The final conveyance acreage amounts are as follows: 6,081 acres to the Jacksonville Aviation Authority (JAA); 2,190 acres to the city for park land; 8,312 acres to the city for economic development; and 641 acres to Clay County for park land (See Attachment A).

The JAA and the JEDC have always worked in tandem on the redevelopment effort at both the Cecil Commerce Center and the Cecil Airport. The Cecil Airport accommodates corporate and general aviation aircraft, air cargo services, and serves as a hub for the National Guard. Some of its great attributes include four 200-foot wide runways (three of which are 8,000 feet long) and a fourth runway which is 12,500 feet in length (the third longest in Florida).

The Westside community has been very vocal in its support for Cecil and in its desire that it be a future employment center. A 2006 referendum on the issue demonstrated the community's strong support to move forward with private job creation at Cecil. In 2005, the City of Jacksonville was informed that a Navy Base BRAC report determined that the Oceania Naval Air Station in Virginia was unable to handle all of the activities that were initially transferred to it when NAS Cecil Field closed. According to BRAC procedures, Jacksonville had the opportunity to bring the master jet base back to Cecil Field. After some discussion amongst the mayor, City Council and area residents, the mayor informed the Navy that Jacksonville didn't want to reestablish the base.



At the same time, a grassroots group called Vote Jacksonville was formed to organize residents who were in support of bringing the Navy back to Cecil Field. The Vote Jacksonville organization played a pivotal role in helping obtain the 24,000 signatures needed to get the issue on the November 2006 ballot. However, the referendum failed to gain enough support; it was rejected by 60 percent of the voters.

## **ACTIONS TAKEN**

### **Capital Funding for New Roads, Stormwater Facilities, Building Renovation and Utilities**

With the help of grant funds from federal, state and local agencies, \$180 million in infrastructure projects have been added to Cecil Commerce Center since the Navy transferred the property, including industrial scale utilities, new spine and arterial roadways, and landscaping.

### **Attracted More than \$265 Million in Capital**

Bridgestone, Saft America, Inc., and Florida State College at Jacksonville (FSCJ), are three of the parties that have deemed Cecil Commerce Center to be an ideal place to construct a facility and grow their respective organizations. Collectively, all three have spent more than \$265 million on facilities and improvements over the past few years.

### **Creation of Hundreds of Jobs**

The JEDC has helped attract some top notch companies to Cecil during the past few years. Bridgestone completed its \$44 million, one million square foot distribution center in 2008, and has employed more than 250 people.

Saft America, Inc., which has just completed a \$200 million, 300,000 square foot energy efficient battery manufacturing facility, will produce more than 270 high- wage jobs.

FSCJ has also had a great impact on the employee base at Cecil. It continues to hire more staff and attract more students to its three locations at Cecil. They include: 44,000 square feet of classroom space for general education classes and a truck driver training facility, which are both part of the first of four phases planned for its 130-acre campus on Cecil North; the 17,000 square foot Aviation Center of Excellence, which houses its aviation and air traffic controller training program and; a 138,000 square foot state-of-the-art aircraft painting facility located along the flight line at Cecil Airport.

During the past several years, the JEDC has also been successful in assisting existing tenants, such as Boeing and Lockheed Martin, bring more personnel to the Cecil Commerce Center. Both firms had facilities at Cecil when the base was operational. They continue to focus mostly on repair and overhaul maintenance on U.S. military aircraft, including the jets flown by the famous Blue Angels. Having these businesses and military functions at Cecil has made it a prime development site for aviation industry groups that are looking to relocate somewhere in the southeastern United States.

### **Public-Private Partnership Established**

Several factors prompted the JEDC to seek a privatized approach to development, including financial difficulties facing the city, the need to capture the momentum generated by the JAXPORT expansion and additional challenges associated with the public sector leading an industrial redevelopment effort.

A request for proposals was issued for a master developer. Hillwood, a global development and real estate investment company, with a track record for success with complex, large-scale, long-term public-private projects such as Alliance Texas and Alliance California, was selected. Hillwood has the private capital resources needed to develop a large industrial site like Cecil. Hillwood will also invest a significant amount of money into marketing the property to the end users who will create jobs, and will “brand” the site with its internationally recognized, premier “Alliance” brand (See Attachment B).

## **STATUS OF ACTIONS TAKEN**

The JEDC is still working closely with all of the abovementioned partners to attract businesses to Cecil. The partnership between the JEDC and Hillwood has already proven successful, as evidenced by the large increase in the amount of prospects inquiring about developing at Cecil since September 2010 when the agreement was signed.

## NEXT STEPS

### **Consideration of Economic Development Projects**

With the help of Hillwood, the Chamber of Commerce, JAA, and other regional partners, the JEDC should remain focused on trying to attract new businesses and high wage jobs to Cecil Commerce Center. Even though the JEDC has partnered with Hillwood to help develop Cecil, it is still responsible for working on economic development deals for the city. In order to compete with other markets in the southeastern U.S., the city will need to continue offering unique economic incentive packages to prospective companies.

### **Hillwood Contract Management**

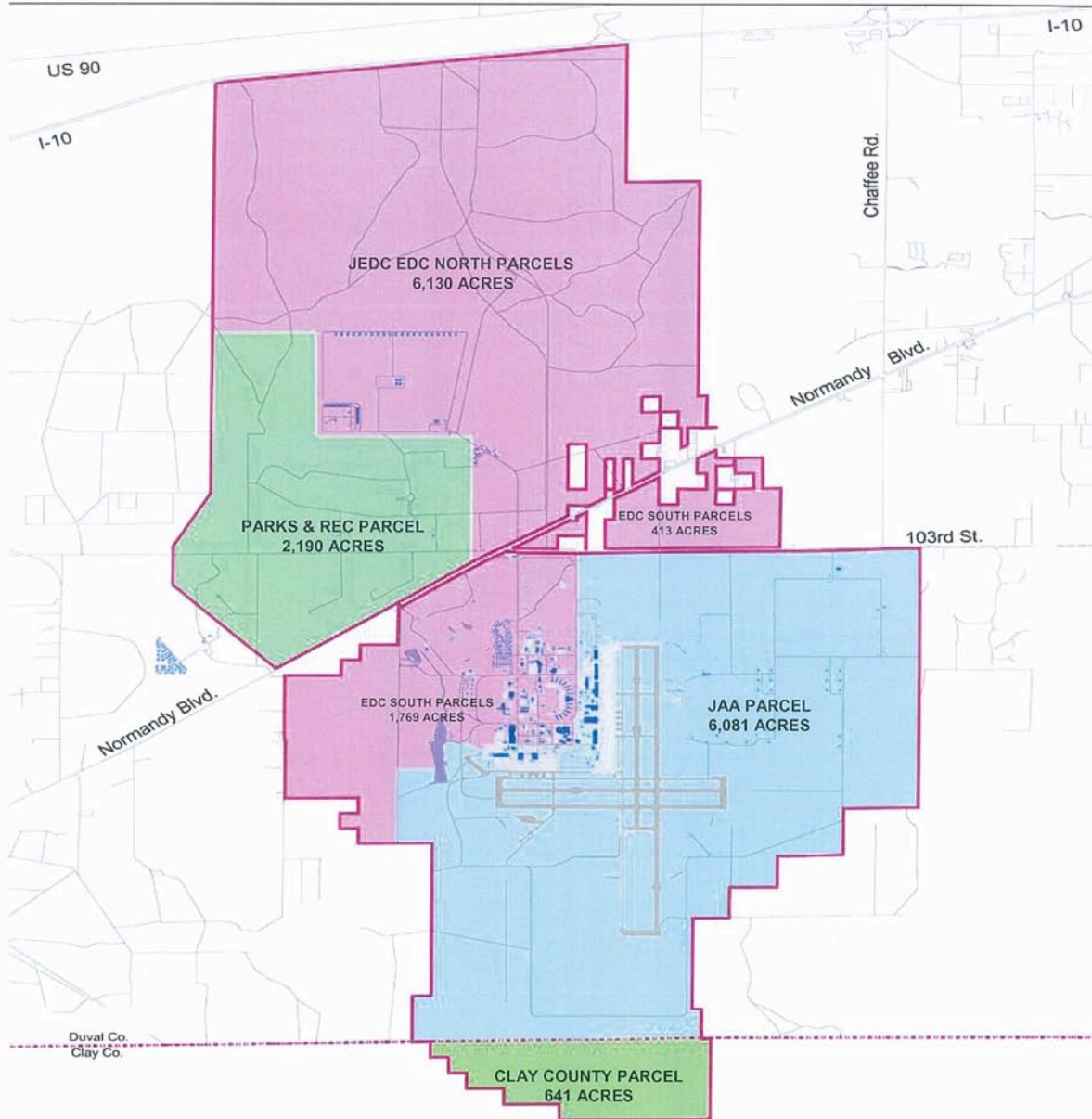
The contract between Hillwood and JEDC, for the 25-year redevelopment effort at Cecil, is complex and includes many provisions and benchmarks that need to be monitored closely.

### **VT Griffin Contract Management**

Since 1999, the JEDC has contracted with VT Griffin, Inc., a property management company that specializes in active and deactivated military bases, to oversee the day-to-day maintenance on all of the city-owned buildings and landscaping at Cecil Commerce Center. The JEDC recently entered into a new five-year contract with VT Griffin for management services at Cecil. VT Griffin handles an extensive amount of daily tasks, including maintenance and repairs to HVAC systems, roofs and plumbing, so it is critical that JEDC staff work closely with them.

### **Capital Funding**

The JEDC was able to convince Hillwood to commit to funding most of the future roadway and utility infrastructure costs that will be incurred as the property is developed during the next 25 years. However, the JEDC will still be responsible for maintaining most of the existing buildings (most of which are leased) and landscaped areas for the next 10 years. It will be critical that adequate funding is provided in the city budget to meet the city's obligations.



**JEDC**  
*Cecil Field Redevelopment*

TOTAL CECIL COMMERCE CENTER ACREAGE  
 17,224 ACRES

**Conveyance Areas**



Scale: 1" = 4,000'

*BHR*

Attachment A

**ATTACHMENT A**



**ATTACHMENT B**



**CHAPTER THIRTEEN**

**RELATIONSHIP WITH THE MILITARY COMMUNITY**

# RELATIONSHIP WITH THE MILITARY COMMUNITY

## INTRODUCTION

Our nation's military, especially the U.S. Navy, is a key economic and societal element of Jacksonville's quality of life. There are more than 200,000 active duty military members, National Guard or Reserve service members, Department of Defense (DOD) Civil Service employees, DOD contractors, veterans and family members who call Jacksonville home. The military touches almost one in four people in Jacksonville, and the city is home to two significant Navy bases, a Marine Corps logistics base and a Florida Air National Guard wing, as well as the Coast Guard sector headquarters.

**This chapter will address the issues below, each in a separate segment of the chapter.**

- The relationship of the City of Jacksonville with the military
- The effort to bring a nuclear aircraft carrier (CVN) to Naval Station Mayport and associated surface ship issues there
- Encroachment protection at Outlying Field (OLF) Whitehouse
- Past and future Base Realignment and Closure (BRAC) in Jacksonville

## IMPORTANCE

Overall, the military's economic impact on Duval County is estimated to be more than \$12 billion annually, and the human capital it brings—our neighbors, school volunteers, coaches and friends—is priceless. Beyond economic impact, the military's presence and infrastructure here makes Jacksonville a critical piece of the country's national security strategy. It is a patriotic duty that the city warmly embraces on behalf of the nation.

## JACKSONVILLE, THE MOST "MILITARY-FRIENDLY" CITY IN AMERICA

### History

The U.S. Navy has had a presence in Jacksonville since World War II, and there has been some type of military presence in Jacksonville since its founding. City leaders have made it a priority for Jacksonville to be the "most military-friendly city" in America.

### Actions Taken and their Status

The existence of the Military Affairs, Veterans and Disabled Services Division speaks to the administration's emphasis on support to the military and veterans. The division sponsored and/or participated in more than 50 events in 2010 honoring the active duty military, veterans and the disabled community. Military Affairs is heavily involved in community outreach, including producing an electronic newsletter, participating in speaking engagements, providing federal and state advocacy, and managing grant funded activities such as the Active Military Combat Duty Grant program.

Grants secured by the division also fund infrastructure improvements, such as the design of the Wonderwood/ Mayport Road interchange and support for a wastewater reuse system design at Naval Air Station Jacksonville.

### Examples of services provided include the following:

- In response to the wars in Iraq and Afghanistan, the city established a grant program for Duval County residents who own homesteaded property and have paid their property taxes, granting them up to \$800 if they deploy to a combat zone for 90 days or more. This program essentially rebates a resident's property tax, or a portion of it, for risking harm and serving as an active duty, Guard or reserve service member. The budget for this in FY 2011 is \$80,000.
- The city organizes numerous events to honor the military and veterans. This includes producing the largest Veterans Day parade in the state of Florida; a Memorial Day service at the Jacksonville Memorial Wall, which is the largest memorial wall outside Washington, DC; the Purple Heart Walk and Ceremony; POW-MIA Observance; Wreaths Across America at the Jacksonville National Cemetery; the Homeless Veterans Resource Fair and numerous smaller events and observances.
- The city's Veterans Service Officers see nearly 8,000 clients annually, providing them assistance and access to VA health and pension benefits, widow and spouse benefits, and the G.I. Bill.

- The city manages Defense Infrastructure Grants and Defense Reinvestment Grants in the amount of nearly \$3 million.
- The division also manages a veteran's trust fund, which comes from outside donations, and provides for emergency services for veterans including food, clothing, transitional housing and job placement.
- The division maintains contact with the congressional delegation and staff, the Jacksonville Regional Chamber of Commerce and federal advocates. Through an annual grant from the state the division procures federal advocacy services in Washington, D.C.
- Through a much-upgraded electronic newsletter, the division provides current information on issues and events of interest to both active duty military and veterans. Staff members also regularly address civic and military groups providing that type of information.

## **BRINGING A NUCLEAR AIRCRAFT CARRIER (CVN) TO NAVAL STATION MAYPORT**

### **History**

Naval Station Mayport has had at least one aircraft carrier homeported there since the 1950s, but in 2006 the conventionally-powered USS John F. Kennedy was decommissioned and was not replaced.

All the remaining aircraft carriers in the naval fleet are nuclear-powered, which require a specialized shore facility not currently available at Mayport known as a Controlled Industrial Facility (CIF). The CIF is a building dedicated to the unique maintenance needs of a nuclear carrier, and is normally adjacent to the carrier berth.

The City of Jacksonville, along with the Northeast Florida congressional delegation, has urged federal officials to budget the roughly \$450 million required for the upgrades. The Navy has advocated for homeporting one of the east coast nuclear carriers in Mayport for "strategic dispersal" of the fleet in the interest of national security. The move is opposed by the Norfolk, Va. area delegation because it would likely mean the loss of a carrier there.

### **Status of Actions Taken**

- The U.S. Navy has committed to moving a nuclear carrier (CVN) to Mayport. Navy leadership has reportedly asked planners to "look for money" to accelerate the timeline for funding and construction of the CIF at Mayport, but as of now the long range timeline is to have the carrier in Mayport in 2019.
- In December 2010, Secretary of the Navy Ray Mabus, told a Norfolk Chamber group that the Navy is committed to sending a carrier to Mayport.
- With the seating of the new U.S. Congress, Rep. Ander Crenshaw has been assigned to the Appropriations subcommittee of the Defense committee. This puts him in an influential position to secure funding for Mayport.
- On Feb. 1, 2011, in a speech to the Navy League in Kings Bay, Vice Chief of Naval Operations Admiral Greenert stated the Navy intends to homeport a CVN at Mayport.
- On Feb. 11, 2011, the Jacksonville Regional Chamber of Commerce Military Issues Committee met with Sen. Marco Rubio, who expressed full support for moving a CVN to Mayport permanently.
- On March 1, 2011, the Navy continues to focus on making Mayport a "nuclear carrier-capable homeport by 2019." Also, a Government Accountability Office report released on March 3, 2011 significantly lowered the cost estimate for the Mayport upgrades—from \$537 million to "between \$356 million and as little as \$259 million."
- The top concern of the local ship repair industry is the Mayport basin ship loading issue. This is not directly connected with the CVN issue, but it is related. "Ship loading" is a term for how many ships are permanently assigned (homeported) at a particular Navy port. The Oliver Hazard Perry-class frigates currently based at Mayport are being decommissioned during the next five years, and their replacements, the Littoral Combat Ship (LCS), will not be constructed fast enough to immediately replace the frigates. During the anticipated three-to five-year gap there could be as few as eight ships assigned in the Mayport basin, resulting in a potential downturn in repair capacity in the community.

## **ENCROACHMENT PROTECTION AT OUTLYING FIELD WHITEHOUSE**

### **History**

Outlying Field (OLF) Whitehouse is an important Navy airfield facility, providing day and night training for Navy pilots practicing carrier landings. Lying about eight miles north of Cecil Field, it is relatively dark at night and has a “carrier box” painted on the runway. This box simulates an aircraft carrier deck. Keeping the surrounding area from developing into residential communities will prevent noise complaints and preserve the area around the airfield. Other OLFs in Virginia and Washington have become almost unusable due to residential and commercial encroachment.

### **Status of Actions Taken**

The Military Affairs, Veterans and Disabled Services Division has acquired three state funded grants over the past three years that provide \$500,000 to match with Department of Defense funding for acquisition of restrictive easements within the Air Installation Compatible Use Zone (AICUZ ) of OLF Whitehouse. Also, the city has a \$620,000 in-kind credit from previous city expenditures available to further leverage the Navy’s funding.

The restrictive easements purchases are negotiated through willing-seller landowners by a collaborative team of City and Navy staff. NAS Jacksonville Commanders have gained the support of Gov. Rick Scott and the Military Base Commission, who agree these buffering purchases will complete a major recreational trail called the North Florida Greenway, preserve sensitive lands, prevent incompatible land use around OLF Whitehouse, and enhance the Navy’s ability to meet critical fleet training requirements. This project will purchase fee property from willing sellers within designated zones around the airfield based on accident potential and noise levels.

## **BASE REALIGNMENT AND CLOSURE (BRAC)**

### **History**

The Base Realignment and Closure Report (BRAC) of 1995 called for the closure of NAS Cecil Field on Jacksonville’s Westside. The base was subsequently closed in 1999, and now is operated by the Jacksonville Airport Authority and the Jacksonville Economic Development Commission. In the BRAC of 2005, consideration was given to closing NAS Oceana in Virginia Beach, Va., and reopening NAS Cecil Field. In the end, Oceana remained open. Another result of the 2005 BRAC was a net gain for NAS Jacksonville, which received five squadrons from NAS Brunswick, Maine, which was closed.

### **Status of Actions Taken**

- No BRAC is scheduled for now, although given the history of a BRAC approximately every 10 years, one could take place in the next four or five years.
- NAS Jacksonville has grown with the assignment of the Brunswick P-3 squadrons, and with preparations to home base the new P-8 aircraft. Hundreds of millions of dollars have been invested in base infrastructure, including new hangars and a large P-8 Integrated Training Facility.
- NS Mayport is one of only two Navy ports on the east coast, and therefore is an important asset to the U.S. Navy. However, projected ship decommissioning, along with the delay in the introduction of the Littoral Combat Ships, could result in underutilization of the port. The danger is that support structure, such as Finegan Elementary School in Atlantic Beach, might not be able to stay open and the ship repair expertise in the area could be weakened.

## **NEXT STEPS**

### **Jacksonville, the most “military-friendly” city in America**

Continue the city’s emphasis on events that recognize active duty members and veterans, and continue to provide services that take care of the military and their families. Continue to look for innovative ways to recognize the military.

### **Bringing a nuclear carrier to Naval Station Mayport**

Through vigorous partnership with our congressional delegation, continue advocacy to move funding efforts forward to support the upgrades to make Mayport capable of homeporting a nuclear aircraft carrier before 2019.

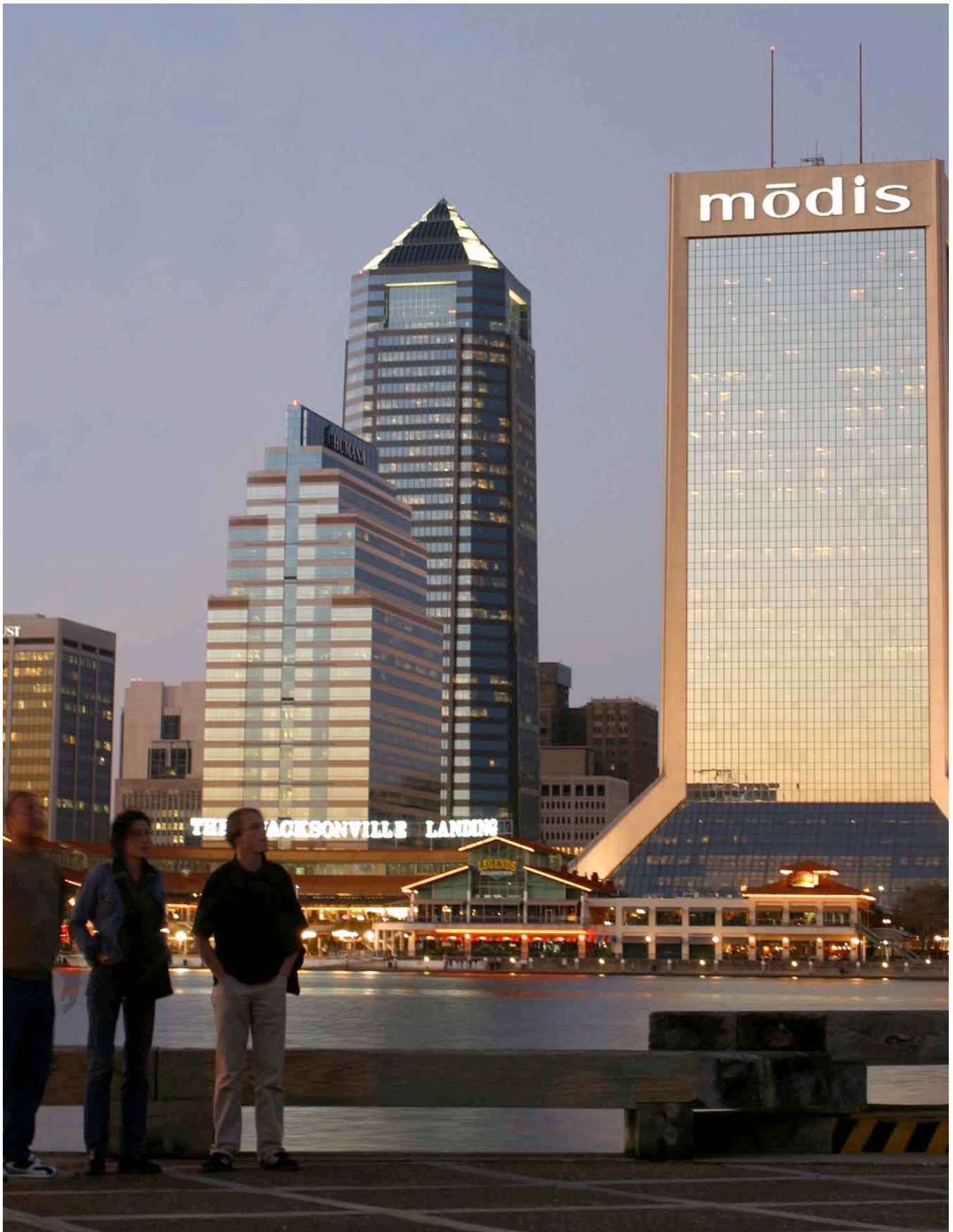


**Encroachment Protection at OLF Whitehouse**

Prioritize properties for future acquisition. Maintain a strong partnership with state and federal agencies to continue acquiring restrictive easements or outright purchase to prevent encroachment at OLF Whitehouse.

**BRAC**

Be prepared to defend all the military facilities in Duval County by staying engaged with the congressional delegation, and maintaining a federal advocacy presence in Washington, D.C. The mayor and City Council should continue to be visible in their support for the military, and be innovative in finding ways to cultivate Jacksonville's reputation for being military friendly.



**CHAPTER FOURTEEN**

**DOWNTOWN DEVELOPMENT**

# DOWNTOWN DEVELOPMENT

## INTRODUCTION

The future of downtown Jacksonville has been a central topic of discussion throughout many mayoral administrations. The majority of local citizens recognize the value and significance that a healthy downtown has to a city's overall economic vitality.

## IMPORTANCE

It is helpful to reflect on one's personal perspective and experience to determine the importance of downtown Jacksonville to the city. When has a city purely been judged by looking at its suburbs? How often has a city been judged by one's impression of its downtown (either experienced or perceived)?

The City of Jacksonville, as well as its surrounding region, is defined by the impression downtown gives its visitors. If an image of downtown is one of vacant buildings or the lack of pedestrians or a large congregation of vagrants or transients in the urban center, then it becomes very difficult to convince private investors or businesses that Jacksonville is the best option for their investment.

In 2005, Jacksonville hosted Super Bowl XXXIX. This major sporting event created a mass convergence of people in downtown. Reporters and visitors flocked to Jacksonville and developed their opinions of the city over a 10-day period. To prepare for this major event, the city invested time and money over the course of six months to clean up and beautify downtown Jacksonville. The result was a positive image of downtown Jacksonville for the millions who watched the game. That six-month exercise brought attention and helped address the city's image of its downtown.

However, in order to establish a sustained positive impression of downtown to visitors and the world, a concentrated effort must be made to enhance the image of downtown through on-going continued investment in the physical environment. This may require improvements that distinguish Jacksonville from other comparable cities. Dramatic changes will likely evoke debate within the community as to its necessity or rationale. Through this dialogue, downtown will become a central topic of discussion which will ultimately help redefine the image of Jacksonville.

## HISTORY

Over the past 50 years, there has been continual dialogue about the revitalization of America's urban centers. These dialogues resulted primarily from the steady disbursement of population to the suburbs of the central city by offering cheaper and larger homes, new and better schools, security and new amenities such as shopping malls. As a result of this loss in housing density in the urban core and an increase in retail competition, downtowns became more reliant on office uses and were relegated to primarily employment centers.

Over the past 40 years, the Jacksonville community has engaged in these very same conversations. As these discussions evolved, Jacksonville's downtown became exceedingly vulnerable as "white flight" began to accelerate the natural transition of the surrounding neighborhoods that traditionally supported downtown. A large number of the affluent population began to move to suburbs such as Baymeadows, Deerwood and Arlington. The population booms in these areas made construction of supporting retail profitable, which led to the development of the area's first regional shopping mall (Regency Square Mall). In addition, transportation "improvements" created thoroughfares to pass through downtown quickly. As a byproduct, the roadways (State and Union streets and Main and Ocean streets) bisected the urban core and connected the bridges to the interstates and limited access highways such as the Arlington and Hart expressways.

With downtown Jacksonville becoming more focused on office space, its success and failure began to depend on how it competed with the office markets in the suburbs. The density and existing infrastructure of downtown withstood the onslaught of the first "office park" in Florida – the Koger Center. However, as sprawl slowly headed to the south into Deerwood Park, South Pointe and Baymeadows Center, the office market in the core has had its appeal diminished. This has resulted in an office vacancy rate of more than 21 percent in the last two years.

With the stigma that "downtown is dying" prevalent, local citizens have pointed out that the struggles of downtown can be related to missed opportunities and lack of action. However, there have been many successes.

Since 1999, downtown Jacksonville has more than doubled the number of residential units in the urban core that include Berkman Plaza, 11 East, The Carling, The Strand, The Peninsula and San Marco Place. To compliment the residential market, a local night life has flourished with after hours entertainment located along Bay Street and near The Florida Theatre.

The Jacksonville Landing is an asset to downtown offering dining venues, night clubs and niche retail. This destination offers a concentration of activity for visitors to downtown. While the venue is in need of reinvestment, it serves as a gathering spot for people attending events such as the Jacksonville Jaguar games or the annual Florida/Georgia game.

Today, downtown remains the epicenter for cultural events. This is a result of the investment in the Times Union Center for the Performing Arts, the Jacksonville Veterans Memorial Arena and the multitude of museums located throughout downtown. Downtown draws thousands of spectators to sporting events at the Baseball Grounds and EverBank Field, as well as events such as The Gate River Run. Downtown is still the center for holiday events such as the Fourth of July fireworks and New Year's Eve celebrations.

## ACTIONS TAKEN AND THEIR STATUS

### **Establish a Vision**

Over the past 25 years, several downtown master plans have been developed. Each master plan evoked a vision for the future for downtown that shared similar general concepts such as "Connectivity," "The River" or "Greenways". However, the implementation strategy for achieving the "Downtown Vision" was disjointed and excitement for the future soon fizzled out.

Another challenge to the implementation of the vision for downtown is the city's definition of downtown. The regulatory boundary of downtown extends from I-95 on the west and south to the St. Johns River on the east, with the northern boundary defined by State Street. The area of downtown is 1,760 acres (not including the St. Johns River). This downtown is larger than some cities in the state. With such a large area, the investments in downtown become diluted and the link between projects often becomes more difficult to implement and fund. This disconnect has hampered cohesive implementation of a vision.

With any vision, the implementation and the sustained investment to obtain that investment are critical. From one mayoral administration to another, there has been a project-oriented approach that was driven by opportunities to fix finite problems. For example, under Mayor Godbold's administration, the historic train terminal was abandoned by the passenger rail system, so Mayor Godbold sought to transform it into the city's Convention Center. Along with that transformation came the development of a downtown mall – The Jacksonville Landing. During the Austin administration, the concept evolved to address the decaying condition of City Hall and the abandoned May-Cohen building. This ultimately resulted in the relocation of City Hall to its present site. Mayor Delaney sought to expand on the "Civic Square" concept with the construction of the new Main Library through The Better Jacksonville Plan.

Each of these moved downtown forward and were successful isolated projects. However, these projects never served as the catalyst for a continued redevelopment strategy and therefore, never resulted in any significant private investment spurred on by their construction.

The vision outlined in any of the previous master plans or by any mayor or civic group requires a series of strategic and sequenced investments. These investments must leverage city dollars and resources with private capital. Each action taken by the city must result in an equal and, more often, greater investment with private capital.

More than four years ago, the Jacksonville Economic Development Commission (JEDC) developed a 19-point Downtown Action Plan that outlines key areas critical to downtown's success. These action items are:

- Enhance the Level of Service for "Clean and Safe" Programs
- Develop and Implement a Comprehensive Streetscape Plan
- Convert One-Way Streets to Two-Way
- Create a Riverwalk Enhancement Plan
- Improve Downtown Connectivity by Enhanced Transportation Options
- Enhance Event Programming

- Improve Wayfarer Signage
- Refine Approval Process and Create One-Stop Shop Approach
- Promote Workforce Housing
- Implement Innovative Parking Programs and Parking Management Initiatives
- Update and Implement Stormwater Management Plan
- Initiate a Downtown Marketing Strategy that Emphasizes Downtown Districts
- Engage in Active, Targeted Retail Recruitment
- Facilitate Brooklyn Redevelopment
- Develop and Enact a Master Plan for Metropolitan Park/Kids Kampus
- Redevelop Friendship Fountain Area
- Improve connections from the Emerald Necklace to the River & Upland Activity
- Identify and Facilitate Large-Scale, Catalyst Projects
- Create More Marine Themed Activities and Improve Marine Linkages

Each of these 19 action points was derived from a series of workshops that resulted in three areas of focus for downtown. These areas of focus are: the Pedestrian/Open Space Task Force report, the Downtown Housing Task Force report and the Downtown Infrastructure/Parking Task Force report. These focus areas provide direction for more than \$300 million of public investment that will serve as a catalyst for matching private investment.

### **Understand the Necessary Ingredients for Success**

There are several opinions on the necessary ingredients for downtown to succeed. Each perspective has merit. Over the past 15 years, the predominant opinion has been to create a critical amount of residential mass in the urban core--often quantified as at least 10,000 residential units—and in turn, retail will follow. One argument has been that a downtown must have retail for residential to be successful, thus a retail mass must come first. However, with the downturn in the economy, the focus has shifted to simply maintaining the existing businesses downtown.

### **Maintaining Existing Businesses**

As described above, downtown has primarily become an employment center. Over the past few years, several businesses have located to suburban locations such as Southpoint or Deerwood Park. Many people have speculated that the exodus of businesses has been due to the lack of parking or even affordable parking in downtown. The existing utilized parking in downtown is only 51 percent, as shown in the Walker Parking Study of 2003. Furthermore, the businesses who locate in downtown may consider the cost of parking; however, the burden to pay for parking has traditionally been the responsibility of the employee. In some instances, the employer may pay for its employees' parking or purchase parking from a nearby parking garage. This is a business decision that the company imposes upon itself and is evaluated internally by the business.

It should be noted that the existing leasable space in downtown was built with deficient parking inventories to provide on-site parking for all employees who work in the buildings. In addition, it must be considered that the cost of leasable space in downtown is comparable to similar space in the suburbs; although the space in the suburbs includes more than adequate parking for employees. This creates a comparison of cost that favors the suburban space when factoring in the value of parking spaces that must be leased by the employer or employee in downtown. To balance the cost of leasable space in downtown to that of the suburbs, emphasis must be placed on the value of working downtown versus the cost of paying for parking spaces. This value adjustment should be conveyed in a multitude of ways such as convenient walkable amenities found in downtown that include restaurants, retail and other similar businesses, a central location to all parts of the city (especially as gas prices increase and commute times become longer), as well as the benefit of being located in the central hub of cultural, sporting and special events.

The reason for relocation of businesses to the suburbs is focused into two areas: company policy and executive leadership. The idea of parking being the primary reason for office relocation should be balanced with both the benefits and costs that off-set suburban areas,

A company typically decides to relocate at a time when their lease is expiring or there is a need to evaluate spatial needs, lease terms and alternative locations. Many times, the lease that is expiring has been in place for more than 10 years and the company executive is different than the one who made the original lease commitment. In addition to a leadership change, the office could have morphed into a space that has become less than ideal. This leads the new executive to evaluate the company's potential efficiencies (layout), negotiate for better terms (especially in tough economic times) and determine if downtown is convenient for his company and staff. In some instances, the company will rely on the corporate headquarters to provide direction in accordance with the corporate image.

Each of these business decisions is unique to the company evaluating whether to remain in downtown. A general assumption (like parking issues) should not be applied to complex issue of a company's relocation.

### **Residential and Retail**

Retail and residential are key components of any successful downtown. A balance of residential and retail redevelopment must occur simultaneously. This can only be achieved with the commitment that each of the individual milestones or measurable goals that were set forth, i.e. 10,000 residential units in the urban core, will be achieved.

Retail demographic studies point out that there is an adequate supply of residents with high average income within the market limits to support business in downtown. However, a vast majority of retailers are not familiar with downtown business strategies and are reluctant to change their business model to develop in a downtown environment. This has resulted in the downtown business environment being one where young entrepreneurs on "shoe string budgets", relying on sweat equity, open high-risk restaurants and bars with moderate success.

Meanwhile, the urban residential market is unique and attracts a distinct tenant or owner. This demographic is difficult to define and even more difficult to develop – meaning an individual is either an urbanite or not. It is rare that a homeowner transforms from a one-story single family home to a seventh floor condo, blocks away from their office. Even with that assumption, the residential market in downtown rivals the most successful suburban markets. All of the downtown rental properties have occupancy rates more than 85 percent and more than 90 percent of all condominium units have been sold.

There still appears to be capacity in the downtown residential market and the void is being filled with the growth of the market coming from the younger population (college graduates and "30 somethings"), who favor living within walking distance to work, dense social networks and a high exposure to culture and the arts. However, this phenomenon is typically found in larger urban markets and is relatively new to Jacksonville. In order to reach this market, it requires a systematic business plan and approach that the majority of developers are not familiar with as they have generally followed a model focused on suburban residential development.

In both the retail and residential markets, the perception is that there is a tremendous amount of risk associated with urban development and the traditional incentives designed to offset that risk are not great enough to encourage urban downtown development. Therefore, in order to overcome this stigma and accomplish the goal of developing a vibrant downtown, public investment is necessary. Unfortunately, the economic conditions and the unwillingness of banks to lend on real estate development projects lead to a greater investment from the public sector. In short, the obvious necessary ingredient to successfully redeveloping downtown is money.

### **Projects**

As discussed above, several public and private capital projects have been completed in downtown over the years. However, very few of these projects have led to additional significant investment by either the public or private sector.

There is the potential for several ongoing projects to spur additional economic development and redevelopment associated with current investments that have all ready been made. The projects include the new Duval County Unified Courthouse Facility and the Laura Street Redevelopment project.

The potential redevelopment effort associated with the county courthouse is potentially the most significant opportunity for downtown in the past 25 years. It is expected that the migration of ancillary law offices and support facilities will begin to develop in the LaVilla area with the relocation of the courthouse and its related

functions. This will result in leasing and occupancy of vacant space for retail and restaurant uses.

The secondary effects of the relocation of the courthouse will leave a significant redevelopment site along Bay Street where the old City Hall and the existing county courthouse are currently located. Several community leaders have argued for this site to become the home to a new convention center to replace the existing outdated facility. Such a development would only strengthen a burgeoning entertainment corridor.

Another project with potential to leverage the city's public investment to encourage more private investment is the Laura Street redevelopment project. Laura Street is the most walked street in the city with two of the top three employment centers, the former Modis Building and the Bank of America Tower, located on the street. Laura Street also connects City Hall, the Main Library and the Landing with the majority of established businesses either on Laura Street or one block away.

With the successful redevelopment of Laura Street, buildings such as the former Modis building are considering opening an outdoor café adjacent to Laura Street. Furthermore, the trio of buildings, the Marble Bank, the Florida Life building and the Bisbee building, along with the Barnett Bank building has been sold. Redevelopment plans for these buildings have been drawn up and are progressing. If this development occurs, it would be a private investment of \$15 to every \$1 public dollar spent.

### **Activities**

Another major component to downtown's success is its position in the region as the major activity center. There is no doubt of the role the Jacksonville Jaguars play in generating recognition for Jacksonville throughout the nation and the world. In general, sports events, cause thousands of fans to visit downtown annually. Additionally, major events such as the Jacksonville Jazz Festival, the Fourth of July fireworks and many other events bring visitors to downtown. The city's investment in the new Veterans Memorial Arena and Baseball Grounds of Jacksonville also contribute to the population of downtown during their event days. Cultural venues such as the Museum of Contemporary Art Jacksonville (MOCAJ), the Times Union Center for the Performing Arts and the Museum of Science and History (MOSH) make downtown the center for arts in the region.

However, with all of these great assets, downtown still lacks the ability to provide complimentary venues for visitors to "enjoy a day" in the downtown area. Visitors attend the events or browse the galleries but have little else to engage them before or after. In recent years, the bars and restaurants have requested that the city help eliminate the mass exodus of fans after football games and special events by maintaining parallel parking along the major thoroughfares in downtown and providing parking near their venues.

If downtown is to be successful, better marketing to small businesses for the entertainment venues must be encouraged and even facilitated. Furthermore, packages for events should be developed that will bring people to downtown early and encourage them to leave late. The policy should begin to address downtown's traffic circulation so that downtown streets are used not only as high speed exits, but for areas to walk and explore downtown.

### **NEXT STEPS**

Downtown is the intuitive barometer for gauging Jacksonville and the region's vitality. It should be a focal point for community involvement and pride as "everyone's neighborhood." Therefore, the next administration should continue to make downtown a high priority.

Redeveloping downtown is not something that will occur overnight as it has taken more than four decades for downtown to reach its current condition. Major investments will have to be made by the city in a strategic way to spur subsequent private investment.

Significant policy positions will have to be embraced by the mayor, City Council and their successors to be able to enjoy continued success and build momentum upon the past efforts. Public capital investment will have to be significant not only in infrastructure, but also in private projects.

With a clear attainable vision and a funded implementation plan, downtown can be redeveloped into a thriving place to work and live, as well as being an entertainment hub that citizens can enjoy with their families and with visitors. With downtown's transformation, every resident can be identified by the success of their city and be proud to live in Jacksonville.



**CHAPTER FIFTEEN**

CONVENTION CENTER



# CONVENTION CENTER

## INTRODUCTION

During the past several years, questions continue to be raised about the relevance of the Prime Osborn Convention Center in the conventions market. Questions asked include: “Is the convention center large enough?”; “Is it located in the right place?”; “Are there enough hotels in the area?”; and “Do we have enough to keep a conventioner entertained and wanting to come back?”

While these questions are appropriate and applicable to any discussion regarding the success of the convention center business in Jacksonville, a policy discussion must be had on whether the city should try to compete for expanded convention business. This chapter will discuss the investment necessary for a new or renovated convention center and the return expected on that investment.

## IMPORTANCE

Convention centers throughout the United States have been heralded as an economic engine for tourism. The majority of larger cities have convention centers that serve as an amenity to the citizens and region. They are viewed as a stimulus for restaurants, hotels and service establishments, which help rejuvenate otherwise declining downtowns.

The economics behind the construction or renovation of a convention center are complex. There are a variety of opinions regarding whether the investment in a convention center can be recouped. A simplistic analysis would consider the following elements:

- Cost of construction (new or renovations)
  - Public investment/financing
  - Private investment
- Cost of operations and marketing
- Direct revenue generated by events (rental, ticket sales, concessions, etc.)
- Indirect revenue generated by events (hotel tax, gas tax, sales tax, etc.)
- Residual economic investment (construction of supporting hotels, restaurants and retail)
- Exposure to the community from visitors

In a more complex analysis of the economic impact of convention center industry, the International Association of Assembly Managers (IAAM) has a more in-depth perspective of the economic equation. The IAAM introduces these other factors to consider:

- Do you consider only direct delegate spending or include overall direct attendee spending (including exhibitors, meeting planners, volunteers and others)?
- Do you consider the impact of local delegates or attendees?
- Do you consider an imputed indirect multiplier over and above direct spending?
- If an indirect multiplier is used, how significant is it and how is it justified?
- Do you use room nights, peak rooms, attendance or some other basis for the impact calculation?
- Do you use specific event days, average length of events, or some other basis for the impact calculation?
- Do you use national, regional, local or some combination of data to determine the spending factors?

There is no specific formula to measure economic impact and absent a standard for its measurement there will be varying opinions on the impact of conventions.

In 2005, the Brookings Institute produced a study on the economic impact of convention centers. In the study, it identified the construction of 19 new convention centers and the expansion of another 34 convention centers since 2000. This is part of a national increase in convention center space, which has more than doubled since 1990. In this same report, there is general reference to the decline in convention attendance, although this fact is not substantiated by detailed statistics. Furthermore, it considers the decline of attendees as a result of 9/11. The results of the study challenged the size of the economic benefit to the convention center industry.

There hasn't been any recent general economic impact analysis of the convention center industry since the

Brookings Institute study. There are, however, a variety of site specific reports available from municipalities that demonstrate the positive impact on their respective economies.

Just as complex as the economics behind convention centers, are the various markets for convention business. The best information that outlines how markets can be categorized and divided is found in the Price water-houseCoopers (PwC) “Convention Center Report 2010”. In this report, two factors are established for evaluating whether convention business will be attracted and accommodated by a city and facility. Those factors are the size of the convention center and the destination (including the city’s population and number of hotel rooms) and its ease of access (via plane).

The Prime Osborn Convention Center’s small size is a limiting factor due to its physical constraints — an extremely large attendance event cannot be accommodated in our center. The division of sizes as outlined in the PwC report is:

- less than 100,000 square feet (SF) of exhibit space (36 percent of the Convention Centers have less than 100,000 SF);
- between 100,000 and 500,000 square feet of exhibit space (46 percent of the Convention Centers have between 100,000 SF and 500,000 SF of exhibition space); and
- more than 500,000 square feet of exhibit space (only 18 percent of Convention Centers in the US have over 500,000 SF).

With this in mind, Jacksonville would be grouped in the smallest 36 percent of convention centers. The size of the convention center, coupled with the number of hotel rooms that are available and the ease of access to the city, combine to establish “Destination Size” categories. These are divided into three categories (according to the PwC report).

- Gateway centers are located in a metropolitan area with at least 30,000 hotel rooms and contain at least 100,000 square feet of exhibit space; 31 percent of the convention centers are Gateway centers.
- National centers are located in a metropolitan area with between 15,000 and 30,000 hotel rooms and greater than 100,000 square feet of exhibit space, or are located in metropolitan areas with at least 30,000 rooms and contain less than 100,000 square feet of exhibit space; 16 percent of the convention centers are National centers.
- Regional centers are located in a metropolitan area with less than 15,000 hotel rooms, or are secondary/tertiary convention facilities in markets with more than 30,000 hotel rooms; 53 percent of the convention centers are Regional centers.

Currently, Jacksonville has more than 21,000 hotel rooms and less than 100,000 SF of exhibit space, which categorizes it as a Regional center. However, if Jacksonville increased its exhibition space to 100,000 square feet, it would be categorized as a National center and would be in a more elite (16 percent) category of destination cities. This in turn would allow Jacksonville to compete more favorably.

In order to determine the market and the size center that the city should pursue, an analysis of the existing convention center business should be conducted. The results will have to be weighed against the overall expected economic impact and the likelihood of winning the business from competing facilities. Once a determination has been made, it will require an extensive marketing campaign in order to attract the existing convention center business.

## HISTORY

The Prime F. Osborn III Convention Center opened in downtown in 1986 with more than 265,000 square feet of space including 78,500 square feet of exhibition hall. The facility was formerly Union Station, the central train terminal for the region. Built in 1919, it served as the primary passenger rail portal for people traveling to Florida. In 1974, it was abandoned in favor of an Amtrak Station several miles to the north. Under the leadership of Mayor Godbold, it was redeveloped as part of a new convention center through a private/public partnership with Prime F. Osborn III, local philanthropist and the first CEO of CSX.

It is widely accepted that the during the past 20 years, the existing Prime Osborn Convention Center has become too small for the vast majority of convention business; and if the city is to compete, it must provide

more exhibition space and meeting rooms. This discussion began to elevate when several traditional conventions announced that they would no longer be coming to Jacksonville (including the Fire and Rescue East Convention and the Annual State Cheer and Dance Championships). Each convention identified space restrictions as the primary reason to relocate to nearby cities such as Daytona Beach.

The impact of these departures on the convention center and downtown was significant, with the loss of an estimated 3,495 room nights and an economic impact of more than \$2 million from the Fire and Rescue East convention alone.

According to a March 12, 2011 article in the Florida Times-Union, "Visit Jacksonville indicated Jacksonville has lost more than \$380 million in outside visitor revenue since 2006 because the convention center can't compete against cities even smaller than ours. The undersized Prime Osborn Convention Center can only go after about 13 percent of the potential convention business in the United States. It's also isolated from downtown entertainment and lacks adjacent convention hotel space."

## ACTIONS TAKEN AND THEIR STATUS

Considering these reports and assuming that the city wants to participate in the convention center business discussion, there are two alternatives to resolve the current situation. The first alternative is to expand the existing facility. The second is to build a new facility.

Adding onto the existing facility is the simplest solution to the challenge of how to add more space. The existing building infrastructure is in fairly good shape. In its current condition, the area provides for adequate parking and there is a form of mass transit (Automated Skyway Express Station) directly in front of the facility. However, there are some inherent serious flaws with the existing site.

The majority of successful convention centers in the nation have a link to a hotel that is, typically, directly connected to and anchors the facility. This lack has put the Prime Osborn at a disadvantage when competing for convention business. The absence of such a hotel will reduce the potential for future convention business even if there is an increase in the square footage of exhibit space. Furthermore, the current facility is isolated from any restaurants, entertainment or amenities. These components keep conventioners entertained and fuel the industry's economic engine. Without these components, it becomes more difficult to attract conventions and even more difficult to get them back.

The alternative to adding onto the existing facility is to construct a new one. The construction of a new convention center is costly and will require a site that provides ease of access to the amenities, restaurants and entertainment options demanded by conventions. The site will also have to accommodate an attached hotel.

The overwhelmingly popular option for this is adjacent to the Hyatt Regency hotel where the old city hall and existing county courthouse sites are located. The old city hall currently houses court-related facilities such as the State Attorney's Office. This site is already "optioned" to the Hyatt for purchase as part of the original development of the hotel. With over 110,000 square feet of meeting space already existing in the Hyatt, the construction of a new facility could be scaled back to primarily exhibit space with some meeting space. This provides an opportunity for a public/private partnership between the Hyatt and the city.

By the middle of 2012, the State Attorney's Offices and all court related functions are expected to be transferred from the existing courthouse to the new courthouse complex at the western edge of downtown in the LaVilla neighborhood, leaving vacant city-owned buildings adjacent to the river, the Hyatt and the only strip of entertainment venues in downtown. If the relocation of the Convention Center is considered for this area, it should be done with the opportunity to mix restaurants, retail and entertainment at the ground floor along Bay Street. This would help bolster the existing businesses and provide for a mix of uses with a permanent everyday presence to downtown residents, visitors and workers.

## NEXT STEPS

First and foremost, the city must determine whether an investment should be made in order to compete in the convention business. This should be determined by the results of an analysis of the economic impact of realistically expected conventions. This will be determined in part by the size of the exhibition space constructed, the success of our airport to attract more direct flights and the amenities we provide with the

facility. If the next administration wishes to pursue the construction of a new convention center space as a priority, the Jacksonville Economic Development Commission (JEDC) should become the agency charged with establishing the path for implementation.

The administration will need to rely on a market analysis, a site location study and the various existing position papers written by the Jacksonville Community Council, Inc. and Jacksonville Civic Council to determine how and where to expand. Most importantly, the next administration will have to develop a funding plan for the project.

The overwhelming opinion is that the city should take advantage of existing assets such as the Hyatt Hotel, the St. Johns River and the entertainment along Bay Street by building a new facility in this location. This decision process should be expedited and will have an impact beyond convention business. With the buildings in the area scheduled to be vacated by 2012, the lack of activity in that area is likely to give citizens and visitors a negative image of the city's core.

The impact of a new convention center on downtown has the potential to be dramatic. However, it should not be considered a "magic potion" for what ails downtown. Development of all types will be needed to create an atmosphere that will breathe new life into the region's heart. A convention center is one major just a component of an overall investment for the city and its stakeholders.

If the next mayor is committed to a new convention center a time schedule needs to be developed which results in a relatively seamless transition from abandoned city buildings to a new convention center. A schedule should assume construction commencing in 2013, with decisions and design beginning in the second quarter of 2012. That is a very aggressive, but manageable, timetable for such a major undertaking.



**CHAPTER SIXTEEN**

**FAIRGROUNDS RELOCATION**

# FAIRGROUNDS RELOCATION

## INTRODUCTION

During the past four years, there has been a continuous conversation regarding the most appropriate location for the Greater Jacksonville Agricultural Fairgrounds. Currently, the fairgrounds are located on 17 acres of land in the Sports Complex area. The land owned by the fairgrounds is bound on the north by the approach ramp to the Mathews Bridge and to the west, south and east by land owned by the City of Jacksonville. Not only has the discussion considered alternative locations for the Agricultural Fairgrounds; it has also included the challenges associated with the carnival portion of the fair.

## IMPORTANCE

As the Agricultural Fairgrounds industry has grown and adapted to its customers' needs, fairgrounds throughout the nation have become more than a carnival and agricultural event for the region. Fairgrounds have evolved into places that accommodate large crowds for trade shows, entertainment acts, community sales and many other events. As these events have grown, so has the need for more land, facilities and parking.

The Greater Jacksonville Fair has tried to grow as their industry has transformed. However, the fair has become more famous for its semi-annual carnival than its agricultural base. In an attempt to help the fair begin to return to its original heritage and more appropriately locate to an area that could accommodate all of the aspects of modern fair type operations, the administration began to discuss the fairgrounds board's willingness to relocate from its current location. It is a commonly held understanding that such a relocation would not only benefit the fair; but it would also provide additional land for the Jacksonville Jaguars to expand their practice facilities and relieve any discussion of a potential conflict with other sporting events such as the Florida-Georgia football game.

## HISTORY

The Greater Jacksonville Fair is currently in a 25 year lease with the city which expires in 2025 to operate the fair on the adjacent parking area serving Everbank Field. This extends beyond their owned land. In the lease with the fair, it expressly states that the fair must not schedule its fair operation during the time when the Florida-Georgia football game is to be played. This is often considered justification for relocating the fairgrounds.

## ACTIONS TAKEN

In 2008, the administration and the Greater Jacksonville Fair began to discuss a relocation of the fairgrounds to the Cecil Equestrian Center. This stemmed from the conceptual privatization of the Equestrian Center and parking/traffic issues experienced when both the fair and 2008 Florida-Georgia football game occurred simultaneously (a perceived unavoidable conflict that was later dispelled).

Over the course of a year, a concept plan was developed depicting a midway, parking, structures, roadways and a link to the Equestrian Center. The ball fields and aquatics facility would remain intact under the plan.

The Fairgrounds Board became interested in the prospect of growing their operations and having adequate land to accommodate future events; however, it remained skeptical of assuming the responsibility for the Equestrian Center. As the plan progressed, the board reluctantly accepted the notion of including the Equestrian Center as part of their overall operations, but demanded funding as if the city were still managing the facility.

Other potential challenges were discussed in planning for a possible relocation to the Equestrian Center area. When the Navy deeded the city the former Cecil Field Naval Air Station property, a large section north of Normandy Boulevard (the proposed relocation site) was identified as "recreation land." This designation was recorded on the deed with oversight by the U.S. Department of Interior. The language in the deed does not permit the city to transfer or lease the property to the fair. As such, any negotiated transfer of the property to the fair would require Department of Interior approval.

## STATUS OF ACTIONS TAKEN

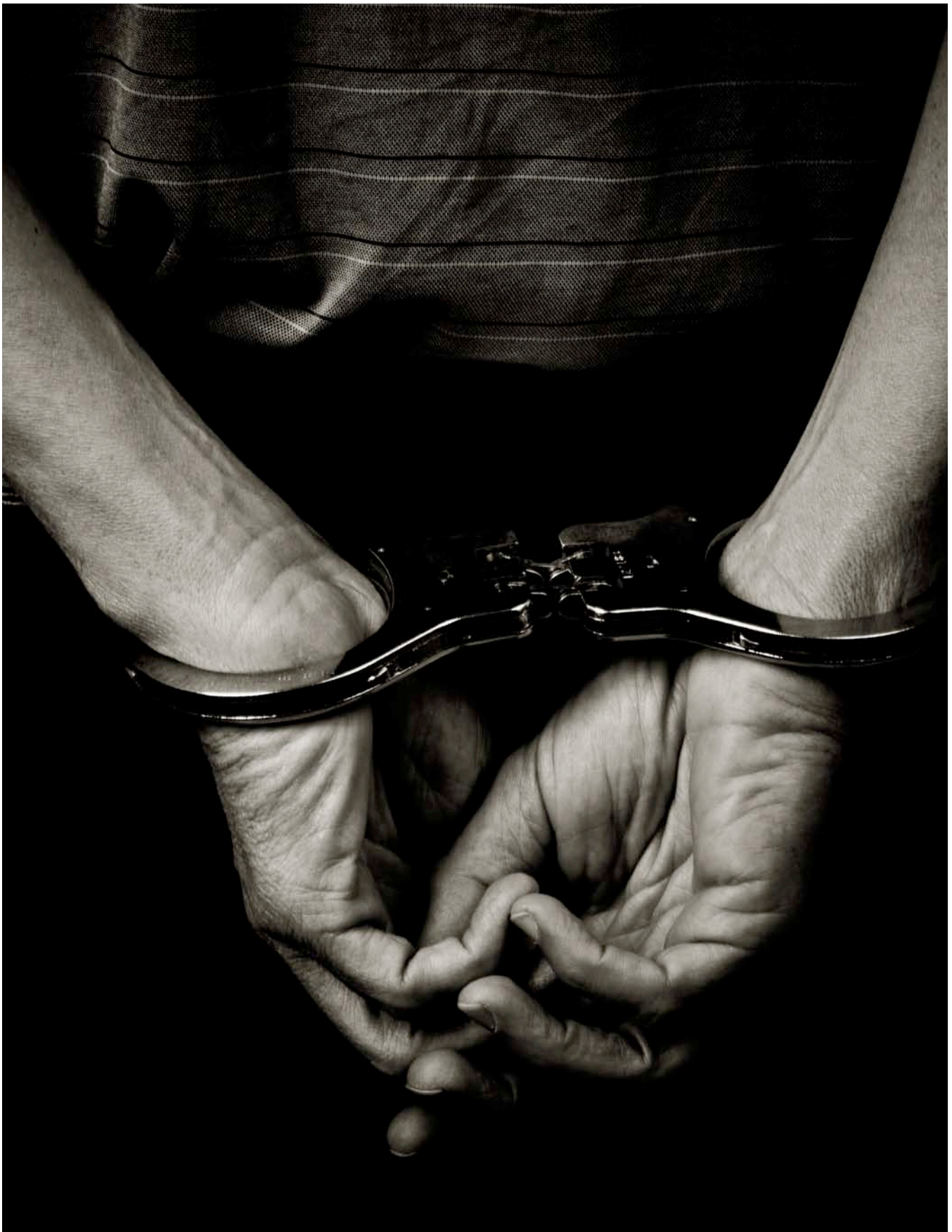
The city and the Fair Board have continued discussions and planning efforts over recent months, and in March 2011 a business proposal was presented to the city by the fair. The terms of the proposal are outlined below:

- Exchange 17 acres of fair-owned property in the Sports Complex for 200 acres of city-owned property north and east of the Equestrian Center
- City to assume mortgage obligation on existing fair property, note due 2013 with principal balances to be paid of \$760,000
- Pay moving costs for the fair of up to \$300,000
- Allow for free access/use of Equestrian Center
- Allow option for the fair to operate the Equestrian Center
- Construct new replacement fair facilities to include:
  - Parking lots and midway
  - Utilities, fencing/security perimeter and lighting
  - Administration buildings
  - Restroom facilities
  - Exhibit hall building
- Grounds and facility obligations for city estimated at \$25 million
- City to underwrite any fair transition operating losses for the first 10 years of approximately \$5.5 million.

The total cost of the fairgrounds relocation is approximately \$31 million. Negotiations continue between the current administration and the Greater Jacksonville Agricultural Fairgrounds Board.

## NEXT STEPS

The next administration will need to evaluate the status of the ongoing negotiations and determine whether to accept the Fair Board's proposal or whether to continue negotiations.





# CRIME

## INTRODUCTION

This chapter will discuss crime and law enforcement in the cities of Jacksonville, Atlantic Beach, Jacksonville Beach, Neptune Beach and the Town of Baldwin. These areas comprise the Consolidated City of Jacksonville (Duval County).

With a vote by the citizens of Jacksonville in 1967, the City of Jacksonville and Duval County became one entity in 1968. The vote also provided that the cities of Jacksonville Beach, Atlantic Beach and Neptune Beach and the Town of Baldwin would retain their municipal powers including law enforcement. The consolidated government charter provided that all law enforcement activities in the county, but outside the above mentioned four communities, would be provided by the Jacksonville Sheriff's Office. However, in 2006, the sheriff assumed all law enforcement duties in the Town of Baldwin at the town's request.

## IMPORTANCE

Personal security is one of the most fundamental needs of Jacksonville citizens. The Jacksonville Sheriff's Office, charged with law enforcement responsibility, operates with a current fiscal year budget of more than \$350 million. This represents the largest organizational budget, comprising 35 percent of the General Fund.

## HISTORY

Primary law enforcement efforts have consisted of traditional strategies by the sheriff's office ranging from patrol and crime investigation to prevention programs such as the Police Athletic League (PAL) program, which matches police officers with young people to provide sports activities in a healthy and safe environment.

## ACTIONS TAKEN

It was Mayor Peyton's vision that crime was more than just the sheriff's problem; it was a community problem. In support of that belief, community crime prevention programs were started.

An example of expanding crime deterrent efforts was the *Growing Great Neighborhoods: Seeds of Change* initiative that started in May 2006. *Seeds of Change* was a pilot partnership that focused on three primary foundations—beautification and infrastructure, public safety and increased homeowner investment primarily in two pilot neighborhoods—Historic Arlington and Northwest Jacksonville, specifically the 29th Street and Chase Avenue and Moncrief Road and 45th Street areas. The program was discontinued during FY 2007-08 budget deliberations.

In another joint government and community effort in July 2006, the city announced a plan for enhanced police presence in high crime neighborhoods.

Most significant of these efforts is *The Jacksonville Journey*. Joined by other community leaders, Mayor Peyton announced this comprehensive communitywide anti-crime initiative in December 2007. The initiative combined many segments of the community to address crime problems in Jacksonville. This program included phasing in additional police officers coinciding with a variety of prevention and intervention initiatives. (See chapter 18 on *The Jacksonville Journey* for more background.)

In addition, the mayor, sheriff and City Council also authorized a consultant study of the sheriff's office in 2007 to review the effectiveness and efficiency of the largest department in the city.

## Charts

The following charts track local crime statistics over the past 10 years and also show comparisons with other large counties in the state. The charts depict the improvement that has taken place.

**CRIME STATISTICS – INCLUDING ALL CRIMES (OFFENSE DATA)**  
 Florida Department of Law Enforcement-State and Selected Counties  
 (Includes all cities within the county)

<b>Year</b>	<b>Agency</b>	<b>Crime Rate per 100,000</b>
2000	State of Florida	5,604.3
2000	Duval County	6,947.7
2000	Broward County	4,759.2
2000	Dade County	8,233.9
2000	Hillsborough County	7,152.3
2000	Orange County	7,143.1
2000	Palm Beach County	6,361.7
2000	Pinellas County	5,356.5

<b>Year</b>	<b>Agency</b>	<b>Crime Rate per 100,000</b>	<b>Percent of Change 2000 to 2010</b>
2010	State of Florida	4,104.7	-26.8%
2010	Duval County	5,106.0	-26.5%
2010	Broward County	4,393.0	-7.7%
2010	Dade County	5,506.1	-33.1%
2010	Hillsborough County	3,536.9	-50.5%
2010	Orange County	5,161.5	-27.7%
2010	Palm Beach County	4,132.7	-35.0%
2010	Pinellas County	4,692.5	-12.4%

**CRIME RATE – JACKSONVILLE SHERIFF'S OFFICE (OFFENSE DATA)**  
 Does not include Beaches police departments

<b>Year</b>	<b>Crime Rate per 100,000</b>	<b>Percent of Change</b>
2000	6,942.7	
2001	6,828.7	-1.6%
2002	6,662.2	-2.4%
2003	6,457.2	-3.1%
2004	6,252.8	-3.2%
2005	6,136.9	-1.9%
2006	5,961.5	-2.9%
2007	6,271.5	+5.2%
2008	6,298.3	+0.4%
2009	5,667.7	-10.0%
2010	5,003.6	-11.7%

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**MURDER – JACKSONVILLE SHERIFF'S OFFICE**

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<b>Year</b>	<b>Number Incidents</b>	<b>Percent of Change</b>
2000	79	
2001	75	-5.1%
2002	90	+20.0%
2003	92	+2.2%
2004	104	+13.0%
2005	91	-12.5%
2006	110	+20.9%
2007	123	+11.8%
2008	115	-6.5%
2009	99	-13.9%
2010	80	-19.2%

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**VIOLENT CRIME – JACKSONVILLE SHERIFF'S OFFICE**

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<b>Year</b>	<b>Number Incidents</b>	<b>Percent of Change</b>
2000	8,206	
2001	7,388	-10.0%
2002	7,043	-4.7%
2003	6,929	-1.6%
2004	6,533	-5.7%
2005	6,600	+1.0%
2006	6,663	+1.0%
2007	8,146	+22.3%
2008	8,032	-1.4%
2009	6,772	-15.7%
2010	5,469	-19.2%

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### **STATUS OF ACTIONS TAKEN**

The mayor, City Council and sheriff began a five-year phase in of additional law enforcement personnel in FY 2008. Due to budget constraints this phase in was not fully completed. However, the additional law enforcement personnel that were employed, along with the efforts of *The Jacksonville Journey*, have resulted in a marked reduction in crime in Jacksonville during the past two years including the recent announcement that Jacksonville no longer had the distinction of having the highest murder rate in Florida.

### **NEXT STEPS**

The greatest challenge facing the city in the area of crime is the question of how to continue to adequately fund both law enforcement activities and *The Jacksonville Journey* in light of the city's current financial challenges. *The Jacksonville Journey*, coupled with the sheriff's enhanced community-based law enforcement activities, merit a top priority in future city budgets.



**CHAPTER EIGHTEEN**

**THE JACKSONVILLE JOURNEY**

# THE JACKSONVILLE JOURNEY

## INTRODUCTION

*The Jacksonville Journey* is a holistic approach to fighting an escalating crime problem that has plagued Jacksonville for the last decade.

## IMPORTANCE

In order to reduce our crime problem we need enhanced policing, aggressive prosecution of criminals and targeted prevention, intervention and rehabilitation efforts. The importance of this work is demonstrated by the drop in the number of murders and reduced overall crime rates over the last three years. Continued funding is critical to continued success.

## HISTORY

In December 2007, Mayor John Peyton launched *The Jacksonville Journey: Take a Step*, a comprehensive community-wide initiative aimed at stemming and reversing the tide of crime in Jacksonville. The action was spurred by two-plus years of escalating crime, especially violent crime and murder, which included the shooting deaths of a number of young people and children, and led to Jacksonville being dubbed “The Murder Capital of Florida.”

## ACTIONS TAKEN

This record-breaking criminal activity was occurring at a time when the city’s truancy and dropout rates were among the highest in Florida, juvenile crime was on the rise, thousands of ex-offenders were being released back into the community with little or no assistance in reintegrating, and per capita law enforcement spending in Jacksonville was among the lowest in the state. Jacksonville had experienced the highest number of homicides in the state for the previous eight years and 15 out of the previous 19 years.

From January-June 2008, under the aegis of the *Journey*, a diverse group of 140 community leaders, concerned citizens, law enforcement and subject matter experts worked to create a roadmap away from violence and toward peace and prosperity. The mayor charged participants to put together a plan of action that would address not just law enforcement, but also the root causes of crime through prevention, rehabilitation and targeted intervention.

Led by a Steering Committee, the group was divided into five subject matter subcommittees:

- Education, Truancy, Dropout and Literacy
- Intervention and Rehabilitation
- Law Enforcement and Deterrence
- Neighborhood Safety and Stability
- Positive Youth Development

Additionally, there were subcommittees on funding and public relations.

The five key subcommittees held dozens of hearings and workgroup meetings to seek recommendations from subject matter experts, service providers and concerned citizens, and to study and discuss those recommendations. They also consulted reports and resources such as the Jacksonville Community Council, Inc. “Reducing Murder” study.

As the process drew to a conclusion, community meetings were held in all four quadrants of the city to present the draft recommendations and provide an additional opportunity for citizen feedback and participation. The five subcommittees then reviewed their recommendations and presented a final action plan to the Mayor.

The final recommendations were further condensed and refined by the administration and the Jacksonville City Council during the city’s FY 2008-09 budget process. Due to budget constraints imposed by the actions of the state legislature, not all of the recommendations could be implemented. However, the parties eventually agreed to concentrate on a streamlined set of law enforcement, intervention, rehabilitation and prevention goals.

On Sept. 23, 2008, a total of \$30,998,395 was approved by the City Council for *Journey* related public safety investments as part of the City of Jacksonville's FY 2008-09 budget. The funds were primarily targeted at increasing police presence and eliminating crime, assisting ex-offenders in their efforts to build job skills and become responsible community members, and keeping children safe and productive, particularly after school and in the summer.

As a part of Ordinance 2008-555-E, the *Jacksonville Journey Oversight Committee (JJOC)* was created. The JJOC purpose is to oversee and evaluate the effectiveness of program expenditures. The committee is composed of nine members appointed jointly by the mayor and the Council president and confirmed by the Council. According to the legislation, the Mayor's Office provides administrative support to the committee. Additionally, a monthly report is submitted to the Finance Committee and the Council Auditor.

The mission of the JJOC in concert with the city's grant making agencies, was to establish the short, intermediate, and long term, measurement and reporting systems for *Jacksonville Journey* funds; issue an annual community-wide report card on the progress of funded programs; make annual recommendations on programs to be funded based on prior year's performance; continue the data gathering and public policy innovation; and advocate for the investment of new public and private dollars as well as state and federal policy initiatives to ensure a safer city.

The JJOC was confirmed by the City Council Dec. 9, 2008 with monthly oversight with the committee meeting on a monthly basis. All meetings are held in the eighth floor conference room in the Ed Ball building. Meetings are recorded, and are available live via audio link on the city's website. Within one week of all meetings, agendas, minutes and all data reports are posted on the city's website. The current chairman of the JJOC is Curtis Hart.

### **Program Execution in Year One**

All programs were directly provided by a city department, legislatively awarded or awarded through a request for proposal (RFP) process that allowed for competition. Programs had nine months in the fiscal year since programs became operational on Jan. 1. Total funding for Year One was \$30,998,395.

#### **The programs that the city provided directly were:**

- Municipal Code Compliance: \$363,000
- After-School Recreation Leagues program: \$612,680
- Summer Jobs Program: \$250,000

#### **The programs that were legislatively awarded were:**

- Local Initiatives Support Corporation (LISC): \$500,000
- Jacksonville Commitment Scholarship program: \$1,000,000
- Family Foundations (1000 in 1000 initiative): \$100,000
- Juvenile Assessment Center (interagency-JSO): \$328,236
- Jacksonville Re-Entry Center(JREC), an ex-offender program (interagency-JSO): \$600,000

#### **Competitive Solicitation-Request for Proposal (RFP)**

- Early Literacy Program: \$1,500,000
- Juvenile Crime Prevention and Intervention: \$241,200
- Summer Camp Program: \$1,156,600
- Alternative to Out of School Suspension Centers program: \$1,495,549
- TEAM UP after-school program (15 locations): \$2,137,500
- Ex-offender employment: \$365,250
- Ex-offender training: \$553,500
- Jacksonville Sheriff's Office: \$10,803,980

### **Capital Funding (funded in the initial year only)**

- Neighborhood Job Opportunities/Town Centers: \$1,656,767
- Repair Neglected City Assets/Community Centers: \$6,643,233
- Community Centers Management Services: \$700,000

The first contract awarded was to LISC on Nov. 18, 2008.

The Juvenile Assessment Center (JAC) contract was for security guards to free up Jacksonville Sheriff's Office (JSO) officers to return to duty. This coincided with the re-opening of the JAC, which had been closed for a couple of years.

All TEAM UP contracts were awarded Jan. 1, 2009 with programs opening by late January.

The Juvenile Crime Prevention/Intervention program was awarded to the Youth Crisis Center and the early literacy grant to the Early Learning Coalition on Jan. 6, 2009. The Family Foundations award occurred Jan. 26, 2009.

In the first two weeks of February, the ex-offender contracts were awarded to Operation New Hope, Clara White Mission, Jacksonville Legal Aid and WorkSource.

The Alternative to Out of School Suspension Center (ATOSS) contract was awarded to the Duval County School Board March 10, 2009.

Summer Camp contracts were awarded to various non-profits by May 28, 2009.

The JJOC immediately began to review the metrics of all funded programs and committee members became subject matter experts in various programs recognizing that with the volume of funded programs, this was a better approach to fully understand and report successes/opportunities.

In spring 2009 the JJOC recommended second year, 12-month funding for all programs. In the first few months, it was quickly noticed that there were concerns related to the sparse daily attendance yet high suspension rate of the ATOSS Centers. Also of concern was the cost of police provided security for *Journey After-School Recreation Leagues*.

### **ACTIONS TAKEN IN YEAR TWO AND THREE:**

The JJOC continued its diligent review of all programs. Members visited programs, reviewed monthly reports and receive presentations from program staff.

The After-School Recreation Leagues continued to monitor closely particularly, as it was determined that a large portion of the funding was going to security provided by JSO. The daily numbers were also not warranting the response.

In June 2010 the Recreation and Community Services Department presented a new Gang Intervention Program that they wanted to implement with an outside provider. The program is modeled from the very successful Chicago Ceasefire program. The JJOC agreed and in February 2011, Gateway Community Services was awarded the contract to operate the program at the Emmett Reed Community Center. The After School Recreation League program ended with the start of this program.

The ATOSS Centers also continued to have attendance-based issues. After a detailed review of the budget, and following the one-time capital expenditures, the budget was able to be reduced by \$1,000,000. In addition, DCPS was placed on a pay-for-performance contract whereby they must meet at least 95 percent of projected daily numbers or not receive the full contract.

The school district began to provide transportation and placed a stronger emphasis on management. In turn, by January 2011, attendance was no longer a problem. In fact, thanks to the *Journey*-funded ATOSS Centers, the school system realized a 55 percent reduction in the number of secondary school suspensions. Of that 55 percent, 40 percent of the reduction is directly attributable to the ATOSS Centers program. This is a signifi-

cant, systemic change that keeps students in school and off the street. Long term, this change is expected to reduce crime throughout the city and lower the dropout rate of at-risk students.

In Year Two and beyond the funding for the additional police officers (40), corrections officers (40) and emergency corrections officers (19) are in the Sheriff's Office budget and no longer separately reported in *Journey*.

## STATUS OF ACTIONS TAKEN

### **Continuous Review of Programs**

As the JJOC moved forward, they continued to review the programs and ask the hard questions. The members are not afraid to overhaul contract management or reduce funding or even eliminate a program if it is not working. For instance, in the current program year, all 15 TEAM UP programs have also been placed on a pay-for-performance program. A program must now have a 97 percent attendance rate to receive their full contract.

### **Increased Collaborative Partnerships**

Born out of the *Journey* are other important, if unquantifiable, outcomes such as the creation of new or more collaborative relationships among service providers and stakeholders in the community. This is most apparent in the ex-offender area.

Prior to *Journey*, the providers did not collaborate, meet or even discuss how to better serve the ex-offender population as these individuals return to Jacksonville. The five ex-offender provider agencies now meet bi-monthly with city staff coordinating the meeting.

The Jacksonville Re-Entry Center (JREC) is now the coordinated location for those returning from the Baker Correctional facility. Those individuals who have committed a crime in Jacksonville and plan to return upon release are guaranteed to spend the last six months of their sentence in Baker. This allows the *Journey* partners to begin working on a case plan prior to their release.

Upon release, ex-offenders are no longer placed on a bus to return home after serving their time. The Baker facility transports them to the JREC. There, ex-offenders have access to onsite felony registration (required within 24 hours or a violation of parole), and case management staff, clothing and family members (if they can be there) to help the individuals begin their rehabilitation. In many instances, Jacksonville Area Legal Aid has already begun to address the legal issues that can be barriers to employment.

As a result of its focus on a successful re-entry for the ex-offender population, Jacksonville is viewed as a leader statewide in this effort.

### **More Thorough Program Evaluation**

Evaluation is a major component of *Journey* funding. The city has been fortunate to have a graduate class in the criminology department at the University of North Florida (UNF) review programs in the fall of 2009 and 2010. Additionally, the Early Literacy program has and continues to be evaluated by the Florida Institute of Education at UNF and the children have made significant and meaningful gains in early reading achievement and school readiness.

Attached to this report is the current funding for fiscal year 2010-2011 programs. At the April JJOC meeting, the committee made its recommendations for fiscal year 2011-2012. There will be no federal money in the next fiscal year. The amount requested for 2011-2012 matches the general fund allocation in the current fiscal year.

- Two programs, the Jacksonville Commitment and Family Foundations 1000 in 1000 are recommended to not receive funding.
- The Code Compliance program is recommended for a 15 percent reduction, consistent with all city departments.
- Of the five ex-offender programs, three were recommended to receive reduced funding in the next fiscal year. This was due to the programs not expending their funding in prior fiscal years or programs not meeting goals.

## NEXT STEPS

Continued economic challenges may tempt us to stray from this commitment; however, it is because of these very challenges that we must stay the course. Not only is the safety of our citizens at stake, but so is Jacksonville's overall economic growth and prosperity. There is no greater deterrent for economic and tax



base expansion than families and businesses moving to cities they deem safer than Jacksonville.

*The Jacksonville Journey* and the JJOC have become a model for other boards and commissions. This model could be replicated in other areas of the city.

From day one the JJOC asked the tough questions of city departments, the Duval County School Board, and they have reduced the funding to both entities when necessary. Any program not performing has been asked to come before the committee to explain. Equally, when a program needs assistance from the JJOC they are ready to do that.

The *Journey* is the only funded program that has cross city department oversight with programs at the Jacksonville Children’s Commission, Recreation and Community Services Department, Housing and Neighborhoods Department, Municipal Code Compliance Division and Human Resources Division. As a body, they have been transparent since the inception allowing the public to have access to all aspects of the program. Nothing has ever been considered “untouchable” and with the shift to pay-for-performance they are being good stewards of the city’s scarce resources. The JJOC has always been tough on outcomes and recognizes that you must continue to examine and evaluate—even when a program has been successful.

When we began this journey in 2007, we had an escalating murder rate and violent crime continued to increase. The violent crime rate decreased by 19.2 percent from 2009-2010 and by 15.7 percent from 2008 to 2009. There were 80 murders in 2010 down 19.2 percent from 2009 and the 99 murders in 2009 were down 13.9 percent from 2008. This is the lowest total in over a decade; however, we must stay the course. As Sheriff Rutherford so aptly states, “The murder rate is down but even one murder is one too many”.

The most recent numbers to be released from the Florida Department of Law Enforcement states for the first time in 11 years, Jacksonville is no longer the murder capital of Florida. Overall crime is down 12.2 percent with the state average 6.7 percent.

In order to effectively fight a crime problem there must a balance of prevention, intervention and law enforcement. *The Jacksonville Journey* is the beginning of a long process that can help to curb our crime problem. We must educate our young and give them hope and opportunity, so that they can see a brighter future is ahead. We must intervene with those on the edge of leading a very destructive life and for those who have offended we must give them a second chance. *The Jacksonville Journey* does all of this. As our JJOC members say, “Pay now or pay later.” The wise investment is to pay now.

The challenge facing the city is how to continue funding for important *Journey* programs in light of severe financial problems facing the city. Funding decisions should be made by the next administration in concert with the recommendations of *The Jacksonville Journey Oversight Committee*.

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**JACKSONVILLE JOURNEY CURRENT FUNDING**

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<b>Focusing on Felon Re-Entry</b>	<b>Actual FY 10 - 11</b>
Ex-Offender Employment Program	\$475,000
Operation New Hope	349,609
Jacksonville Area Legal Aid	125,391
Jacksonville Re-Entry Center (JREC)	800,000
Ex-Offender Training/Re-Entry--\$738,000	
WorkSource	528,000
Clara White Mission	210,000
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<b>Increasing Police Presence and Eliminating Crime</b>	
Municipal Code Compliance Division	484,000
Local Initiatives Support Corporation (LISC)	500,000
Family Foundations (1000 in 1000)	100,000
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<b>Keeping Kids Safe and Productive</b>	
Early Literacy	2,000,000

Summer Camps	1,081,400
Summer Jobs Program	209,220
Jax Commitment Scholarship Program	800,000
ISL/Gang Intervention	250,000
Juvenile Assessment Center	392,992
Juvenile Crime Prevention & Intervention	321,600
Alternative to Out of School Suspension Centers (ATOSS)	1,067,423
TEAM UP After-school Program	2,738,044

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<b>TOTAL:</b>	<b>10,744,679</b>
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<b>TEAM UP Programs Individually</b>	<b>Actual FY 10 - 11</b>
Southside Middle	220,000
Annie R. Morgan Elementary	175,000
Alfred I. duPont Middle	198,000
Andrew Robinson Elementary	185,980
Fort Caroline Middle	194,804
Joseph Stilwell Middle	188,507
JEB Stuart Middle	188,055
Lake Forest Elementary	169,831
Mayport Middle	176,395
Lake Shore Middle	179,325
Martin Luther King Elementary	167,154
R. L. Brown Elementary	136,488
Biltmore Elementary	152,903
Rufus Payne Elementary	148,410
G.W. Carver Elementary	140,240



# LAW ENFORCEMENT ORGANIZATION

## INTRODUCTION

The Office of the Sheriff is the largest agency within city government. The mayor is the chief executive officer of the government; however, he has limited power to address the operations or budget of this department.

## THE IMPORTANCE

The growth of the Sheriff's Office budget is unsustainable. While public safety is a high priority, the city's general revenue does not grow nearly as fast as Sheriff's Office expenditures. In FY 2011, the Office of the Sheriff comprises almost 36 percent of the city's total general fund budget, and it continues to rise. Since FY 2003, the sheriff's budget has increased 63 percent, or \$135.2 million from \$215.2 million to \$350.4 million. The mayor is responsible for funding the sheriff's budget; however, the sheriff does not report to the mayor, and thus the mayor has little control over how that office's budget is managed.

From FY 2003 to FY 2011, the staffing in the Sheriff's Office increased while the non-public safety staffing of the remaining consolidated government decreased. Public safety employees increased by 758 positions, 622 in the Sheriff's Office and 136 in the Jacksonville Fire and Rescue Department, while non-public safety employees within the city decreased. The Sheriff's Office had 2,732 employees funded by the general fund in FY 2003, while in FY 2011 there are 3,354.

One effort cited by the sheriff to meet his office's mission is a community relations initiative that educates the public about law enforcement issues and places an emphasis on the community's role and responsibilities in helping to prevent crime. Sheriff's Office employees are among the most visible in Jacksonville's neighborhoods. They have the biggest opportunity for neighborhood outreach and social contact. Because of this role, they could be working hand-in-hand with other city departments under the mayor that have direct contact with citizens, such as the Recreation and Community Services Department.

## HISTORY

Prior to Consolidation, the five municipalities in Duval County had police chiefs and the Duval County government had a sheriff. The Office of the Sheriff was established by Article 8 of the consolidated government charter to bring all City of Jacksonville and Duval County law enforcement under one entity. The three beach communities and Baldwin each retained their separate police departments reporting to the chief executive officer of each respective local government.

The sheriff of the consolidated government is an elected constitutional officer responsible for the management, operation and control of law enforcement and traffic safety in the consolidated government. He also administers the prison farm and jails, and is responsible for the service of civil process.

A review of other large city and county governments revealed that elected sheriffs were typically responsible for jails and civil process and appointed police chiefs were responsible for law enforcement activities. This was found to be the case in Nashville/Davidson County, Tenn.; Charlotte/Mecklenburg County, N. C.; Boston/Suffolk County, Mass. and San Francisco City/County, Calif. The city and county of Denver, Colo. had the same division of duties; however, both the sheriff and police chief were appointed by the mayor.

The consolidated city/county government of Las Vegas/Clark County, Nev. also consolidated its sheriff's office and police department in 1973 into the Las Vegas Metropolitan Police Department (LVMPD) and has an elected sheriff. Unlike our sheriff's office, the LVMPD has a police commission that approves its budget and oversees budgetary expenditures. It also has a method for funding the LVMPD based on designated statistics such as calls for service, population and felony crimes. The percentage contribution of each entity is adjusted annually. Certain services, such as the resident officer program, airport police and detention, are funded 100 percent by the county. The Nevada Tax Commission has been designated as the arbiter of any disputes which might arise between the City and County Commissions relative to the funding formula.

## ACTIONS TAKEN

### **Matrix Study**

In the spring of 2007, Matrix Consulting Group was retained by the city and the sheriff to conduct an operations audit of the Jacksonville Sheriff's Office. The study assessed the efficiency and effectiveness of the Sheriff's Office operations and identified strengths and improvement opportunities relating to service delivery, organization, staffing and management. The final report was released in November 2007 and cited many positive attributes, as well as opportunities for improvement. Both are too numerous to mention in this chapter, but the report is available in its entirety on the sheriff's website.

The report detailed specific recommendations regarding staffing levels that would have a net cost of \$1.2 million. Matrix Consulting Group recommended a net increase of 15 police officers, 85 correction officers and 144 civilians, for a total of 244 positions.

It should be noted that some of the recommendations involved replacing sworn officers in jobs such as crime scene investigators and certain corrections positions with civilians. The sheriff ultimately proposed the need for 225 police officers, 124 correction officers and 84 civilians, for a total of 433 positions. The mayor eventually agreed to fund the sheriff's phased-in staffing plan over five years from FY 2008 through FY 2012; however, due to budgetary constraints, the hiring of the positions scheduled for FY 2011 was delayed.

### ***The Jacksonville Journey***

Prior to the FY 2009 budget year, the mayor convened a group of community leaders to address crime in our city. The mayor's anti-crime initiative became known as *The Jacksonville Journey* and received its initial funding in the FY 2009 budget. Included in that budget was \$10.8 million for the Sheriff's Office to add new police officers, corrections officers, emergency communications officers and civilians necessary to support police work. In addition, the budget included funds for overtime to deploy existing officers until the first 40 new police officers hit the streets.

In FY 2010, an Ex-Offender Re-entry center was funded by a grant, but in FY 2011, that program and its nine positions are funded by the city's general fund. This program is operated by the Sheriff's Office.

Like the Ex-Offender Re-entry center, the Juvenile Assessment Center was previously funded by a grant but is now funded by the city's general fund and operated by the Sheriff's Office.

*The Journey* also funds a variety of prevention, intervention and rehabilitation projects which are not operated by the Sheriff's Office.

### **Inmate Medical Services**

Prior to FY 2010, inmate medical services were contractually provided by the health department. In the FY 2010 budget, the Duval County Health Department did not renew its contract so the sheriff proposed, and the City Council approved, the addition of 97 new health-related positions and 30,576 part-time hours. The cost of providing the service in-house was estimated to save approximately \$500,000.

### **Status of Actions Taken**

Of the 433 positions requested by the sheriff to be hired over a five-year period beginning in FY 2008, a total of 315 have been hired. They include 55 positions in FY 2008, 147 in FY 2009, and 113 in FY 2010 (10 more than originally scheduled for FY 2010). This included 130 police officers, 124 corrections officers and 61 civilians. Seventy-six positions were originally scheduled for FY 2011 and 52 in FY 2012 for a total of 128 positions; however, because of the extra 10 hired in FY 2010, the balance of the original 433 positions still to be hired is 118. The funding of these remaining positions will be at the discretion of the future mayor and City Council.

Because it is believed to be a positive force in deterring crime, funding for *The Jacksonville Journey* continues. *The Jacksonville Journey* Oversight Committee continues to monitor performance measures for all *Journey* programs.

## NEXT STEPS

The obligation of the mayor and City Council to fund the Office of the Sheriff with little meaningful control over spending and operations should be addressed. As chief executive officer of the consolidated government, the mayor should have the ability to coordinate joint efforts between multiple departments addressing crime prevention. Although not a popular topic, the idea of having an appointed police chief responsible for law enforcement and an elected sheriff responsible for jails is an organizational structure that is worthy of consideration in the years ahead.

The five-year staffing plan previously agreed to by the sheriff and the mayor should be reviewed and potentially revised based on the current financial problems of the city.

The continued funding of *The Jacksonville Journey* should be addressed annually by the mayor and City Council. It is imperative that good performance data is available to aid that review. Based on performance to date, funding should be continued for that initiative.

As the sheriff continues to provide inmate medical services internally, the cost and efficiency should be monitored for any additional opportunities for cost savings.



**CHAPTER TWENTY**

**JAGUARS**

# JAGUARS

## INTRODUCTION

This chapter will address the relationship between the city and the Jacksonville Jaguars since the award of the franchise in 1993, with particular attention given to the last two years.

## IMPORTANCE

### National Exposure

A survey in 1999 by Jacksonville University found that 79 percent of Jacksonville residents believed the city had a positive national image, as compared to only 40 percent in 1993. One-third of the respondents credited the Jaguars for the dramatic turnaround.

In 2005, Jacksonville was the smallest market to ever host a Super Bowl. This meant worldwide exposure for Jacksonville, and more than 100,000 national and international visitors. Of those visitors, it was estimated that 3,000 were journalists and 400 to 500 were from other countries. It was also estimated that 800 million people throughout the world watched the game. Super Bowl XXXIX brought immeasurable national recognition to Jacksonville that would have never been possible without our NFL franchise team, the Jacksonville Jaguars.

### Economic Impact

A study commissioned by the NFL Players Association, and conducted by Washington-based Edgeworth Economics, indicated that NFL teams have an average annual economic impact of \$160 million on local communities, or \$20 million per game during a season with eight home games.

The Jacksonville Regional Chamber of Commerce and Jacksonville Economic Development Commission work tirelessly to recruit new corporations in an effort to create more high-paying jobs. The NFL salary cap of \$128 million is the equivalent of 2,133 high-paying jobs that are, for the most, part immune to recession influence. If you factor in the administration, marketing, event planning, entertainment, food and beverage, and operations and security personnel who are employed by the Jaguars organization either directly or indirectly, they are by far one of the top employers in the Jacksonville community.

The Jaguars are an immeasurably important tool for the Jacksonville Chamber of Commerce when recruiting new businesses to this city. Having an NFL team adds a level of exposure to the Jacksonville business community.

*“Cities that have lost teams in the past typically spend millions, indeed, hundreds of millions in efforts to woo another team back. It took St. Louis 7 years and \$281 million to attract the Rams. It took Baltimore 12 years and \$200 million to lure the Ravens to town. And, it took Houston 5 years and \$309 million to fill the hole the Oilers had left.”*

- Abel Harding, JaxPoliticsOnline.com

### Philanthropic Contributions

The Jacksonville Jaguars Foundation was established in 1995. The Weaver family and the Jaguars Foundation have given in excess of \$44 million to area non-profits and initiatives throughout the community. In recent years several new initiatives were launched by the Jaguars Foundation including Honor Rows, Fresh Futures and Playbooks. The foundation grants more than \$1 million annually to organizations that assist economically and socially disadvantaged youth and families.

In 1996, the Jaguars' first head coach, Tom Coughlin, established the Tom Coughlin Jay Fund Foundation to help young cancer victims and their families. Coughlin is now coaching the New York Giants, but continues to support this local initiative.

In addition, both active and retired players have launched charitable organizations that contribute to the Jacksonville community including, but not limited to; The Boselli Foundation, The Del Rio Family Foundation, David Garrard Foundation and the Brunell Family Foundation.

### Sense of Community and Civic Pride

In 1993 Touchdown Jacksonville rallied the community in a successful effort to raise funds for a stadium expansion that was required to compete for the NFL franchise. The plan was contingent upon selling 9,000



club seats in advance; that goal was exceeded in just 10 days.

Team Teal, the recent rallying, initiative, re-established the team's connection to the community and revived the community's sense of pride in its hometown team. Team Teal is a collaborative effort between the corporate sector and the general public to safeguard the important role that the Jaguars play in the Jacksonville community.

## HISTORY

On Nov. 30, 1993, Jacksonville was awarded the 30th franchise of the NFL, one of only two new expansion franchises since the 1976 season. Jacksonville was one of the smallest markets ever to be awarded a franchise. The city was competing against Baltimore and St. Louis, both of which had NFL teams in the past, but lost their teams due to stadium issues.

Jacksonville Mayor Ed Austin negotiated a deal with Touchdown Jacksonville for renovations totaling \$121 million. City Council failed to approve the deal and Jacksonville's NFL dream was considered, by most, to be over. However, Touchdown Jacksonville and the city resumed negotiations on the \$121 million renovation plan and agreed on a maximum public funding allocation of \$53 million. The deal was contingent on selling 9,000 club seats in advance. Touchdown Jacksonville recruited help from the corporate community and successfully exceeded that goal within 10 days. This effort solidified the NFL's confidence in Jacksonville as being able to support an NFL team.

Over the years further modifications to the stadium lease were negotiated between the owners of the Jaguars and the city to accommodate necessary updates.

Ticket sales began to decline in 1998. Between 1998 and 2009 total season ticket sales dropped from 51,715 to 27,213, with an average attendance of 40,000 per game. This resulted in seven of eight home games being blacked out for the 2009 season. It also drew attention of the NFL leadership and led to rumors of the team being relocated.

## ACTIONS TAKEN

Recognizing the economic impact of the Jaguars organization as one of its top tier corporate organizations, Mayor Peyton assembled a group of business leaders and revived Touchdown Jacksonville in November 2009.

In January 2010, Team Teal was launched by Touchdown Jacksonville under the leadership of Tony Boselli, the first player to be drafted by the Jaguars. Team Teal was a grassroots, cooperative effort between regional elected officials, the Touchdown Jacksonville Steering Committee, the Mayor's Office, the Jacksonville Regional Chamber of Commerce and the Jaguars. The team worked diligently with local media, the business sector and communities throughout the region to reinvigorate the pride and passion for the Jacksonville Jaguars.

The initiative inspired imagination and cooperative efforts in preparation for the 2010 season. Affordable ticket options and payment plans were introduced, and more than 4,000 Team Teal members were tasked with inspiring everyone they knew to support the Jaguars through ticket purchases. A group of local business leaders launched an incentive coupon booklet with a value in excess of \$2000 to be included with every season ticket sold.

As a result the Jaguars sold the most season tickets for the 2010 season since its inaugural season, and exceeded all other NFL teams in season ticket sales through the Team Teal grassroots effort.

Jacksonville had not had a stadium naming rights agreement since the expiration of the Alltel agreement in 2007. In the spirit of the Touchdown Jacksonville effort, the mayor championed the economic investment of \$4 million, through a Jaguars contractual obligation concession, to secure a naming rights agreement, resulting in final approval of the agreement by the City Council. The mood in 2010 was much more upbeat as can be seen in the following comment.

*"The team begins training camp knowing that its stadium has a new sponsor, more than 90 percent of its season ticket base from 2009 renewed their commitment, and 13,000 (and counting) new season ticket holders await the arrival of the first game."*

- Tim McClellan, Bleacher Report, July 29, 2010

NFL: ON THE UP AND DOWN, 2010-11 SEASON  
(by average attendance)

TEAM	Home Games 2009-10	Total Attendance	Average	Home Games 2010-11	Total Attendance	Average	Ave +/-	Percent +/-
Jacksonville Jaguars	8	397,214	49,652	8	504,262	63,033	13,381	26.9
Detroit Lions	8	395,162	49,395	8	450,286	56,286	6,891	13.9
Oakland Raiders	8	354,276	44,285	8	371,448	63,033	2,147	4.8
New York Jets	8	616,420	77,053	8	628,768	78,596	1,544	2
Houston Texans	8	564,864	70,608	8	568,643	71,080	472	0.7
Indianapolis Colts	8	532,398	66,550	8	535,802	66,975	426	0.6
New York Giants	8	629,615	78,702	8	632,156	79,020	318	0.4
Miami Dolphins	8	540,342	67,543	8	504,262	67,745	202	0.3
Kansas City Chiefs	8	540,114	67,514	8	541,959	67,673	158	0.2
Baltimore Ravens	8	568,660	71,083	8	541,380	71,227	145	0.2
Green Bay Packers	8	565,666	70,708	8	569,817	70,795	87	0.1
San Francisco 49ers	8	557,856	69,732	7	488,124	69,732	0	0
Philadelphia Eagles	8	553,152	69,144	8	553,152	69,144	0	0
Tennessee Titans	8	553,144	69,143	8	533,144	69,143	0	0
New England Patriots	8	550,048	68,756	8	550,048	68,756	0	-0.1
Chicago Bears	8	498,000	62,250	8	497,561	62,195	-55	-0.1
New Orleans Saints	8	560,840	70,105	8	560,304	70,038	-67	-0.3
Denver Broncos	8	600,928	75,116	8	599,264	63,033	-208	-0.5
Atlanta Falcons	8	545,389	68,174	8	542,800	74,908	-324	-0.6
Arizona Cardinals	8	505,143	63,143	8	502,197	67,850	-368	-0.6
Seattle Seahawks	8	539,141	67,393	8	535,942	62,775	-400	-0.6
Pittsburgh Steelers	8	507,662	63,485	8	504,669	66,993	-402	-0.6
Carolina Panthers	8	586,314	73,289	8	580,965	63,084	-669	-0.9
Washington Redskins	8	676,352	84,794	8	665,380	72,621	-1,622	-1.9
San Diego Chargers	8	540,345	67,543	8	524,241	83,173	-2,013	-3
St. Louis Rams	8	441,901	55,238	8	423,383	52,923	-2,315	-4.2
Dallas Cowboys	8	718,055	89,757	8	696,377	87,047	-2,710	-3
Cleveland Browns	8	551,110	68,889	8	528,933	66,117	-2,772	-4
Cincinnati Bengals	8	512,032	64,004	8	482,917	60,365	-3,639	-5.7
Minnesota Vikings	8	510,203	63,775	8	470,009	58,751	-5,024	-7.9
Buffalo Bills	7	490,698	70,128	7	442,366	63,195	-6,933	-9.9
Tampa Bay Buccaneers	7	440,940	62,991	8	394,513	49,314	-13,677	-21.7
PLUS ... home way from home								
Wembly (Bucs v Patriots)	1		84,254	84,254				
Toronto (Billis v Jets)	1	51,567	51,567					
Wembly (49s v Broncos)				1	83,941	83,941		
Toronto (Billis v Bears)				1	50,746	50,746		
<b>TOTAL</b>	<b>256</b>	<b>17,282,225</b>	<b>67,509</b>	<b>256</b>	<b>17,141,859</b>	<b>66,960</b>		

## STATUS OF ACTIONS TAKEN

In 2010 the Jaguars sold 16,000 new season tickets and had an average attendance of 63,000 with all home games televised. Jacksonville was ranked first in the NFL for overall ticket sales, with an increase in sales of 26.9 percent. The second greatest increase was claimed by the Detroit Lions at 13.9 percent.

In August 2010, the Jaguars and EverBank signed an agreement for stadium naming rights in the amount of \$16.6 million over five years. The stadium is now known as EverBank Field.

The Touchdown Jacksonville: Revive the Pride Executive Committee was established in March 2011. The committee is charged with continuing the momentum of 2010 season to ensure the continued viability of one of Jacksonville's greatest economic assets.

## NEXT STEPS

As one of the key economic assets of the community both locally and regionally, it is imperative that city government fosters a working relationship with the Jaguars organization and ensures their sustainability within our community.

The loss of the Jaguars would result in an enormous economic deficit throughout the region – not only in the loss of jobs and business, but also in economic support for non-profits and disadvantaged children and families. The negative national attention would negate the positive public image advances that Jacksonville has cultivated since being awarded the NFL franchise. A great loss in civic pride would be felt throughout the community.

Market size isn't always an indicator of success in sports. Pittsburgh and Green Bay are smaller NFL markets that have been hugely successful due in part to the support of their diehard fans. If teams connect with their community and value their fans, the community will respond. The Jaguars connection to the community is imperative to its sustainability within Jacksonville's small market.

Team Teal was the catalyst that reignited Jacksonville's pride and passion for our home team. The ongoing efforts of Team Teal are a key component to the Jaguar's long-term success in Jacksonville, and the continuance of the Touchdown Jacksonville Executive Committee, including participation by the mayor or his designee in collaboration with the Jaguars leadership, is critical to the success of this grassroots effort.



# HOMELESS

## INTRODUCTION

Every great city wants a vibrant downtown. To that end, the city must address the perception that there are too many homeless people in this part of our community to improve the chances of downtown revitalization, attract more people and businesses to this area and improve the overall economic health of the city by strengthening the urban center. While Jacksonville does have shelter space for homeless persons and families, these facilities are only operated from dusk to dawn, leaving few options for those without a permanent home to spend daylight hours. This chapter will discuss these issues regarding the homeless.

## IMPORTANCE

Over the last 20 years, city leaders have had a focused vision on revitalizing downtown through infrastructure improvements, event programming, improved transit, parking and walkability and strategic plans to improve the business, residential and commercial redevelopment.

One of the most significant barriers to attracting and keeping business owners and visitors to the downtown area is the perception that downtown has a high population of vagrant and homeless people who congregate in public spaces, interrupting the normal flow of commerce and recreational activities. Due to the high incidence of mental health and substance abuse found in the homeless population, there have been a number of incidents in certain downtown locations where homeless persons routinely congregate. This has led to hostility towards this population by downtown business owners, the downtown workforce and visitors to the area. In turn, this hostility has added one more impediment to the continued efforts to advance commerce and visibility in downtown.

## HISTORY

Recent estimates by the Emergency Services and Homeless Coalition, a local umbrella group consisting of a broad membership base which includes housing providers, mental health providers, religious institutions, job placement and referral agencies and local business leaders, show that an average of 1,500 homeless people are in downtown on any given day. More than 12,000 homeless persons are served by provider agencies in Jacksonville every year. Many of these services are provided in locations which are within walking distance to Hemming Plaza, possibly contributing to the fairly large and visible presence of homeless people downtown on a day to day basis.

Due to the recent economic downturn, the number of persons experiencing homelessness is growing, particularly among families with children. According to the coalition, in 2009, there were 148 Jacksonville families that met the HUD definition of homelessness, and in 2010, that number climbed to 273 families. Another substantial increase in homeless families is predicted for 2011 due to the continued high unemployment rate, climbing foreclosure rate and improved ability to count and define this group. The term "homeless" is defined in the Florida Statutes as noted below.

### **420.621 Florida Statutes defines homeless as follows:**

"Homeless," applied to an individual, or "individual experiencing homelessness" means an individual who lacks a fixed, regular, and adequate nighttime residence and includes an individual who: (a) Is sharing the housing of other persons due to loss of housing, economic hardship, or a similar reason; (b) Is living in a motel, hotel, travel trailer park, or camping ground due to a lack of alternative adequate accommodations; (c) Is living in an emergency or transitional shelter; (d) Has a primary nighttime residence that is a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings; (e) Is living in a car, park, public space, abandoned building, bus or train station, or similar setting; or (f) Is a migratory individual who qualifies as homeless because he or she is living in circumstances described in paragraphs (a)-(e).

The terms do not refer to an individual imprisoned pursuant to state or federal law or to individuals or families who are sharing housing due to cultural preferences, voluntary arrangements, or traditional networks of support. The terms include an individual who has been released from jail, prison, the juvenile justice system, the child welfare system, a mental health and developmental disability facility, a residential

addiction treatment program, or a hospital, for whom no subsequent residence has been identified, and who lacks the resources and support network to obtain housing.

From Jan. 1, 2009 to Dec. 28, 2009, there were 2,517 homeless inmates admitted to jail by the Jacksonville Sheriff's Office. On average, these individuals spent 23 days incarcerated at a cost of \$60.13 per person per day. It costs \$21,947 per person per year to house an inmate with the total estimated annual cost to Jacksonville taxpayers being more than \$3,480,980.

In recent years, the face of homelessness has changed. Not only are there a growing number of homeless men and women, but the recent downturn in the economy has resulted in loss of employment and increasing foreclosures, which in turn, increases the homeless population. Homeless families with children, youth aging out of the foster care system and veterans of the current conflicts abroad have joined the ranks of homelessness. All of these populations have very specific needs which, in many cases, are not being comprehensively addressed by our current provider system. There are more persons and families today, than in the past 10 years, who are in need of housing, employment, food, mental health services, child care and medical care. This is a burden on the already strained provider system that yields limited positive results.

The lack of adequate affordable housing is said to be the number one reason for homelessness. Affordable housing improves the economic health of the community at large and provides a safety net for Florida's most vulnerable citizens, including children and veterans. More than 49,000 children experience homelessness each year in Florida. Florida has the second largest per capita veteran population in the nation and one of the highest numbers of homeless' veterans.

In 2010, Jacksonville had a total of 900 emergency shelter beds (one-night stay), 1,450 transitional housing beds (up to 24-month stay) and 800 permanent housing beds with accompanying support services. Jacksonville has a vast array of providers of support services, including, but are not limited to, the Mental Health Resource Center, Clara White Mission, Sulzbacher Center, Community Connections, Lutheran Social Services, Catholic Charities, Jewish Family Services and Jacksonville Area Legal Aid. The majority of the services provided are for short-term solutions or emergency care.

In addition, there are several options for receiving skills assessment, job training and referrals with a number of local non-profit agencies having been able to increase their programs due to an infusion of federal stimulus funding in 2010. Despite the array of available services, there are few options for daytime activities. Many homeless persons gather at public libraries and other public spaces such as Hemming Plaza and The Jacksonville Landing.

In addition to the inventory of available beds/units for homeless persons and families, Jacksonville homeless agencies provide more than 500,000 meals per year to homeless persons and families. The Sulzbacher campus has medical and dental services on site and many of the agencies provide job training, job placement and referral services.

In recent months, the ecumenical or religious community has become more active in responding to the needs of the homeless population. In addition to short-term shelter, some churches have begun public feeding programs in Hemming Plaza, despite the city ordinance that prohibits this type of activity. While their innate desire to help provide solutions to address this populations' basic human needs is commendable, these types of activities work against the overall strategies to create an environment conducive for downtown revitalization activities.

The current provider system for services has historically been somewhat fractured. Until recently, providers were not efficiently collaborating and coordinating service activities. In addition, since there is not a point of entry system that tracks the services provided, homeless individuals can merely "work the system" in order to receive duplicative services that results in a "revolving door" effect. Recognizing the inefficiencies in such a system, the provider community, consisting of a broad-based network of the agencies previously mentioned, has been working together over the last three years to design and implement a multi-disciplinary system that will reduce or eliminate the duplication in services and result in more positive outcomes for the homeless individuals and the community, potentially at less costs to the taxpayer.

## ACTIONS TAKEN

The Emergency Services and Homeless Coalition (ESHC) has been established to serve as the lead agency for federal funding for addressing homeless activities. Its broad membership consists of housing providers, mental health providers, religious institutions, job placement and referral agencies and local business leaders. ESHC serves as an information clearinghouse for all matters related to homelessness and works closely with the city to design strategies that address the variety of issues resulting from homeless in Jacksonville.

As stated above, the lack of access to adequate affordable housing is said to be the number one reason for homelessness. In the last five years, the city has recognized the growing need for transitional and permanent housing with complimentary support services and has publicly invested, through state and federal grant funds, in the creation of additional housing units that provide services.

Since 2007, the city has invested more than \$3,232,970 in state grant funds that resulted in 100 transitional and permanent housing units. The city also has provided \$7 million in federal grant funds for a 62-unit housing development on the eastside of the city. This development is currently under construction and will provide permanent housing for extremely low-income families (those who are in danger of becoming homeless). The estimated completion date for this project is June 2012.

The city has used federal grant funds to help prevent homelessness through programs that provide rental assistance to allow families to keep their homes. This is an effort to pro-actively address issues that lead to homelessness. However, the future of this funding is uncertain and this program most likely will end in 2011.

The City of Jacksonville adopts strategies every five years (with updates conducted annually), in accordance with its written agreements with state and federal governments, through its mandated Comprehensive Planning and Consolidated Planning processes. This process is to address affordable housing needs, including specific strategies and funding plans for addressing homelessness. Specific strategies have traditionally been funded through state and federal grant programs that are allocated in accordance with population and stated goals to address homelessness' needs. With many of the funding sources in decline or gone completely, it is unlikely that the city will be able to adequately invest to meet the growing demand for housing for the homeless using this traditional funding model.

## STATUS OF ACTIONS TAKEN

In 2008, the city received a \$5,000 grant from the Jessie Ball Dupont Fund to explore the feasibility of establishing a daytime resource center for homeless persons. A coalition of homeless providers, including staff from the Sulzbacher Center, Community Connections and the Clara White Mission, accompanied city staff to the Dallas-Ft. Worth area to visit similar facilities and to gather information from local homeless providers, business leaders and government officials. As a result of the research and data collection, the city's Housing and Neighborhoods Department staff, along with a broad-based coalition of provider agencies, recommended to the mayor that Jacksonville establish a centrally-located, daytime facility to provide a safe place for homeless persons to receive basic services, such as mail pick up, laundry facilities, shower facilities, job placement and referral and access to medical services and food. It was agreed that having these facilities readily accessible would not only improve coordination of services and outcomes, but would provide an alternate location for homeless persons to congregate in a safe environment without interrupting commerce in the downtown area.

To fund the initiative, the City Council approved an appropriation of \$1 million of Community Development Block Grant (CDBG) funds as working capital. After a number of sites were explored by the group, it has been decided that the best option is to site the resource center at the Sulzbacher Center campus, where space is readily available and a number of essential services are already in close proximity. A preliminary operating budget has been drafted and a three-year plan for implementation has been proposed. At this time, staff at the Sulzbacher Center is working on the mechanics of getting the site ready for construction.

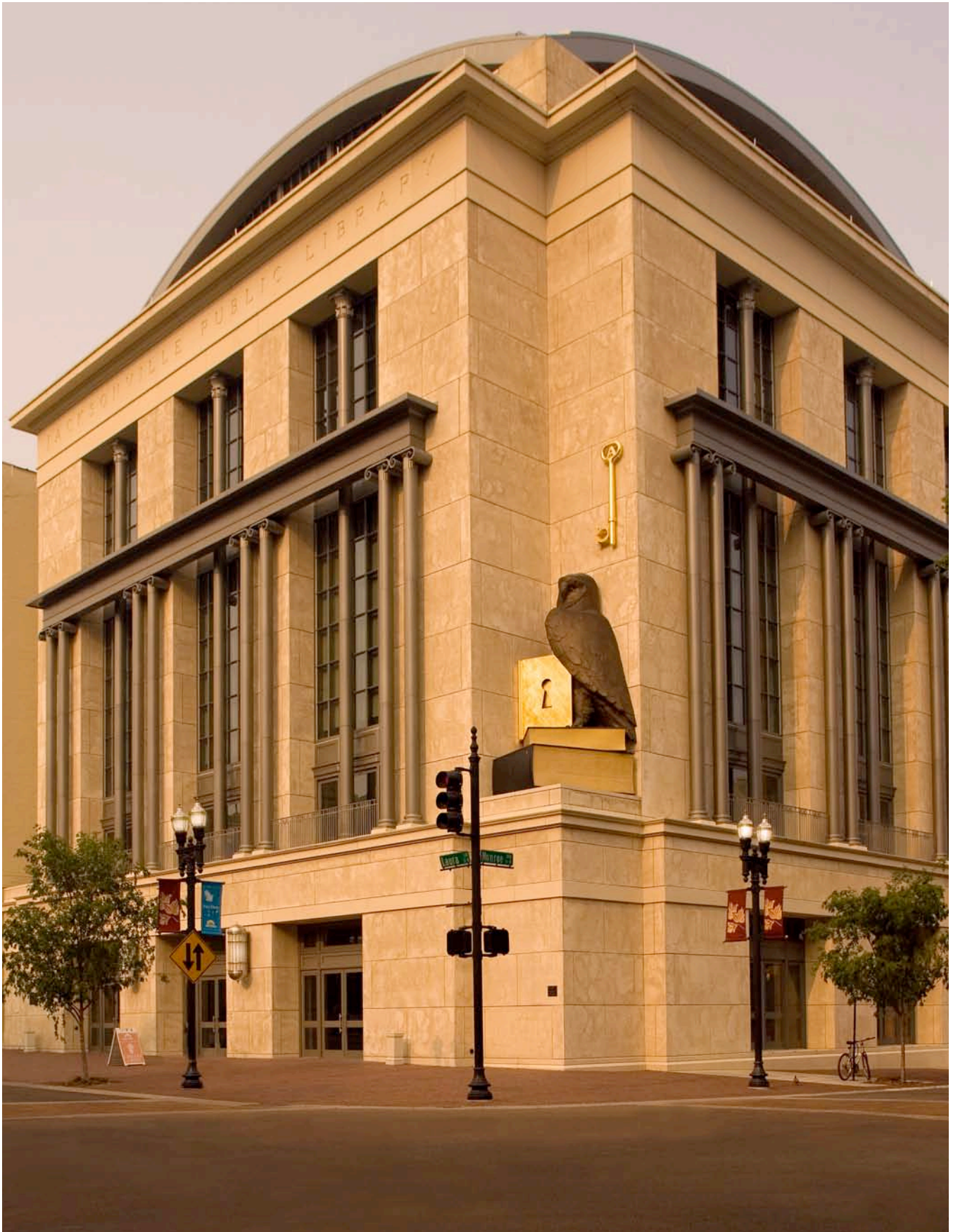
## NEXT STEPS

The next administration should recognize that creating a vibrant downtown community is important for the long-term health of Jacksonville and that addressing the issues of homelessness in a productive way is one of the keys to success. Provider agencies, business leaders and the local government have established a partnership to develop and implement strategies to address the varied and complex issues surrounding homelessness and have provided their commitments to finding solutions.

### **Key decision points moving forward will include, but not be limited to:**

- What additional mechanism(s) should be deployed to address the needs of homeless persons in downtown?
- What other partners should be engaged?
- How will the initiatives that are currently grant-funded be funded in the future?
- Are there any local regulatory issues, such as restrictions on public feeding, that should be addressed?





# BETTER JACKSONVILLE PLAN

## INTRODUCTION

This chapter provides an overview of The Better Jacksonville Plan (BJP), its current status, and the lessons gleaned during the first 10 years of its implementation. It also presents a number of issues for consideration related to planning for future capital improvement initiatives.

## IMPORTANCE

The BJP represented the most ambitious capital investment program ever undertaken by the City of Jacksonville government. The value and variety of projects, coupled with the multifaceted involvement of the state, JEA and the Jacksonville Transportation Authority (JTA) and the complex JTA/City of Jacksonville (COJ) financial arrangement, presented an unprecedented challenge. The financial and logistical lessons have significant long-term implications for planning future capital investment and the operation and maintenance of both existing and future assets.

## HISTORY

During former Mayor John Delaney's first term in office, his administration determined that the public's primary concerns were traffic, urban sprawl, contamination, a desire for more greenspace, a need for targeted economic development and a desire for new public facilities. In response, a comprehensive plan was developed that would address each of those issues in a way that would appeal to the community as a whole.

In May 2000, The BJP was unveiled as a blueprint for Jacksonville's future to be funded in large part by a one half percent sales tax. On Sept. 5, 2000, voters approved the BJP with a 57 percent yes vote. On Jan. 1, 2001, the State of Florida began collecting the additional sales tax.

The BJP is a \$2.25 billion comprehensive growth management investment strategy that provides road and infrastructure improvements, environmental preservation, targeted economic development, and new and improved public facilities. It is codified as Section 761 of Jacksonville's Ordinance Code.

The BJP one half percent sales tax is programmed to fund \$1.5 billion of the program. The remaining \$750 million is funded by an existing transportation sales tax through an interlocal agreement with the Jacksonville Transportation Authority (JTA). (Further discussion about the JTA/BJP financial relationship is discussed in chapter seven of this book.)

The BJP sales tax is capped at \$25 for any one purchase, and a number of goods and services are exempt. By law, the tax must sunset no later than Dec. 31, 2030.

According to material distributed for the referendum, the BJP work program is divided as follows:

<b>ROADS/INFRASTRUCTURE/TRANSPORTATION</b> .....	<b>\$1.5 billion</b>
Roadway/Drainage Improvements .....	\$1.2 billion
Resurfacing .....	\$105 million
New Sidewalks .....	\$20 million
Railroad Grade Crossings.....	\$25 million
Rapid Transit Right of Way.....	\$100 million
<b>PUBLIC FACILITIES</b> .....	<b>\$525 million</b>
Baseball Park .....	\$34 million*
Arena .....	\$130 million*
Main Library .....	\$95 million
New Branch Libraries/Renovations .....	\$55 million
Courthouse.....	\$211 million*
<b>ENVIRONMENT/QUALITY OF LIFE</b> .....	<b>\$165 million</b>
Septic Tank Phase Out.....	\$75 million
Preservation Project** .....	\$50 million
Ash Remediation.....	\$25 million
Neighborhood Parks Improvements.....	\$15 million†

<b>TARGETED ECONOMIC DEVELOPMENT</b> .....	<b>\$60 million</b>
Cecil Equestrian Center & Recreation Complex.....	\$25 million
Northwest Jacksonville Economic Development Fund.....	\$25 million
Jacksonville Zoo Exhibit.....	\$10 million**

*\*Following the vote, original budgets were increased through a \$35 million “vertical contingency” fund included in the plan.*

*\*\*Initiative started in 1997 to purchase environmentally-sensitive lands*

*+ Each City Council district received \$1 million in discretionary funds for parks, while \$1 million was earmarked for downtown.*

*\*\*BJP provided a match to the private funding raised by the Zoo for the new “Range of the Jaguar” exhibit.*

The BJP referendum also established two committees to oversee both the financial and project management aspects of the Plan. The Finance Administration Committee and Project Administration Committee are each comprised of executives from the City of Jacksonville, JEA and JTA, as well as members of the public appointed by the Mayor. The committees have continuously met since 2001; they currently meet quarterly (fourth Friday of January, April, July and October). Because they were established by the referendum, any effort to disband the committees would require City Council to pass legislation.

Separate from the oversight committees established by ordinance, a Citizens Oversight Committee (COC) was created by Executive Order 01-02. This committee’s members were private citizens from throughout the community and the chairs and vice-chairs of each of the six Citizens Planning Advisory Committees (CPACs). Having completed its primary mission of overseeing project development, the COC disbanded in May 2011.

## **ACTIONS TAKEN**

### **Most Projects Complete**

A vast majority of the original BJP projects and programs are complete. The Veterans Memorial Arena and Baseball Grounds of Jacksonville both opened in 2003. The Jacksonville Equestrian Center and Cecil Recreation Complex opened in 2004; that development is supported by several million dollars’ worth of roads and infrastructure also funded by BJP. The Jacksonville Zoo and Garden’s “Range of the Jaguar” exhibit also opened in 2004. The new Main Library opened in 2006, while construction on the new and existing branch libraries concluded in 2007.

All of the funds for resurfacing, new sidewalks and preservation property acquisition have been spent. JEA has completed septic tank remediation in the six areas originally identified for projects. There are a few Council districts that still have neighborhood park improvement funding, but those dollars are minimal.

Of the active projects and programs, approximately \$6 million remains in the Northwest Jacksonville Economic Development Fund, and roughly \$2.5 million remains of the BJP funding for ash remediation.

### **Duval County Unified Courthouse Facility**

The largest and most notable of all the active BJP projects is the Duval County Courthouse program. The current courthouse on East Bay Street opened in 1958, when the county’s population was just about 450,000. The Bay Street facility – only the fourth courthouse in Duval’s history – originally housed all the offices for the courts, Clerk of Courts, State Attorney and Public Defender.

By 2000, Duval County’s population had swelled to over three-quarters of a million people. A county’s judicial requirements directly correspond to its population, so while the number of people using the courthouse had grown significantly, the facility itself had not. More space was required in order for Duval County to remain compliant with state judiciary guidelines – making the courthouse the only BJP project included specifically to meet state mandate.

The initial budget projections first presented to the public in spring 2000 were based upon the assumption that the courthouse would be built on land already owned by the city. After voters approved BJP, however, the city’s courthouse site selection committee opted to move it closer to City Hall and other government buildings, thereby freeing up government-owned riverfront property for future private development.

The land and associated relocation of utilities cost more than \$25 million, beginning a cascade of increased costs that included significantly increased security requirements as a result of the 9/11 terrorist attacks and the receipt of the 2000 Census numbers showing a population increase resulting in a need for more square footage for the judicial system.

At its inception, the courthouse program entailed a \$211 million budget to construct an 800,000 square foot facility on a six-block site in the LaVilla area bounded by Duval, Broad, Forsyth and Julia streets, and to renovate of the Old Federal Courthouse to house both the State Attorney and Public Defender. Construction of the complex was scheduled to be complete in late 2005.

When Mayor Peyton took office in July 2003, it was clear that the cost of the courthouse in design exceeded the original budget established under BJP. An external audit of the program was initiated by the mayor in fall 2003. That audit, completed in April 2004, resulted in a restructuring of the project team, an extension of the completion date to late 2007, and an amended design that would reduce the estimated cost of the project, yet still required an increase in the total program budget to \$232 million. Funding outside of BJP would be identified to supplement the total cost.

The design changes consisted of eliminating the dome and rotunda included on the original design, and delaying construction of the north and south wings until needed (approximately eight-10 years). However, as the design progressed further into summer, and prices for fuel, steel and other building materials continued to rise, the administration determined that delaying construction of the wings would ultimately cost taxpayers significantly more than if they were built as part of the existing project.

By October 2004, the administration was prepared to receive a Guaranteed Maximum Price (GMP) on the project that would set the total program budget at just under \$268 million. When the GMP came in well above estimates, Mayor Peyton terminated the design and construction management teams and stopped all work on the project.

Efforts resumed earnestly in early 2006 after the mayor's Courthouse Advisory Committee recommended, and City Council approved, a new project strategy that included provisions for: construction of a new, 388,000 square-foot criminal court facility on the LaVilla site through the design/build method; development of a Complex Master Plan for the program to address eventual unification of the criminal, civil and family courts and identify community and user needs through 2035; relocation of the State Attorney to the Old Federal Courthouse and placement of the Public Defender on two floors of the Ed Ball Building; and which set the total program budget at \$263.5 million and created a Courthouse Architectural Review Committee (CARC).

The 2006 plan also called for renovations to the existing courthouse on Bay Street to allow its continued use for the civil and family courts, and identified the funding sources that would be used to supplement the BJP's \$211 million:

**Court Facilities Trust Funds - \$811,000**

Pre-existing trust fund accounts for Court Capital Improvements and Civil Court Facilities. Originally slated to contribute \$2.3 million, was reduced in 2005 to fund required renovations to the fifth floor of the existing courthouse due to the delay in constructing a new facility.

**Court Documents Facility - \$3,397,000**

One of several projects identified in the Capital Improvement Plan for funding through a bond issue authorized in 2002.

**Traffic Fine Surcharge - \$48,292,000**

Florida Statutes were amended in 2004 in a manner that authorized counties to impose a \$15 surcharge as a court cost on traffic infractions, to be used exclusively to fund the construction and maintenance of county court facilities. City Council enacted an ordinance in late 2004 to institute this bondable revenue source in Duval County.

Development of the "split court" plan continued with the issuance of a Request for Proposals in April 2006 for a design/build team to oversee the completion of the Complex Master Plan and the design and construction of the new criminal courthouse. That contract was awarded to the joint venture Auchter Co. and Perry-McCall Construction in August 2006.

By early 2007, the master planning effort generated four options for moving forward with the courthouse program: perform necessary renovations and new construction at the existing Bay Street site; build a criminal facility in LaVilla to be followed in the future by a new civil court facility; build a scaled-down unified facility in

LaVilla to be followed in future by a separate family court facility; or build a single, complete unified facility at the LaVilla site.

The administration ultimately chose to pursue the unified courthouse, and submitted legislation in April of that year. Shortly thereafter, the administration chose to terminate the relationship with Auchter Co./Perry-McCall for convenience as allowed in the contract. Negotiations then commenced with the team that ranked second in the initial RFP selection process, Turner Construction/KBJ Architects.

In April 2008, City Council formally authorized the administration’s decision to build a unified courthouse, and provided a new total program budget of \$350 million, which includes the \$64 million already spent on the project since 2002, as well as the facility budgets for the State Attorney’s Office (SAO) and Public Defender’s Office (PDO). An additional \$86.5 million was pledged from the city’s general fund to supplement the program funding previously identified:

<b>SOURCE</b>	<b>AMOUNT</b>	<b>LEGISLATION</b>
Better Jacksonville Plan.....	\$211,000,000 .....	2000-965-E
Court Facilities Trust Funds.....	\$811,000 .....	2003-1408-E
Court Documents Facility.....	\$3,397,000 .....	2002-0501-E
Traffic Fine Surcharge .....	\$48,292,000 .....	2004-1085-E
Future General Fund Bond.....	\$86,500,000 .....	2007-401-E
<b>TOTAL.....</b>	<b>\$350,000,000</b>	

**BJP Road Program**

The last major BJP program still active is the road program. The original transportation work program consisted of 69 individual drainage and/or road improvement projects under the City of Jacksonville’s management, 32 projects assigned to JTA, and various miscellaneous fund accounts assigned to each agency (see Appendix A). The division of projects generally aligned with jurisdiction: projects on city-owned roads were overseen by the city, while those on state roads were handled by JTA.

In 2005, when prices for fuel and materials were skyrocketing while revenues remained below expectation, the city and JTA negotiated a restructuring of the remaining projects and funding within the program to allow all of the city’s projects to proceed, provide some funding for new or existing JTA projects already in progress, and create a new project list called the “State Partnership Program,” comprised of deferred projects that were most likely to receive additional state and/or federal funding. This plan was approved by City Council through 2005-898 (see Appendix B).

The city currently has 15 projects that have been designed but are not funded for construction (see Appendix C). The fate of these projects depends on a holistic approach to the current financial relationship between JTA and the city.

**STATUS OF ACTIONS TAKEN**

The success of the BJP projects and programs completed thus far are significant—the numbers tend to speak for themselves. For example:

The Baseball Grounds of Jacksonville, home of the Jacksonville Suns, has led the Southern League in attendance most years since the ballpark opened, and welcomed its one millionth fan after just four seasons (2007).

The Jacksonville Veterans Memorial Arena was recently recognized as a top 10 arena in the United States based on ticket sales; it ranked fifth in the nation behind such venerated venues as Madison Square Garden in New York City and the Verizon Center in Washington, D.C.

Circulation at the Jacksonville Public Library system increased by almost 2 million the year the new Main Library opened, and the system’s numbers continue to grow by significant percentages each year.

Of the active programs, the Housing and Neighborhoods Department continues to receive applications for the \$6 million remaining in the Northwest Jacksonville Economic Development Trust Fund. Those funds are disbursed as grants and/or loans, and applicants must meet specific criteria and are subject to approval by the Board of Directors, whose members are appointed by the mayor.

The Environmental and Compliance Department is actively remediating contaminated properties in the four ash sites identified and approved by the Environmental Protection Agency (EPA). Called "Project New Ground," the multi-million dollar effort is primarily funded by the city's Capital Improvement Program, though the BJP proved critical in helping get the effort started. (Chapter 24 of this book provides a more detailed discussion of Project New Ground and chapter four provides more information on the Capital Improvement Plan.)

Turner/KBJ started construction on the main courthouse facility in May 2009 following acceptance of its GMP of \$224.2 million. Work has since progressed smoothly, and the project remains on time and within the authorized \$350 million budget.

Concurrent with the main facility construction is the build-out of the Old Federal Courthouse (OFC) for the State Attorney's (SAO). Following her election as State Attorney in 2008, Angela Corey and her staff reviewed the existing plans for the SAO and revived a previous proposal to build a pedestrian bridge over Pearl Street between the OFC and the main facility. Despite lack of support from the judiciary, the addition was ultimately approved by the Downtown Development Review Board, the Courthouse Architectural Review Committee, and the State Historical Preservation Office. It will be constructed along with the main facility, and its \$700,000 price tag is funded within the existing program budget.

Likewise, when Matthew Shirk was elected Public Defender in 2008, he and his staff reviewed plans for his organization to occupy two floors in the Ed Ball Building. Shirk agreed to the project team's recommendation to instead have the Public Defender's Office assume the entire Jake Godbold City Hall Annex, and relocate that building's current occupants to the Ed Ball Building. City Council approved this plan in February 2011.

All facilities are expected to be complete and occupied during the summer of 2012.

The Department of Public Works currently has five road projects under construction, each expected to be complete by the end of summer 2011, and JTA recently completed its last construction project. No new projects are expected to be released for bid until construction funding is identified.

## NEXT STEPS

Executing a decade-long, multi-billion dollar capital improvement program is a daunting task and doing so in the middle of the worst recession in a generation is even more difficult. But with a few minor exceptions, the BJP has fulfilled its original intent by providing the community with an abundance of new and improved public facilities, improved traffic flow, expanded parks and protected environmentally-sensitive lands.

Jacksonville had huge infrastructure needs and BJP provided a means – the sales tax – to fund solutions. Unfortunately, a critical piece of the puzzle was missing from the plan. Once the ribbon is cut on the building or the pond is dug, the city begins to experience additional maintenance costs.

In hindsight, when the \$2.25 billion capital plan was being created, concurrently a detailed maintenance plan should have been developed for the Public Works Department's budget to support the additional capital investment as it came on line.

### **To provide perspective:**

- The Veterans Memorial Arena is double the size of the old coliseum.
- The Baseball Grounds of Jacksonville is twice the size of the former Wolfson Park.
- There is an entirely new equestrian center and recreation complex.
- The new main library is twice as large as the old one, and there are now 20 branch libraries instead of 14. Those new libraries and branch improvements, while necessary and successful, more than doubled the amount of library space, from 357,000 square feet in the late 1990s to nearly 780,000 square feet today.
- The new courthouse will be three times as large as the current facility.
- There have been hundreds of amenities added – big and small – to neighborhood parks.

- The city is now responsible for 20,000 acres of preservation project land, many now with active sites such as Camp Milton, Castaway Island, and Betz Tiger Point.
- The road improvement projects have added stormwater ponds to mow and treat, curb and gutter streets to be swept, storm drains, inlets, and piping to maintain.

While it has been standard practice to include estimates for operations and maintenance (O&M) for new facilities, in recent years, headway has been made to bring O&M to the forefront in the capital improvement discussion. The Capital Improvement Plan now includes a section that highlights the O&M impacts of funded projects.

It is vitally important that the effort to recognize the O&M requirements for capital projects continues, both in terms of planning and funding.

The following perspective is offered from another large local government. In the first report from the Montgomery County, Maryland Infrastructure Maintenance Task Force, a local councilmember is quoted as saying, “There are no ribbon cuttings and few, if any, press releases for maintenance. . . these projects typically do not compete well in budget deliberations. Nevertheless, these issues require our continued attention and support.”

That task force’s mission is focused on capital programs that rehabilitate infrastructure or replace it in-kind, and on operating programs engaged in maintenance that preserves the quality of a capital asset so that it can be functional throughout its useful life. It also tracks progress in the development and enhancement of each agency’s asset management and inventory systems.

The City of Jacksonville is currently engaged in an “asset inventory initiative” which will catalogue capital assets and assess the financial requirements for keeping the assets well maintained for years into the future. That system will allow for better planning and scheduling of capital maintenance. To date, asset inventories have been completed for the Jacksonville Public Library and the Jacksonville Fire and Rescue Department. Eventually, every city facility will be assessed, and that information will in turn help inform the annual process to establish O&M budgets.

Additional effort should be made to more appropriately fund preventative maintenance for non-vertical facilities – namely roads, bridges and drainage facilities. Though the budgetary impact may be significant, the case should be made that in the long run, proactive maintenance may well reduce the need for future capital projects to repair or replace in-kind.

As allowed by state statute, the City of Jacksonville implemented a stormwater fee in 2008 to establish a dedicated source of funding to maintain and improve the community’s stormwater facilities. With that funding, Public Works is better able to plan projects, both large and small, through the Capital Improvement Plan and through O&M budgeting.

Such dedicated funding for road and transportation capital and maintenance is also permitted under state statute in the form of gas taxes. Other communities in Florida generally rely on the Local Option Gas Tax (LOGT – scheduled to expire in 2016) and the Constitutional Gas Tax to fund O&M and capital expenditures for roads. However, these revenue sources are currently tied up in the complex COJ/JTA financial relationship discussed in chapter seven.

In order to operate at optimal levels, Public Works estimates that it should annually receive \$20 million for road resurfacing, \$3 million for bridge replacements and intersection improvements, and \$5 million for new sidewalks and sidewalk repair. While these functions are currently funded to a lesser extent within the city’s general fund budget, it is highly recommended that the city pursue use of the funding sources dedicated to those functions, similar to the city’s use of the stormwater fee for drainage.

It is further suggested that any discussions to extend the LOGT and/or renegotiate the relationship with JTA should be conducted with the city’s maintenance requirements in consideration.

## APPENDIX A

### TRANSPORTATION AND INFRASTRUCTURE

2000-2010 Work Program

M21 ID	Project in Production	Cost	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10
300	13th St.	\$5,100	\$500	\$1,600	\$13,000							
365	Barnes Rd Kennerly to University	\$1,1000	\$2,500	\$800								
212	Belfort Rd /J Turner to Hogan	\$6,400	\$3,400	\$3,000								
370	Cahoon Rd/Normandy to Beaver	\$7,100	\$800	\$1,000	\$1,000	\$3,000	\$1,300					
305	Cleveland Rd/30th to 45th	\$2,800	\$2,800									
385	Collins/Rampart to Blanding	\$11,000	\$1,000	\$1,000	\$1,000	\$4,000	\$4,000					
	Durkeeville West Drainage	\$4,600	\$500	\$500	\$1,000	\$2,600						
395	Evergreen/Buffalo Intersection	\$300	\$300									
400	Fouraker Rd/Old Midd to Normandy	\$2,800	\$2,800									
405	Ft. Caroline Rd/Townsend to McCormick	\$6,300	\$1,000	\$1,000	\$1,000	\$3,300						
	Grand Park Area Drainage (B&C)	\$650	\$650									
415	Greenland Rd/Coastline to US 1	\$7,200	\$500	\$1,000	\$1,000	\$1,200	\$3,500					
32	Hodges Blvd/Open Creek 10 Beach	\$1,800	\$1,800									
35	Hood Road/Sunbeam to St Augustine	\$6,200	\$2,000	\$2,000	\$2,200							
920	Intersection - Kernan/Beach	\$600	\$600									
	Lakeshore/Woodcrest Drainage	\$1,700	\$1,700									
750	LaMoya/Wesconnett to Swamp Fox	\$4,000	\$500	\$1,000	\$1,000	\$1,500						
310.1	Lane Ave/Commonwealth to 5th	\$3,000	\$3,000									
730	Lenox Ave/Highway to Day	\$7,800	\$2,100	\$3,500	\$2,200							
315	Lenox Avellane to Normandy	\$6,800	\$1,000	\$2,000	\$1,800	\$2,000						
320	Lone Star Rd/Arlington to Mill Cove	\$8,920	\$3,000	\$3,000	\$2,920							
206	McDuff Ave/5th St. 1-10 to Edgewood	\$7,800	\$1,000	\$1,000	\$2,000	\$3,800						
454	Morse Ave/Shindler to Ricker	\$6,680	\$1,000	\$1,000	\$1,000	\$1,000	\$2,680					
325	Old Kings Rd/Powers to Baymeadows	\$3,000	\$3,000									
74	Old Midd/103rd to Brannan Field	\$10,600	\$1,000	\$1,000	\$1,000	\$1,000	\$3,000	\$3,600				
330	Powers/University to Old Kings	\$5,700	\$4,000	\$1,700								
81	Pritchard Rd/Jones to I-295	\$2,000				\$1,000	\$1,000					
420	Pulaski Rd /New Berlin to Eastport	\$5,800	\$2,900	\$2,900								
831	Rampart/Firestone Park City to Morse Ave	\$1,300	\$1,300									
84	San Pablo Rd/J. Turner to Beach	\$4,600	\$2,600	\$2,000								
340	Spring Park/Emerson to University	\$5,200	\$6000	\$1,000	\$1,000	\$2,600						
345	St. Augustine/Phillips Hwy to Emerson	\$7,500	\$3,750	\$3,750								
355	St. Johns Bluff/Atlantic to Ft. Caroline	\$1,050	\$1,050									
425	Touchton Rd /Belfort to Ss Blvd	\$2,200	\$400	\$1,800								
	Townsend Road Drainage	\$1,350	\$1,350									
430	Wesconnet Blvd/Blanding to Blanding	\$6,200	\$1,300	\$3,000	\$1,900							
435	Wilson Blvd/Fouraker to Old Middleburg	\$100	\$100									
<b>CURRENTLY IN PRODUCTION (J.T.A.)</b>												
	Argyle Forest Blvd/Blanding to Westport	\$6,000	\$1,000	\$2,450	\$2,550							
	McDuff Ave/Roosevelt to Beaver	\$11,000	\$425	\$4,292	\$4,748	\$1,535						
	<b>Sub-total</b>	\$186,450	\$59,225	\$47,292	\$31,318	\$26,935	\$18,080	\$3,600	\$0	\$0	\$0	\$0
<b>PROGRAM FOR FUTURE PRODUCTION (I)(City)</b>												
440	8th St/Boulevard to Liberty	\$4,400						\$500	\$400	\$1,500	\$2,000	
4405	8th St/Liberty to Haines	\$3,900						\$500	\$400	\$1,500	\$1,500	
4 I	Argyle Forest/Westport to Brannan Chaffee (4 Lanes)	\$20,000							\$2,800	\$8,300	\$8,900	



	Broward Rd/I-95 to Lem Turner	\$12,000						\$1,000	\$2,000	\$3,000	\$3,000	\$3,000	
445	Caron Dr Exit St.Augustine to Greenland	\$5,000	\$1,000						\$2,000	\$2,000			
390	Collins Rd/Blanding to Roosevelt	\$7,340							\$800	\$200	\$4,340	\$2,000	
375	Collins Rd/Shindler to Old Middleburg	\$8,000						\$1,000	\$1,000	\$3,000	\$3,000		
380	Collins Rd/Shindler to Westport	\$4,300								\$400	\$400	\$3,500	
382	Collins Rd /Westport to Rampart	\$5,000							\$500	\$500	\$3,500	\$500	
	Countywide Intersection Improvement Bridge Rehab, Misc. Construction	\$38,000	\$3,000	\$6,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$4,000	\$4,000	\$4,000	\$5,000
540	Crystal Springs/Chaffee to Cahoun	\$18,000							\$2,250	\$6,000	\$6,000	\$3,750	
	Dean Road/Beach to Parental Home	\$3,000			\$500	\$2,500							
	Drainage Syslem Rehab	\$30,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	
27	Girvin Rd/Atlantic to Mt. Pleasant	\$9,260								\$760	\$4,500	\$4,000	
450	Hartley Rd/St.Augustine to SR 13	\$6,850							\$450	\$400	\$3,000	\$3,000	
	Harts Rd/Bertha to Dunn	\$3,000	\$500	\$1,000	\$1,500								
	Hendricks Ave/Prudential to Mitchell	\$3,000	\$500	\$2,500									
32 I	Hodges Blvd /Widen to 4 Lanes ) Divided (Beach to Atlantic	\$6,000	\$500	\$600	\$3,000	\$1,900							
	JEA/DPW Joint Projects (Drainage)	\$70,000	\$3,000	\$3,000	\$3,000	\$8,000	\$8,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	
57/58	Kernan Blvd /Widen to 4 Lanes Divided (Butler -McCormick)	\$12,000			\$1,000	\$1,000	\$3,000	\$4,000	\$3,000				
	Moncrief Rd/Soutel to U.S. I	\$3,500								\$500	\$1,000	\$2,000	
455	Morse Ave/Ricker to Blanding	\$6,125						\$525	\$400	\$2,600	\$2,600		
455	Myrtle Ave/15th to Moncrief	\$2,000							\$3000	\$500	\$1,200		
460	Old Midd/Herlong to Wilson	\$4,300						\$400	\$4000	\$3,500			
	Parramore Rd Extenslon	\$4,000					\$500	\$1,000	\$2,500				
83	Rampart/Argyle Forest to Park Cily	\$4,275					\$400	\$3,875					
470	Ricker Rd/Old Middleburg to Morse	\$8,570					\$750	\$400	\$4,420	\$3,000			
841	San Pablo Rd/Beach to Atlanic	\$9,290				\$671	\$400	\$3,340	\$4,879				
475	Shindler/103rd to Argyle Forest	\$14,000					\$800	\$1,420	\$4,600	\$4,600	\$2,580		
	Spring Park Rd/Bowden to University	\$2,500			\$500	\$1,000	\$1,000						
	State/Union Infrastructure	\$4,000	\$1,000	\$3,000									
	St. Aug Rd /I-295 Interchange Improvement	\$5,840	\$1,000	\$2,000	\$2,840								
482	St.Aug Rd/Hood Landing to I-95	\$10,600		\$1,300	\$1,000	\$3,600	\$1,100						
	Starratt Rd/New Berlin to Duval Station	\$9,000					\$1,000	\$2,000	\$3,000	\$3,000			

#### PROGRAM FOR FUTURE PRODUCTION (1) (JTA)

820	Beach Blvd Bridge/Intracoastal Waterway	\$60,000	\$1,000	\$1,000	\$4,000	\$18,000	\$18,000	\$12,000	\$6,000			
	Countywide Intersection Improvement (misc)	\$50,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
30	Heckscher Dr (Widen to 4 Lanes ) Drummond Pt to SR 9A)	\$12,000					\$1,400	\$4,000	\$4,000	\$2,6000		
490	Interchange-Merrill Rd/SS Blvd)	\$25,000			\$1,200	\$2,000	\$4,000	\$10,000	\$7,800			
	Payment of Interest Free Loan to FDOT	\$21,500			\$21,500							
530 I	Regency Bypass (Phase II))	\$18,000				\$1,500	\$1,000	\$5,000	\$5,000	\$5,500		
	Program Management (70%City/30% JTA)	\$20,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
	<b>Total</b>	\$750,000	\$80,725	\$77,692	\$83,858	\$78,106	\$77,430	\$75,660	\$79,299	\$66,660	\$69,420	\$61,150

#### PROGRAM FOR FUTURE PRODUCTION (2) (City)

	Cecil Field Roads and Drainage (Interior)	\$20,000	\$2,000	\$2,000					\$1,000	\$5,000	\$5,000	\$5,000
	Countywide Resurfacing	\$105,000	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000					
	Ped Neh. RR Crossing Grade Separation	\$25,000	\$1,500	\$2,500			\$3,000	\$5,000	\$3,000	\$5,000	\$5,000	
	Sidewalks/Bikelanes -Countywide	\$20,000	\$5,000		\$5,000		\$5,000	\$5,000				

**PROGRAM FOR FUTURE PRODUCTION (2) (J.T.A.)**

8	Beaver St Widen to 4 Lanes Divided (McDuff to Cahoon)	\$36,000					\$3,000	\$6,000	\$9,000	\$9,000	\$9,000	
11/12	Blanding Blvd Widen to 6 Lanes Divided (1-295 to Wilson Blvd)	\$45,000				\$3,000	\$6,000	\$9,000	\$9,000	\$9,000	\$9,000	
16	Brannan Field-Chaffee Rd New Lanes (103rd to I-10)	\$14,000		\$1,000	\$2,000	\$4,000	\$7,000					
15 I	Brannan-Chaffee/Argyle Forest to 103rd (2 Add lanes)	\$17,000	\$1,500	\$1,500	\$7,000	\$7,000						
50	Butler Blvd Widen to 6 Lanes (SR 9A to I-95)	\$20,000	\$1,500	\$2,000	\$6,500	\$6,000						
550	Cecil Field Conn/Brannan-Chaffee to Commerce Center	\$6,000							\$500	\$1,500	\$1,000	
23	East-West Industrial Corridor (U.S. 17 -New Berlin)	\$8,000						\$500	\$3,500	\$4,000		
24	Forest St Widen to 6 Lanes Divided (Riverside Ave to Park St)	\$8,000			\$1,000	\$2,000	\$3,000	\$2,000				
495	Interchange-Atlantic Blvd/Univ Blvd	\$25,000	\$1,500	\$4,500	\$6,000	\$6,000	\$7,000					
520	Interchange-Atlantic Blvd/Hodges Blvd	\$20,000	\$1,500	\$3,000	\$6,000	\$7,500						
515	Interchange-Atlantic Blvd/Kernan Blvd	\$20,000			\$1,500	\$1,500	\$3,000	\$6,000	\$6,000			
505	Interchange-Atlantic Blvd/Southside Blvd	\$25,000			\$1,500	\$4,500	\$6,000	\$6,000	\$7,000			
	Interchange-Beach Blvd/Hodges	\$20,000	\$500	\$1,500	\$5,000	\$5,500	\$7,500					
	Interchange-Complete I-95 at Butler	\$20,000						\$500	\$1,500	\$5,000	\$5,500	
525	Interchange-Southside Blvd/Baymeadows Rd	\$25,000			\$1,500	\$4,500	\$6,000	\$6,000	\$7,000			
500	Interchange-US 17/Eastport Rd	\$10,000			\$1,500	\$4,500	\$6,000	\$6,000	\$7,000			
535	Interchange-US 17/Timiquana	\$25,000					\$1,500	\$4,500	\$6,000	\$6,000	\$7,000	
625	Interchange-US I Butler Blvd	\$18,000					\$500	\$1,000	\$2,000	\$7,000	\$7,500	
510	Interchange-University Blvd/Beach Blvd	\$20,000						\$1,500	\$5,000	\$6,000	\$7,500	
	Matthews Bridge Replacement/ PD&E.; Design R/W	\$20,000			\$1,000	\$3,000	\$6,000	\$10,000				
	Rapid Transit Right-of-Ways Acquisition	\$100,000			\$8,000	\$5,000	\$14,000	\$20,000	\$15,000	\$18,000	\$20,000	
91	S.R. 9A/US I to I-295	\$8,000			\$1,000	\$1,000	\$3,000	\$3,000				
96	S.R. 9B/S.R. 9A to US I	\$50,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	
95	S.R. 9B/US I to I-95	\$15,000					\$1,000	\$2,000	\$6,000	\$6,000		
97	S.R. 90/I-95 10 Race Track Rd	\$15,000					\$500	\$2,000	\$3,000	\$3,500	\$6,000	
	Program Management (77% JTA /23% City)	\$20,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	
	<b>SUB-TOTAL</b>	\$750,000	\$38,000	\$40,000	\$70,000	\$82,500	\$91,000	\$89,500	\$82,000	\$87,000	\$85,500	\$84,500
	<b>TOTAL</b>	\$1,500,000	\$118,725	\$117,692	\$153,858	\$160,606	\$168,430	\$165,160	\$161,299	\$153,660	\$154,920	\$145,650

Figures in thousands (\$1,000's)

\* Projects which were included in prior work programs (total \$361,160) (2000-2015 Work Program accelerated to 2000-2010)

**APPENDIX B**

**REVISED EXHIBIT I - BETTER JACKSONVILLE PLAN  
Road and Infrastructure Program**

Project	Proposed Scope Change?	Original 2001 BJP Budget	Revised BJP Budget	Other Funds Appropriated	Total Current Budget	Total Projected Cost	2005 BJP Proposed Budget
<b>PROJECTS COMPLETED</b>							
Belfort Rd./J.Turner to Hogan		\$6,400.0	\$5,735.5	\$1.0	\$5,736.5	\$5,690.4	\$5,689.4
Grand Park Area Drainage (B&C)		\$650.0	\$244.5	\$7,038.7	\$7,283.2	\$7,283.2	\$244.5
Hodges Blvd/Open Creek to Beach		\$1,800.0	\$3,253.5	\$1,593.6	\$4,847.1	\$4,746.4	\$3,152.8
Lakeshore/Woodcrest Drainage		\$1,700.0	\$3,731.1	\$206.1	\$3,937.2	\$3,928.8	\$3,722.7
LaMoya/Wesconnett to Swamp Fox		\$4,000.0	\$4,000.0	\$26.5	\$4,026.5	\$3,187.7	\$3,161.2

Lane Ave/Commonwealth to 5th	\$3,000.0	\$3,631.8	\$0.0	\$3,631.8	\$3,300.5	\$3,300.5
Pritchard Rd./Jones to I-295	\$2,000.0	\$9,373.5	\$6,749.1	\$16,122.6	\$15,926.9	\$9,177.8
St. Augustine/Ph. Hwy. to Emerson	\$7,500.0	\$7,195.7	\$1,279.7	\$8,475.4	\$8,442.1	\$7,162.4
Cleveland Rd/30th to 45th	\$2,800.0	\$2,500.0	\$195.3	\$2,695.3	\$2,646.0	\$2,450.7
Fouraker Rd./Old Midd. to Normandy	\$2,800.0	\$3,350.0	\$446.2	\$3,796.2	\$3,684.5	\$3,238.3
Intersection - Kernan/Beach	\$600.0	\$600.0	\$1,560.2	\$2,160.2	\$2,129.1	\$568.9
Old Kings Rd./Powers to Baymeadows	\$3,000.0	\$3,517.0	\$1,714.2	\$5,231.2	\$5,205.9	\$3,491.7
Powers/University to Old Kings	\$5,700.0	\$4,407.0	\$4,064.6	\$8,471.6	\$8,471.5	\$4,406.9
Rampart/Firestone-Park City to Morse Ave	\$1,300.0	\$88.3	\$2,576.6	\$2,664.9	\$2,664.9	\$88.3
San Pablo Rd./J. Turner to Beach	\$4,600.0	\$4,100.0	\$8,557.4	\$12,657.4	\$12,657.4	\$4,100.0
Townsend Road Drainage	\$1,350.0	\$2,055.8	\$439.3	\$2,495.1	\$2,495.1	\$2,055.8
Wilson Blvd./Fouraker to Old Middleburg	\$100.0	\$53.7	\$832.4	\$886.1	\$886.1	\$53.7
<b>SUBTOTAL:</b>	<b>\$49,300.0</b>	<b>\$57,837.4</b>	<b>\$37,280.9</b>	<b>\$95,118.3</b>	<b>\$93,346.5</b>	<b>\$56,065.6</b>

### PROJECTS IN CONSTRUCTION

I 3th St.	\$5,100.0	\$5,670.9	\$1,102.7	\$6,773.6	\$6,973.6	\$5,870.9
8th St./Liberty to Haines	\$3,900.0	\$3,868.9	\$0.0	\$3,868.9	\$2,184.1	\$2,184.1
State/Union Infrastructure	\$4,000.0	\$4,000.0	\$2,500.0	\$6,500.0	\$6,058.3	\$3,558.3
Lenox Ave./Highway to Day	\$7,800.0	\$9,296.7	\$986.4	\$10,283.1	\$10,033.1	\$9,046.7
Wesconnett Blvd/Blanding to Blanding	\$6,200.0	\$10,981.6	\$1,072.6	\$12,054.2	\$10,254.2	\$9,181.6
Lone Star Rd./Arlington to Mill Cove	\$8,920.0	\$9,379.8	\$0.0	\$9,379.8	\$8,647.4	\$8,647.4
Hendricks Ave./Prudential to Mitche	\$3,000.0	\$5,711.3	\$890.0	\$6,601.3	\$6,601.3	\$5,711.3
Pulaski Rd./New Berlin to Eastport	\$5,800.0	\$5,800.0	\$653.4	\$6,453.4	\$6,553.4	\$5,900.0
Spring Park/Emerson to University	\$5,200.0	\$11,913.2	\$156.6	\$12,069.8	\$12,569.8	\$12,413.2
Barnes Rd./Kennerly to University	\$3,300.0	\$5,443.1	\$295.7	\$5,738.8	\$5,938.8	\$5,643.1
<b>SUBTOTAL:</b>	<b>\$53,220.0</b>	<b>\$72,065.5</b>	<b>\$7,657.4</b>	<b>\$79,722.9</b>	<b>\$75,814.0</b>	<b>\$68,156.6</b>

### PROJECTS IN PRODUCTION

Hood Road/Sunbeam to St Augustine (3-lane, C&G, S/W, bike lanes)	DECREASE	\$6,200.0	\$13,113.5	\$2,935.6	\$16,049.1	\$13,966.5	\$11,030.9
Durkeeville West Drainage (Drainage & Utilities)		\$4,600.0	\$6,443.6	\$98.8	\$6,542.4	\$9,024.2	\$8,925.4
8th St./Boulevard to Liberty (3-lane, C&G, S/W, bike lanes)		\$4,400.0	\$6,031.4	\$0.0	\$6,031.4	\$7,273.8	\$7,273.8
Spring Park Rd./Bowden to University (3-lane, C&G, S/W, bike lanes)		\$2,500.0	\$2,500.0	\$0.0	\$2,500.0	\$4,218.3	\$4,218.3
Greenland Rd./Coastal Ln to USI (5-lane, C&G, S/W, bike lanes)		\$7,200.0	\$7,200.0	\$274.8	\$7,474.8	\$15,971.5	\$15,696.7
McDuff Ave/5th St-I-10 to Edgewood (3-lane, C&G, S/W, bike lanes)		\$7,800.0	\$10,969.1	\$293.9	\$11,263.0	\$9,273.7	\$8,979.8
St. Johns Bluff/Atlantic to Ft. Caroline (Right-of-Way & Construction Overrun)		\$1,050.0	\$1,880.2	\$12.5	\$1,892.7	\$5,605.3	\$5,592.8
Evergreen/Buffalo Intersection (Turn lanes)		\$300.0	\$300.0	\$2.8	\$302.8	\$540.6	\$537.8
Touchton Rd./Belfort to SS Blvd. (4-lane divided, C&G, S/W, bike lanes)		\$2,200.0	\$2,200.0	\$179.1	\$2,379.1	\$6,499.3	\$6,320.2
Collins/Rampart to Blanding (4-lane divided, C&G, S/W, bike lanes)	INCREASE	\$11,000.0	\$12,048.9	\$7,199.1	\$19,248.0	\$23,110.8	\$15,911.7
Lenox Ave./Lane to Normandy (3-lane, C&G, S/W, bike lanes)	DECREASE	\$6,800.0	\$8,342.1	\$127.4	\$8,469.5	\$7,789.3	\$7,661.9
Old Midd./103rd to Brannan Field (4-lane divided, C&G, S/W, bike lanes)	INCREASE	\$10,600.0	\$10,600.0	\$560.0	\$11,160.0	\$29,255.7	\$28,695.7
Collins Rd./Blanding to Roosevelt (3-lane, C&G, S/W, bike lanes)		\$7,340.0	\$7,340.0	\$21.6	\$7,361.6	\$14,109.0	\$14,087.4
Hartley Rd./St. Augustine to S.R.13		\$6,850.0	\$6,850.0	\$0.0	\$6,850.0	\$12,531.3	\$12,531.3

(3-lane, C&G, S/W, bike lanes)							
Harts Rd./Bertha to Dunn (3-lane, C&G, S/W, bike lanes)		\$3,000.0	\$2,998.2	\$0.0	\$2,998.2	\$5,046.8	\$5,046.8
Hodges Blvd./Widen to 4 Lns Dvd. (Beach to Atlantic) (4-lane divided, C&G, S/W, bike lanes)		\$6,000.0	\$4,861.5	\$304.5	\$5,166.0	\$19,290.8	\$18,986.3
Rampart/Argyle Forest to Park City (5-lane / 3-lane combo, C&G, S/W, bike lanes)	INCREASE	\$4,275.0	\$4,275.0	\$0.0	\$4,275.0	\$6,378.7	\$6,378.7
St. Aug. Rd./Hood Landing to I-95 (5-lane, C&G, S/W, bike lanes)	INCREASE	\$10,600.0	\$10,204.3	\$1,000.0	\$11,204.3	\$26,878.6	\$25,878.6
Cahoon Rd./Normandy to Beaver (3-lane, C&G, S/W, bike lanes)		\$7,100.0	\$7,100.0	\$131.4	\$7,231.4	\$17,074.4	\$16,943.0
Ft. Caroline Rd./Townsend to McCormick (3-lane / 2-lane combo, C&G, S/W, bike lanes)		\$6,300.0	\$5,959.8	\$1,378.4	\$7,338.2	\$15,681.6	\$14,303.2
Collins Rd./Shindler to Old Middleburg (Const. 2-lane, future 4-lane, C&G, S/W, bike lanes)	DECREASE	\$8,000.0	\$8,000.0	\$0.0	\$8,000.0	\$9,239.0	\$9,239.0
Girvin Rd./Atlantic to Mt. Pleasant (5-lane / 3-lane combo, C&G, S/W, bike lanes)	INCREASE	\$9,260.0	\$9,260.0	\$0.0	\$9,260.0	\$16,534.4	\$16,534.4
St. Aug. Rd./I-295 Interchange Improvement (6-lanes, C&G, S/W, bike lanes)		\$5,840.0	\$5,840.0	\$533.9	\$6,373.9	\$9,998.1	\$9,464.2
Kernan Blvd./Widen to 4 Lns Dvd. (Butler - McCormick) (6-lane, C&G, S/W, multi-modal trail)	INCREASE	\$12,000.0	\$12,000.0	\$2,770.4	\$14,770.4	\$58,507.7	\$55,737.3
Ricker Rd./Old Middleburg to Morse (3-lane, C&G, S/W, bike lanes)		\$8,570.0	\$8,570.0	\$0.0	\$8,570.0	\$13,105.9	\$13,105.9
Collins Rd./Shindler to Westport (4-lane divided, C&G, S/W, bike lanes)	INCREASE	\$4,300.0	\$4,300.0	\$0.0	\$4,300.0	\$10,139.9	\$10,139.9
Collins Rd./Westport to Rampart (4-lane divided, C&G, S/W, bike lanes)	INCREASE	\$5,000.0	\$5,000.0	\$7.8	\$5,007.8	\$10,324.0	\$10,316.2
Crystal Springs/Chaffee to Cahoon (3-lane, C&G, S/W, bike lanes)		\$18,000.0	\$18,000.0	\$0.0	\$18,000.0	\$24,777.4	\$24,777.4
Old Midd./Herlong to Wilson (3-lane, C&G, S/W, bike lanes)		\$4,300.0	\$4,300.0	\$0.0	\$4,300.0	\$4,957.5	\$4,957.5
Starratt Rd./New Berlin to Duval Station (3-lane, C&G, S/W, bike lanes)		\$9,000.0	\$9,000.0	\$0.0	\$9,000.0	\$8,294.1	\$8,294.1
Broward Rd./I-95 to Lem Turner (3-lane, C&G, S/W, bike lanes)		\$12,000.0	\$12,000.0	\$0.0	\$12,000.0	\$20,331.0	\$20,331.0
Greenland/Loretto/St. Augustine Intersection (Formerly Caron Drive Extension)	DECREASE	\$5,000.0	\$5,000.0	\$0.0	\$5,000.0	\$3,000.0	\$3,000.0
Dean Road/Beach to Parental Home (2-lane, C&G, S/W, bike lanes)		\$3,000.0	\$1,950.0	\$0.0	\$1,950.0	\$7,728.2	\$7,728.2
Moncrief Rd./Soutel to U.S.1 (3-lane, C&G, S/W, bike lanes)		\$3,500.0	\$3,500.0	\$0.0	\$3,500.0	\$4,766.1	\$4,766.1
Parramore Rd. Extension (2-lane, C&G, S/W, bike lanes, R/W must be resolved)	DECREASE	\$4,000.0	\$4,000.0	\$0.0	\$4,000.0	\$3,177.6	\$3,177.6
San Pablo Rd./Beach to Atlantic (3-lane, C&G, S/W, bike lanes - 5-lanes at Atlantic & Beach)	INCREASE	\$9,290.0	\$9,290.0	\$0.0	\$9,290.0	\$17,378.8	\$17,378.8
Shindler/I03rd to Argyle Forest (4-lane divided / 3-lane combo, C&G, S/W, bike lanes)		\$14,000.0	\$14,000.0	\$0.0	\$14,000.0	\$22,621.5	\$22,621.5
Morse Ave./Shindler to Ricker (Multi-Use Path)	DECREASE	\$6,680.0	\$5,890.0	\$49.4	\$5,939.4	\$750.0	\$700.6
Morse Ave./Ricker to Blanding (Multi-Use Path)	DECREASE	\$6,125.0	\$6,125.0	\$0.0	\$6,125.0	\$750.0	\$750.0
Myrtle Ave./15th to Moncrief (Mill & Resurface, S/W, landscaping, historic lighting)		\$2,000.0	\$1,822.2	\$0.0	\$1,822.2	\$2,042.0	\$2,042.0
Extended Program Management Services		\$0.0	\$0.0	\$0.0	\$0.0	\$9,500.0	\$9,500.0
SUBTOTAL:		\$265,980.0	\$279,064.8	\$17,881.4	\$296,946.2	\$507,443.4	\$489,562.0
CITY BJP I (ROADS) - SUBTOTAL		\$368,500.0	\$408,967.7	\$62,819.7	\$471,787.4	\$676,603.9	\$613,784.2
<b>COUNTYWIDE FUNDS</b>							
Countywide Intersection Improvements		\$38,000.0	\$21,250.4	\$0.0	\$21,250.4	\$24,305.2	\$24,305.2

Bridge Rehab, Misc. Constuction						
Drainage System Rehab	\$30,000.0	\$33,205.5	\$12,663.1	\$45,868.6	\$60,868.6	\$48,205.5
JEA/DPW Joint Projects (Drainage Component)	\$70,000.0	\$50,200.0	\$0.0	\$50,200.0	\$53,000.0	\$53,000.0
COUNTYWIDE BJP 1 - SUBTOTAL	\$138,000.0	\$104,655.9	\$12,663.1	\$117,319.0	\$138,173.8	\$125,510.7
CITY MANAGED BJP 1 - TOTAL	\$506,500.0	\$513,623.6	\$75,482.8	\$589,106.4	\$814,777.7	\$739,294.9

#### CITY PROJECTS BJP - 2

Cecil Field Roads and Drainage (Interior)	\$20,000.0	\$20,000.0	\$5,000.0	\$25,000.0	\$25,000.0	\$20,000.0
Countywide Resurfacing	\$105,000.0	\$105,000.0	\$0.0	\$105,000.0	\$105,000.0	\$105,000.0
Ped./Veh. RR Crossing Grade Separation	\$25,000.0	\$25,000.0	\$0.0	\$25,000.0	\$25,000.0	\$25,000.0
Sidewalks / Bike Lanes - Countywide	\$20,000.0	\$20,000.0	\$0.0	\$20,000.0	\$20,000.0	\$20,000.0
CITY BJP 2 - TOTAL	\$170,000.0	\$170,000.0	\$5,000.0	\$175,000.0	\$175,000.0	\$170,000.0

#### JTA PROJECTS BJP - 1

Beach Blvd Bridge / Intracoastal Waterway	\$60,000.0	\$60,000.0	\$1,500.0	\$61,500.0	\$80,000.0	\$4,302.9
Countywide Intersection Improv., Misc Const.	\$50,000.0	\$44,757.5	\$0.0	\$44,757.5	\$50,000.0	\$50,000.0
Hecksher Dr (Widen to 4 Lns Drummond Pt to SR 9A) *t	\$12,000.0	\$12,000.0	\$5,274.4	\$17,274.4	\$46,931.2	\$7,430.0
Interchange-Merrill Rd./SS Blvd. *	\$25,000.0	\$17,870.0	\$0.0	\$17,870.0	\$17,870.0	\$17,870.0
Payment of Interest Free Loan to FDOT *	\$21,500.0	\$21,500.0	\$0.0	\$21,500.0	\$21,500.0	\$21,500.0
Regency Bypass (Phase II) *	\$18,000.0	\$18,000.0	\$0.0	\$18,000.0	\$21,570.0	\$21,570.0
Program Management (70% City/30% J.T.A.)	\$20,000.0	\$20,000.0	\$0.0	\$20,000.0	\$20,000.0	\$20,000.0
Argyle Forest Blvd./Blanding to Westport *	\$6,000.0	\$22,652.5	\$0.0	\$22,652.5	\$22,652.5	\$22,652.5
McDuff Ave./Roosevelt to Beaver *	\$11,000.0	\$11,000.0	\$623.0	\$11,623.0	\$11,923.0	\$2,244.3
Argyle Forest/Westport to Brannan-Chaffee (4 Lanes)	\$20,000.0	\$8,600.0	\$0.0	\$8,600.0	\$13,200.0	\$13,200.0
JTA BJP 1 - TOTAL:	\$243,500.0	\$236,380.0	\$7,397.4	\$243,777.4	\$305,646.7	\$180,769.7

#### JTA PROJECTS BJP - 2 / STATE PARTNERSHIP PROGRAM

Beaver St Widen to 4 Lns Dvd (McDuff to Cahoon)	\$36,000.0	\$36,000.0	\$0.0	\$36,000.0	\$42,975.0	\$1,078.2
Blanding Blvd. Widen to 6 Lns Dvd (I-295 to Wilson Blvd.)	\$45,000.0	\$45,000.0	\$0.0	\$45,000.0	\$77,373.0	\$2,190.0
Brannan Field-Chaffee Rd New 4 Lns (103d to I-10) SEE NOTE (A)	\$14,000.0	\$25,800.0	\$0.0	\$25,800.0	\$5,500.0	\$5,500.0
Brannan-Chaffee/Argyle Forest to 103rd (2 Add. Lanes)	\$17,000.0	\$17,000.0	\$0.0	\$17,000.0	\$17,000.0	\$17,000.0
Butler Blvd Widen to 6 Lns (SR 9A to I-95)	\$20,000.0	\$20,000.0	\$2,733.8	\$22,733.8	\$20,495.0	\$20,495.0
Cecil Field Conn./Brannan-Chaffee to Commerce Cente	\$6,000.0	\$6,000.0	\$0.0	\$6,000.0	\$12,570.6	\$4,056.9
East-West Industrial Corridor (U.S. 17 - New Berlin	\$8,000.0	\$8,000.0	\$0.0	\$8,000.0	\$26,110.0	\$4,486.7
Forest St. Widen to 6 Lns Dvd (Riverside Ave to Park St.) SEE NOTE (A)	\$8,000.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Interchange-Atlantic Blvd/ Univ. Blvd	\$25,000.0	\$25,000.0	\$0.0	\$25,000.0	\$53,456.3	\$1,390.0
Interchange-Atlantic Blvd/Hodges Blvd	\$20,000.0	\$20,000.0	\$0.0	\$20,000.0	\$50,000.0	\$505.0
Interchange-Atlantic Blvd/Kernan Blvd	\$20,000.0	\$20,000.0	\$0.0	\$20,000.0	\$42,640.0	\$2,232.2
Interchange-Atlantic Blvd/Southside Blvd	\$25,000.0	\$25,000.0	\$0.0	\$25,000.0	\$62,420.0	\$820.0
Interchange-Beach Blvd/Hodges (Now Beach/Kernan)	\$20,000.0	\$20,000.0	\$0.0	\$20,000.0	\$43,118.0	\$718.0
Interchange-Complete I-95 at Butler	\$20,000.0	\$20,000.0	\$0.0	\$20,000.0	\$50,000.0	\$15.3
Interchange-Southside Blvd/Baymeadows Rd	\$25,000.0	\$25,000.0	\$0.0	\$25,000.0	\$68,368.7	\$1,108.1
Interchange-U.S. 17/Eastport Rd	\$10,000.0	\$10,000.0	\$0.0	\$10,000.0	\$40,000.0	\$590.0
Interchange-U.S. 17/Timuquana	\$25,000.0	\$25,000.0	\$0.0	\$25,000.0	\$55,000.0	\$675.5
Interchange-U.S. 1/Butler Blvd	\$18,000.0	\$18,000.0	\$0.0	\$18,000.0	\$48,000.0	\$704.2
Interchange-University Blvd/Beach Blvd	\$20,000.0	\$20,000.0	\$0.0	\$20,000.0	\$45,920.6	\$1,000.0
Matthews Bridge Replacement / P.D.&E Only (Design; RW in SPP)	\$20,000.0	\$20,000.0	\$0.0	\$20,000.0	\$3,300.0	\$3,300.0
Rapid Transit Rights-of-Way Acquisition	\$100,000.0	\$100,000.0	\$0.0	\$100,000.0	\$100,000.0	\$100,000.0
S.R. 9A/U.S. 1 to I-295 SEE NOTE (A)	\$8,000.0	\$4,200.0	\$0.0	\$4,200.0	\$4,200.0	\$4,200.0
S.R. 9B/S.R. 9A to U.S. 1	\$20,000.0	\$20,000.0	\$0.0	\$20,000.0	\$20,000.0	\$0.0

S.R. 9B/U.S.1 to I-95	\$15,000.0	\$15,000.0	\$0.0	\$15,000.0	\$15,000.0	\$0.0
S.R. 9B/I-95 to Race Track Rd.	\$15,000.0	\$15,000.0	\$0.0	\$15,000.0	\$15,000.0	\$0.0
Program Management (77% J.T.A./23% City)	\$20,000.0	\$20,000.0	\$0.0	\$20,000.0	\$20,000.0	\$20,000.0
Extended Program Management Services (JTA)	\$0.0	\$0.0	\$0.0	\$0.0	\$10,000.0	\$10,000.0
JTA BJP 2 - TOTAL	\$580,000.0	\$580,000.0	\$2,733.8	\$582,733.8	\$948,447.2	\$202,065.1
TOTAL CITY 1 & 2 AND JTA 1&2	\$1,500,000.0	\$1,500,003.6	\$90,614.0	\$1,590,617.6	\$2,243,871.6	\$1,292,129.7

**ADDITIONAL REVENUES RECEIVED / AVAILABLE** (See Note 1):

FDOT Grants in BJP-2 (JTA)	\$26,731.2	(See Note B)
Current Fair Share Revenues	\$19,244.8	
Future Fair Share Revenues	\$35,000.0	
Reimbursement of Loblolly Wetland Credits Purchase	\$17,467.1	
SUBTOTAL	\$1,598,443.1	
Less Revised 2005 Budget	\$1,292,129.7	
CASH AVAILABLE FROM BJP:	\$306,313.4	

**Note (1):** These current and anticipated revenues shall generally be applied to the BJP-1 and/or BJP-2 projects contained on Pages 1 & 2 of this Exhibit as they are received. Upon application of these revenues to those projects, a corresponding amount of BJP funds will become excess to those projects and will be transferred to the State Partnership Program for use on those projects.

**Note (A):** Ordinance No. 2003-751-E loaned \$20.3 Million to FDOT for the acceleration of the construction of the I-10 / Brannen Field Chaffee Interchange. \$8 Million was loaned from Forest Street since FDOT had already completed this project. \$3.8 Million was loaned from SR 9A because that project was completed for \$4.2 Million. And \$9.5 Million was loaned from JTA's Brannen Field / Chaffee Road project with the remaining \$5.5 Million being a direct contribution to the Interchange. The \$20.3 Million will be repaid to the City by FDOT in fiscal years 2015/2016 through 2019/2020 per the Ordinance.

**Note (B):** This figure includes \$16,300.0 FDOT SIS Grant recently awarded for Heckscher Drive but not yet appropriated.

## STATE PARTNERSHIP PROGRAM

Project	Spent to Date	Total Projected Cost	Funding Required	Running Total
Wonderwood Phase 3 & JTA Bond Projects Completion	\$0.0	\$40,000.0	\$40,000.0	\$40,000.0
Beach Blvd Bridge / Intracoastal Waterway	\$4,302.9	\$80,000.0	\$75,697.1	\$115,697.1
McDuff Ave./Roosevelt to Beaver *	\$2,244.3	\$11,923.0	\$9,678.7	\$125,375.8
Interchange-U.S. 17 / Collins (Design & R/W Only)	\$0.0	\$4,000.0	\$4,000.0	\$129,375.8
Cecil Field Conn./Brannen-Chaffee to Commerce Center	\$4,056.9	\$12,570.6	\$8,513.7	\$137,889.5
East-West Industrial Corridor (U.S. 17 - New Berlin)	\$4,486.7	\$26,110.0	\$21,623.3	\$159,512.8
Interchange - Ramps I-95 at Butler Phase 1A of Project No. 19 Ord. 2005-898	\$0.0	\$14,000.0	\$14,000.0	\$173,512.8
Interchange-Beach Blvd/Kernan Ord. 2006-547	\$718.0	\$43,118.0	\$42,400.0	\$215,912.8
Heckscher Dr Ph 2 (Widen to 4 Lns Drummond Pt to SR 9A) *	\$7,430.0	\$46,931.2	\$39,501.2	\$255,414.0
Interchange-Atlantic Blvd/Kernan Blvd	\$2,240.0	\$42,640.0	\$40,400.0	\$295,814.0
Regency / Atlantic / Arlington Expressway / Monument	\$0.0	\$4,340.0	\$4,340.0	\$300,154.0
Tinseltown (Southside / Hogan / Touchton / Gate Parkway) (Design & R/W Only)	\$0.0	\$10,000.0	\$10,000.0	\$310,154.0
Atlantic Intracoastal West (Atlantic / Girvin / Hodges / San Pablo)	\$0.0	\$19,800.0	\$19,800.0	\$329,954.0
Interchange-Atlantic Blvd/Southside Blvd (Design & R/W Only)	\$820.0	\$35,120.0	\$34,300.0	\$364,254.0
Atlantic / University Intersection (Turn lanes)	\$1,390.0	\$13,390.0	\$12,000.0	\$376,254.0
Beach / University Intersection (Turn lanes)	\$1,000.0	\$7,500.0	\$6,500.0	\$382,754.0
Interchange-Southside Blvd/Baymeadows Rd(At-Grade Solution)	\$0.0	\$8,000.0	\$8,000.0	\$390,754.0
ITS Improvements	\$0.0	\$5,000.0	\$5,000.0	\$395,754.0
Interchange-Complete I-95 at Butler (Phase 1) (Build w/No. 20 as One Project)	\$22.0	\$31,250.0	\$31,228.0	\$426,982.0
Interchange-U.S. 1/Butler Blvd Phase 1) (Build w/No. 19 as One Project)	\$710.0	\$20,000.0	\$19,290.0	\$446,272.0
Interchange-U.S. 17 / Collins (Construction)	\$0.0	\$36,000.0	\$36,000.0	\$482,272.0
Interchange-Atlantic Blvd/Southside Blvd (Construction)	\$0.0	\$27,300.0	\$27,300.0	\$509,572.0
S.R. 9B/S.R. 9A to U.S. 1 (Contribution to FDOT)	\$0.0	\$20,000.0	\$20,000.0	\$529,572.0
Interchange-Complete I-95 at Butler (Phase 2) (Build w/No. 25 as One Project)	\$0.0	\$50,000.0	\$50,000.0	\$579,572.0
Interchange-U.S. 1/Butler Blvd (Phase 2) (Build w/No. 24 as One Project)	\$0.0	\$20,000.0	\$20,000.0	\$599,572.0
Interchange-U.S. 17/Eastport Rd	\$590.0	\$22,000.0	\$21,410.0	\$620,982.0

Tinseltown (Southside / Hogan / Touchton/ Gate Parkway)	\$0.0	\$26,000.0	\$26,000.0	\$646,982.0
Blanding Blvd.Widen to 6 Lns Dvd (I-295 to Wilson Blvd.	\$2,190.0	\$77,373.0	\$75,183.0	\$722,165.0
S.R. 9B/U.S.1 to I-95 (Contribution to FDOT	\$0.0	\$15,000.0	\$15,000.0	\$737,165.0
Beaver StWiden to 4 Lns Dvd (McDuff to Cahoon)	\$1,078.2	\$42,975.0	\$41,896.8	\$779,061.8
Matthews Bridge Replacement / (Design Only)	\$0.0	\$40,000.0	\$40,000.0	\$819,061.8
S.R. 9B/I-95 to Race Track Rd. (Contribution to FDOT)	\$0.0	\$15,000.0	\$15,000.0	\$834,061.8
Interchange -Atlantic Blvd/ Univ.Blvd -ICANCELED	\$1,390.0	\$1,390.0	\$0.0	\$834,061.8
Interchange -Atlantic Blvd/Hodges Blvd -CANCELED	\$505.0	\$505.0	\$0.0	\$834,061.8
Interchange - University Blvd/Beach Blvd -CANCELED	\$1,000.0	\$1,000.0	\$0.0	\$834,061.8
Interchange - Southside Blvd/Baymeadows Rd -ICANCELED	\$1,115.0	\$1,115.0	\$0.0	\$834,061.8
Interchange - U.S. 17 / Timuquana -CANCELED	\$675.5			
<b>TOTALS:</b>	\$37,964.5	\$871,350.8	\$0.0	\$834,061.8

## STATE PARTNERSHIP PROGRAM REVENUES

Cash Available from BJP	\$306,313.4	37%
Future JTA Revenue	\$140,000.0	17%
FDOT	\$387,748.4	46%
<b>TOTAL FUNDING</b>	\$834,061.8	00%

## COJ ROAD PROJECTS IN DESIGN / PENDING ALL CONSTRUCTION DATES TBD

CD	Project	Estimate
10,12	Cahoon Road – Phase II (Lenox to Beaver)	\$13.2 million
14	Collins Road (Blanding to Pine Verde)	\$15.7 million
11,14	Collins Road (Shindler to Westport)	\$1.9 million
11,12,14	Collins Road (Westport to Rampart)	\$7.4 million
11,12,14	Collins Road – Phase II (Shindler to Old Middleburg)	\$3.6 million
12	Crystal Springs Road – Phase II (Hammond to Cahoon)	\$12.9 million
2,3	Girvin Road (Atlantic to McCormick)	\$17.2 million
6	Hartley Road (St.Aug to San Jose)	\$11.5 million
2,3	Kernan Blvd – Phase V "B"	\$27.5 million
3,4	Kernan Blvd – Phase VI (JTB to Glen Kernan)	\$5.1 million
9	McDuff & 5th Street Phase III	\$1.8 million
11,12,14	Old Middleburg Road (103rd to Branan Field)	\$28 million
6	Old St.Augustine/Greenland Intersection (formerly Caron Dr Extension)	\$1.2 million
10	Parramore Rd. Extension	\$2.6 million
10,12	Ricker Road (Old Middleburg to Morse)	\$12 million
3	San Pablo Road (Beach to Atlantic)	\$13.7 million
11,12,14	Shindler Drive Phase 2 (Collins to 103rd)	\$12.4 million
<b>TOTAL ESTIMATE VALUE</b>		<b>\$187.7 million</b>



**CHAPTER TWENTY-THREE**

**THE ST. JOHNS RIVER**



# THE ST. JOHNS RIVER

## INTRODUCTION

The St. Johns River defines the history, culture, economy, character, and ultimately the future of the City of Jacksonville. The river begins its 310 mile long journey in Indian River County and is one of only a few rivers in the United States that flows north. The river's headwaters encompass vast, primordial marshes teeming with alligators, wading birds and waterfowl. The total drop of the river from its source to its mouth is less than 30 feet, or about 1 inch per mile, making it one of the "laziest" or slowest moving rivers in the world. In Brevard County, the marsh morphs into a navigable river, gently twisting as it crawls north. Surprises abound as the river reveals multiple personalities along the way: a tapestry of sawgrass lakes, bottle-clear spring runs and darkwater tributaries. As the river leaves Putnam County for Clay and St. Johns counties, it widens considerably, in some locations exceeding 3 miles across. After passing Mayport in Duval County, the longest river contained in the state of Florida ends its journey where it begins to mix with the Atlantic Ocean. It is notable that salt water enters the river at its mouth in Jacksonville and in periods of low water, tides may cause a reverse flow as far south as Lake Monroe - 161 miles upstream from the river's mouth.

## IMPORTANCE

### **Recreation, Access and Economic Impact**

The St. Johns River's economic impact on Florida runs into the billions of dollars. Two major U.S. Navy installations, Mayport Naval Station and Naval Air Station Jacksonville are located on the river - representing the second largest concentration of the Navy in the Atlantic fleet. In addition, Blount Island on the St. Johns serves as a major military prepositioning site for the U.S. Marine Corps. Jacksonville's deep water port, with a 38-foot channel running 24 miles inland, represents one of the largest ports on the east coast. The port has an economic impact on the community of 1.38 billion dollars and provides more than 10,000 jobs to the local community. The port is the 15th largest container port in the United States and the 3rd largest importer/exporter of automobiles. It is one of the top intermodal ports in the nation, with access to three Interstate highways, three railroad lines and air cargo from Jacksonville International Airport and Cecil Field

Downtown Jacksonville itself is divided by the St. Johns River, creating a dynamic area on both the north and south banks of the river. Major hotels and skyscrapers represent the city's leadership as banking and insurance center in Northeast Florida and those buildings line up along the river. A waterfront shopping and entertainment center, The Jacksonville Landing, represents prime real estate for downtown with access by boat and car. In addition, the Riverside Arts Market is quickly becoming a popular destination on Saturday from March to November, with local artists, performers, and restaurants coming downtown to celebrate "Under the Bridge" in Riverside. Indeed, the river draws and keeps business in the downtown, by encouraging infill development and helping to combat urban sprawl.

Commercial and sports fishing is a multimillion dollar industry from one end of the St. Johns to the other. Both fresh and saltwater fishing is possible because of the immense tidal ebb and flow from the Atlantic Ocean. Fish camps dot the river for its entire length. Boat building and ship repair represents another longtime source of economic energy.

Downtown revitalization projects in Palatka, Green Cove Springs, Orange Park, Sanford and Jacksonville are all based upon linkage and access to the river. The river itself is the focal point for what has become a cultural Mecca. The vast list of attractions include; Jacksonville Jazz Festival, annual Palatka Blue Crab Festival, The Cummer Museum of Art and Gardens in Jacksonville's Riverside neighborhood, Jacksonville Museum of Science and History, Kingsley Plantation, Jacksonville Zoological Gardens, Annual Gate River Run, Greater Jacksonville Kingfish Tournament, Florida-Georgia Game, the National Football League's Jacksonville Jaguars in the Everbank Stadium and the St. Johns River Mug Race. For fitness fans, many hiking and jogging trails exist along the St. Johns' 600-mile shoreline.

The river provides a key base for education. Many colleges and universities are located on or near its banks with key educational programs aimed at studying the river and its resources. Jacksonville University, the University of North Florida, St. Johns River Community College, and Sanford Naval Academy, all have programs, classes, and special studies focusing on the river.

Although the river is 310 miles long, the area that is of primary concern with respect to Jacksonville's interest in water quality and quantity is that portion of the St. John's (defined as the Lower St. John's River (LSJR)) that flows between the mouth of the Ocklawaha River (south of Palatka), its largest tributary, and the Atlantic Ocean, encompassing a 2,750-square-mile drainage area (see Figure 1). Within this reach, the St. Johns River is 101 miles long and has a water surface area of approximately 115 square miles. Major centers of population within the LSJR include Palatka, a city of 10,700 at the southern entrance to the basin; Green Cove Springs, a city of 4,700 at the midpoint; and the Orange Park, Middleburg, and Jacksonville metropolitan area, with a population of over one million, all located in the northern portion of the basin.

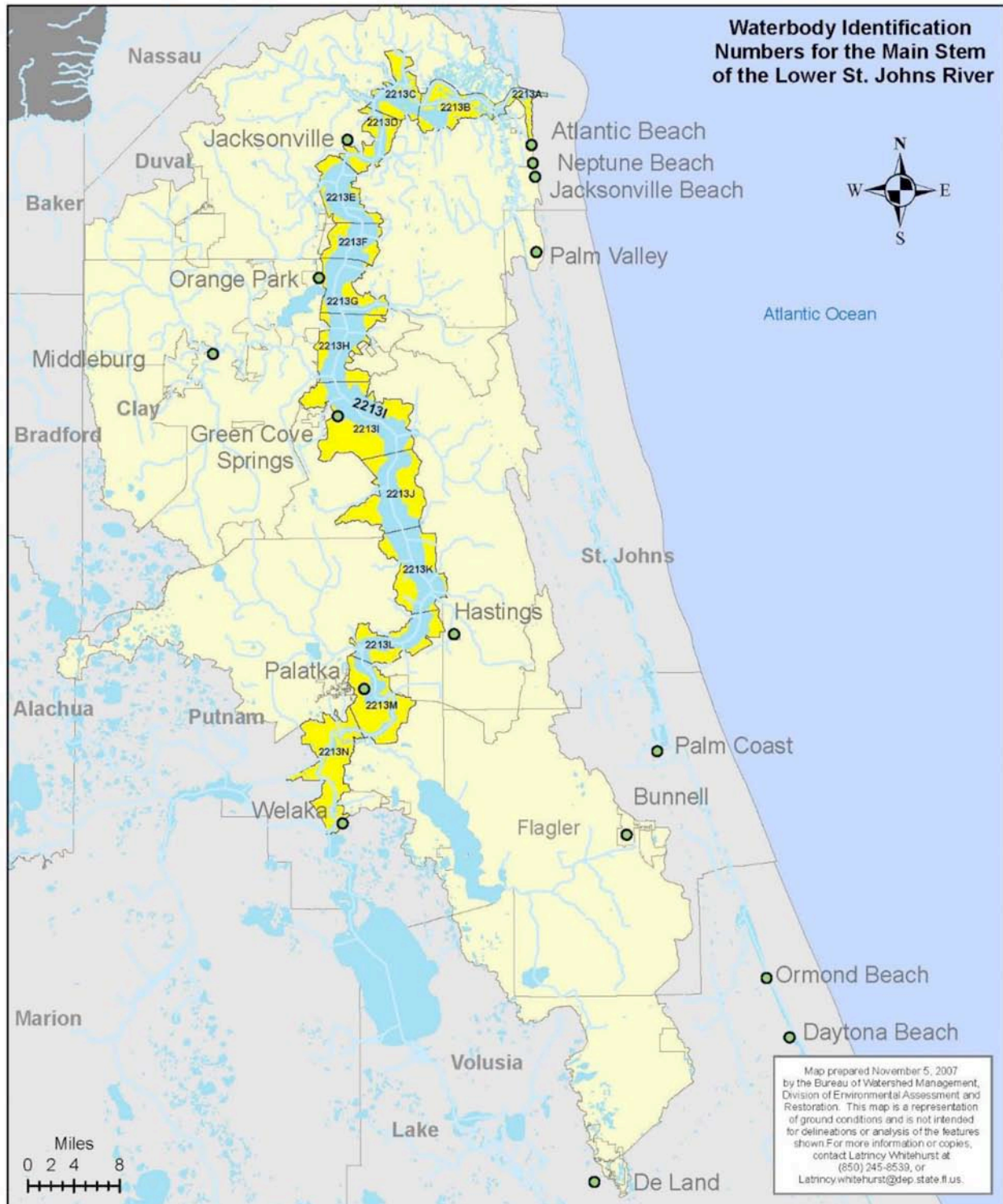
**Figure 1 - Lower St. Johns River**



- LSJ\_Cities
- Military Installations
- County Boundary

For assessment and monitoring purposes, the Florida Department of Environmental Protection (FDEP), has divided the LSJR Basin into water assessment polygons with a unique Water Body Identification (WBID) number for each watershed or stream reach (see Figure 2). The LSJR is also divided into two reaches based on salinity: the marine reach (where sea water and fresh water are mixed) and the freshwater reach.

**Figure 2 - Water Body IDs**



## **Water Quality and Quantity**

Today the river faces significant water quality challenges. Because the river flows slowly, it is difficult for the river current to flush pollutants. Residents have witnessed harmful algal blooms and the resulting fish kills have required the state health department to issue warnings that the river was unhealthy for humans. The blooms are caused by nutrient-rich discharges that result in portions of the St. Johns River failing to meet state and federal water quality standards. Over 65 percent of the nitrogen and phosphorous pollution (commonly referred to as “nutrients”) comes to Jacksonville from areas south of Duval County. Meanwhile, 61 of Duval County's 152 river tributaries have bacteria levels so elevated that they are deemed unsafe for fishing and swimming.

Major nutrient pollution sources include discharges from wastewater treatment plants and storm water runoff from urban and agricultural areas. This runoff carries pesticides, fertilizers and other pollutants into canals, ditches and streams that lead to the river. Sources of bacteria (fecal coliform) include failing septic tanks, aging wastewater collection systems, pet waste and the homeless community. River pollution is typically concentrated around urban areas.

Another major challenge for the river is water supply or quantity. Currently the river is providing drinking water to several communities in Brevard and Indian Counties and a new surface water withdrawal facility is under construction for Seminole County.

Over-pumping of groundwater in the southwest and central parts of the State has resulted in significant environmental impacts. These impacts include sinkholes, dewatering of wetland habitats, and impacts to municipal well fields. The St. Johns River Water Management District (SJRWMD) has projected that aquifers will not be able to meet future water supply needs beyond 2013 in many of the same areas and the result is that the St. Johns River and Ocklawaha River are now being considered for major water withdrawal projects by numerous counties and utilities. In order to meet the anticipated increase in demand, communities and utilities are being instructed by the SJRWMD to identify and make plans for using alternative water supply (AWS) sources, such as desalination and surface water. Removing millions of gallons per day from the flow of the St. Johns may worsen existing pollution problems, increase salinity levels, and adversely impact the fisheries, wildlife, and submerged vegetation in the river. The city position has been to oppose any actions that will adversely impact the river and its plan to restore the health of the river.

The city is partnering with JEA to identify reclaimed water projects, AWS sources, such as the Intermediate Aquifer System, and has put into effect landscape irrigation efficiency and schedule ordinances. These efforts combined with aggressive water conservation education are essential to sustain our groundwater supply for another 20 plus years before costly desalination river withdrawal projects will be necessary for Jacksonville residents.

## **Federal and State Designation Information**

Total Maximum Daily Loads (TMDLs) are water quality targets, based on state water quality standards, for specific pollutants (such as nitrogen, phosphorus, mercury, and others). The Florida Department of Environmental Protection (FDEP) identified several segments of the main stem of the Lower St. Johns River (LSJR) Basin, to be impaired by nutrients, and has adopted TMDLs for Total Nitrogen (TN) and Total Phosphorus (TP) in the freshwater section and for TN in the marine section. Florida's water quality standards are designed to ensure that surface waters can be used for their designated purposes, such as drinking water, recreation, and shellfish harvesting. Currently, most surface waters in Florida, including those in the LSJR Basin, are categorized as Class III waters, which mean they must be suitable for recreation and must support the propagation and maintenance of a healthy, well-balanced population of fish and wildlife.

The TMDLs for the main stem of the LSJR Basin were adopted by the FDEP in June 2008. In addition, the LSJR Main Stem Basin Management Action Plan (BMAP) was adopted by FDEP in October 2008 to implement these TMDLs. The City of Jacksonville (COJ) is one of many stakeholders who must reduce nutrient loading into the river. The city's efforts are all related to stormwater structural and non-structural controls. Structural controls include new regional stormwater treatment areas that address flooding and water quality and septic tank phase-out which eliminate a significant nutrient and bacteriological load from going into surface waters within Duval County. Non-structural controls consist of local ordinances (fertilizer and irrigation), public education

and outreach, and development of a Low Impact Development Manual to facilitate enhanced stormwater treatment for new projects and urban re-development. The city, like other stormwater entities, was assigned a 15 year timeline to achieve the nutrient reductions allocated in the LSJR Main Stem BMAP.

Similar to the excessive nutrients issue; TMDLs and BMAPS will be prepared and implemented for all 61 fecal coliform impaired Water Body Identifiers (WBIDs) in Duval County. TMDLs will describe the individual water body and quantify the reductions necessary to restore the water body back to meeting its designated use as Class III surface waters. Due to the fact that there are so many impaired areas, with accompanying TMDLs, and that solutions are often very similar for the different waterways, the state has combined multiple WBIDs into each fecal coliform BMAP. The first fecal coliform BMAP was adopted in December 2009 covering 10 impaired WBIDs. The second fecal coliform BMAP covers 15 WBIDs and was adopted in July 2010. As of March 2011, there were 36 more tributaries awaiting TMDLs and BMAPs.

### **Regulatory History**

The Environmental Quality Division (EQD) within the Environmental and Compliance Department of the City of Jacksonville conducts monitoring, investigations and regulates activities related to the river.

Historically, the city through its Jacksonville Environmental Protection Board (JEPB) has enacted rules to improve water quality and manage the regulatory framework through which the water quality within the river is monitored and protected.

### **Regulatory timeline – TMDL and NNC**

In July 2002, FDEP convened the Lower St Johns River TMDL Executive Committee to provide stakeholder input into the development of a TMDL for the basin and to assist in developing a BMAP. The required reductions in the BMAP were developed through an extensive allocation process that follows the three-step process recommended in the Allocation Technical Advisory Committee (ATAC) Report to the Governor and Legislature (February 2001). “Step I” and “Step II” reductions were only applied to nonpoint sources (urban, agriculture, and forestry areas) to provide treatment effort approximately equivalent to the treatment required for domestic and industrial wastewater facilities. The “Step II” reductions were based on the reduction from nonpoint sources expected from implementation of their respective best management practices. Since “Step II” reductions did not result in meeting the assimilative (ability to absorb pollution without exceeding standards) capacity of the river, additional “Step III” reductions were necessary, which required the same percentage reduction from point and nonpoint sources.

### **Numeric Nutrient Criteria**

On Dec. 6, 2010, the U.S. Environmental Protection Agency (EPA) promulgated numeric nutrient criteria (NNC) for freshwater streams, springs, and lakes in Florida. As part of the NNC rule, the EPA allows for the submission of existing TMDLs for consideration to be adopted as site-specific alternative criterion (SSAC). The TMDLs adopted by FDEP incorporated waterbody specific data and scientifically robust hydrodynamic (study of the flow through a time sequence) modeling. If the FDEP TMDLs are adopted as an alternative standard by the EPA, they would supersede the generally applicable regional NNC's. The EPA has prepared draft guidance on how to prepare SSAC documentation for EPA approval. The TMDL Executive Committee voted on Feb. 24, 2011, to strongly encourage the FDEP to expeditiously submit the alternative standard to the EPA for approval as the recommended standard for compliance for the LSJR.

EPA is currently in the process of developing numeric nutrient criteria for estuary systems, which will include the marine section of the LSJR, and the draft estuary NNC will be released in November 2011. The estuary NNCs will directly affect the city.

On April 22, 2011, the FDEP filed a petition with EPA seeking to rescind the agency's 2009 finding that the more stringent numeric nutrient criteria were necessary for the state's waters. The petition asks EPA to withdraw its determination before any further action is taken by the agency “to propose, promulgate or implement” numeric nutrient criteria in Florida.

## **Compliance Efforts**

The LSJR BMAP represents the collaborative effort of regional stakeholders in the basin to identify current and planned management strategies to reduce discharges of TN and TP to the basin to achieve the allocations required by the BMAP. It contains both structural and non-structural strategies, including:

- Domestic and industrial wastewater treatment plant upgrades;
- Increase use of reclaimed water by redirecting highly treated wastewater discharges to beneficial reuse for irrigation and other purposes;
- Stormwater system retrofits;
- Urban structural Best Management Practices (BMPs);
- Urban nonstructural BMPs such as cleaning and maintenance activities;
- Agricultural BMPs;
- Environmental education; and
- Water quality credit trading.

## **ACTIONS TAKEN**

The city has participated in a collaborative partnership along with FDEP, other utilities and municipalities along the LSJR, and the SJRWMD to determine the acceptable levels of nutrients that could be discharged into the river as well as agree to a series of measures to reduce the nutrient loading to restore water quality. The outcome of this committee was the establishment of TMDLs as well as development of the BMAP that outlines the needed steps and measures progress in meeting the water quality standards over the next 15 years.

### **Package Treatment Plants and Septic Tanks**

- Roughly 600 package plants (smaller sewer treatment plants) were phased out since the late 1980s under Jacksonville Environmental Protection Board (JEPB) Rule 3.
- The Water and Sewer Expansion Authority (WSEA) has provided approximately 350 sewer connections to properties on a voluntary basis. Current projects consist of funding sewer extensions to 515 septic systems located in the Oakwood Villa Estates Phase II project area, and an additional 85 properties in the Lincoln Villa Phase I area. Oakwood Villa Estates sewer construction is completed. Lincoln Villa Phase I sewer construction is 90 percent complete.
- In FY 2008 the city obtained \$2.8 million in grants for the Lincoln Villa Phase I, Septic Tank Phase Out (STPO) project, \$2 million ad valorem grant from SJRWMD and a \$800,000 Community Issue Budget Request (CIBR) grant, and \$1.2 million CIBR grant for the LSJR Basin Initiative (Oakwood Villa Estates STPO project).
- In fiscal year 2009 a \$300,000 CIBR grant for the Lincoln Villa Phase II STPO Project and a \$759,000 grant for the removal of failing septic tanks were received by the city.
- To date, 2,480 septic tanks have been phased out in the City of Jacksonville.
- *The Better Jacksonville Plan* provided \$75 million to phase-out failing septic tanks.

### **Fertilizer Ordinance**

The city established fertilizer and best management practices (BMPs) in the Ordinance Code consistent with State approved Model Ordinance. Requirements include commercial fertilizer applicators to be trained in the State BMPs and bulk storage facility operators to have a spill prevention plan.

In order to accomplish the intended goals and objectives of the ordinance, the city created an educational campaign to inform the residents about the value of natural water resources, and to educate them about ways to effectively apply fertilizer on landscaping.

A major purpose of the city's educational campaign was public and business partnering to increase ordinance compliance. The city conducts educational outreach at town meetings, homeowner association meetings, businesses, civic organizations, and the Florida Pest Management Association meetings. To date, more than 40,000 irrigation and fertilizer brochures have been printed and approximately 35,300 have been distributed at these events.

The city is partnering with the local “greenhouse” retailers to help communicate the importance of proper irrigation and fertilizer use to their customers. Two of the larger local greenhouse retailers, The Home Depot Inc. and Wal-Mart now display irrigation and fertilizer posters that emphasize irrigation and fertilizer BMPs in their stores. Efforts to encourage other stores to have similar programs are continuing.

### **Irrigation Ordinance**

Data suggests that 50 percent of Northeast Florida's groundwater is being used for irrigation purposes. This over-watering contributes to water waste and compromises overall water quality and quantity. In light of this fact, the city realized the need to enact landscape irrigation requirements that will reduce the impact to the Floridan aquifer – our drinking water supply – and eliminate excess runoff of nutrients into the river. The landscape irrigation requirements provide for residential and non-residential properties to irrigate on scheduled days consistent with SJRWMD Rules. There have been 672 irrigation complaint issues reported to the city. Of those 65, violation tickets were issued and a total of 732 investigations conducted. As noted above, public education and outreach remains a priority.

### **Outreach and Education**

The city's Public Service Announcements (PSAs) focus on the importance of septic system maintenance and pet waste management as required by ordinance. The completed PSA segments were first shown on July 16, 2010, at the University of North Florida Conference Center during the 2010 Environmental Symposium. The city began airing both PSAs on television the first week of February 2011. The entire \$50,000 budget is dedicated to the purchase of air time. Other public education presentations were provided both during the 2010 Environmental Symposium and several other outreach and education events that included a spectrum of topics related to stormwater management and surface water quality improvement.

The city is participating in the Florida Yards and Neighborhoods Program. Through local ordinance, the Florida Yards and Neighborhoods Program promotes concepts of Florida Friendly Landscape and Irrigation Design Standards that were adopted for new public agency project landscapes and private development projects, including, but not limited to, industrial, commercial, recreational and multi-family residential. Through city websites and public outreach programs residents are also reminded that the University of Florida Extension program offers Florida-friendly landscaping programs and assistance and are provided with program specifics and current contact information.

### **Master Stormwater Management Plan**

Beginning in 2006, the city contracted with a consultant to update the city's Master Stormwater Management Plan (MSMP). Under this contract the consultant completed the following:

- Updated the city's stormwater models;
- Developed master plan level designs for regional and neighborhood BMP's to reduce flow and improve water quality; and
- Assisted in development of the Jacksonville Stormwater Utility fee structure and operating budget.
- To date the city has invested \$1,500,000 in the MSMP and another \$2,000,000 is budgeted for FY 2012-13.

### **Storm Water Utility**

The city established a stormwater utility and began to charge a stormwater fee to fund both water quantity and water quality improvement projects and activities. The current five-year Capital Improvement Plan for the city lists 19 stormwater projects with a total estimated cost of over \$75,000,000 and an additional \$167,000,000 in proposed funding beyond FY 2014-15. In addition to constructing new drainage facilities, capital improvements with an estimated cost of over \$3,000,000 were initiated or ongoing for design projects.

The city initiated a new program, at \$14 million over the next five years, to phase out septic tanks in areas that adversely impact surface waters. Also started was a new program, at \$6 million over the next five years, to implement Low Impact Development design/construction opportunities. The cost of projects within the ten impaired water bodies that comprise the BMAP I tributaries was approximately \$950,000.

## **National Pollution Discharge Elimination System (NPDES) Program**

In 1991 the city took the first steps toward implementing an ongoing NPDES program. In 1997, the city, and its co-permittees FDOT District II, Atlantic Beach, and Neptune Beach were issued a Municipal Separate Storm Sewer System (MS4) NPDES permit (also known as the Stormwater Permit). Between 1996 and 2008 the city has invested approximately \$10,900,000 in its NPDES program. Key elements of the work completed during this period include the following:

- Complete inventory and mapping of all city and FDOT Stormwater infrastructure
- Performing activity required for the city-wide Illicit Discharge Detection and Elimination field inspection program.
- Implementation of a High Priority Industry Inspection program
- Implementation of an ongoing water quality sampling and monitoring
- Development of field inspection tools and protocols to support ongoing illicit discharge and detection by city staff

The city is investing an additional \$3.1 million in its NPDES program. The city plans to develop and implement tools and practices to enhance current private lift station, septic tank, and high priority industry inspections and enforcement procedures. In addition, the city will integrate existing systems and data to more effectively address NPDES permit administration as well as comply with LSJR Main Stem and Tributaries BMAP reporting requirements.

## **Maintenance Activities**

The city conducts maintenance activities in response to the city call center database – the Citizen Action Response Effort (CARE) system - and through routine maintenance practices. The city allocates approximately \$6 million annually for street sweeping, structure and closed conveyance cleaning and repair or replacement projects.

The city's Department of Public Works, Right of Way and Grounds Maintenance Division, responded to more than 5,800 CARE requests for Stormwater Permit investigation and maintenance issues citywide, with 685 requests within the 10 tributary BMAP I area. City records indicate an estimated average cost of \$550 per CARE response and associated work orders during the referenced reporting period. The cost of maintenance activities associated with CARE responses totaled approximately \$3,200,000 for all of the city and \$376,000 for the 10 tributary BMAP I areas. It is estimated that the city invested over \$9.5 million to maintain the stormwater drainage system during Oct. 1, 2009, through Dec. 31, 2010.

## **Legislative Appropriations**

In July 2006, a 10-year river restoration effort was announced titled The River Accord. The program included identification of \$700 million in projects that are needed to restore the river. These include efforts to remove wastewater discharges, improve wastewater effluent and increase the use of reuse water for irrigation, eliminate failing septic tanks, improve storm water, and produce an annual "State of the River" report. Key members of The River Accord include the City of Jacksonville, JEA, the Water and Sewer Expansion Authority, the Water Management District and the Florida Department of Environmental Protection.

## **STATUS OF ACTIONS TAKEN**

### **Progress of BMAP implementation**

FDEP develops annual progress reports on implementation of the specific actions detailed in the Basin Management Action Plan. In the 2009 BMAP progress report, three wastewater projects in the freshwater section of the river were completed with a total reduction of 7,592 pounds per year of phosphorus and 57,299 pounds per year of nitrogen. No wastewater projects were completed in the marine section this past year, although many projects are under construction. Over the last year, nine local government stormwater projects were completed in the freshwater section for a total reduction of 2,109.2 pounds per year of TP and 4,124.3 pounds per year of TN. An additional 13 local government stormwater projects were completed in the marine section for a reduction of 10,292 pounds per year of TN.



### **Inspection, Sampling and Enforcement Activities**

Between Oct. 1, 2009, and Dec. 31, 2010, the Environmental Quality Division (EQD) completed 250 Illicit Discharge Discovery and Elimination (IDDE) and other water quality related CARE response inspections. More than 100 ambient tributary water quality sampling locations are monitored by EQD with an established goal of quarterly sampling at each site. More than 1,200 private sewage lift stations have been permitted since 1992 by EQD. The EQD conducts routine and CARE initiated inspections of approximately 2000 private lift stations. Compliance and enforcement actions are implemented to ensure the lift stations are operated in compliance with city Ordinance Code. In addition, a Private Lift Station Inspection System (LSIS) that will provide supporting information needed to demonstrate compliance with the Stormwater Permit and BMAPs has been implemented. The system is used by EQD staff to assign and follow work progress and track compliance status of Private Lift Stations.

Sanitary Sewage Overflow (SSO) inspections are initiated through CARE requests. An SSO found to originate from a private lift station or non-NPDES permitted wastewater treatment facility is addressed by EQD. CARE requests related to failing septic tank systems are referred to Duval County Public Health Department for follow up and resolution.

### **Phasing Out Septic Tanks in Areas with High Failure Rates**

There are approximately 85,000 septic tanks throughout Duval County. Many of these septic tanks are failing and polluting the St. Johns River and its tributaries. In addition to creating unacceptable public health risks, failing septic tanks can inhibit private investment and economic development. Thirty-seven areas in Duval County have been designated as septic tank failure areas by the Duval County Health Department. These areas account for approximately 21,000 (31 percent) of the city's septic tanks.

Pursuant to the LSJR Main Stem BMAP the city is embarking on a comprehensive strategy to phase out septic tanks in a systematic manner. This includes partnering with JEA to identify areas where sewer lines currently abut homes with septic tanks as this is the most cost effective method to accomplish program goals. Extending sewer lines into high density septic tank areas within close proximity to surface waters is critical to achieve compliance with the BMAP. This year the city, through the Stormwater Utility funding, allocated \$2,000,000 to fund connection of septic tanks located within 300 meters of surface water and in proximity to the regional sewer service provided by JEA.

### **Compliance and Enforcement of Local Ordinances**

In addition to the fertilizer and irrigation ordinance requirements and progress described previously and found in Chapter 366 City Ordinance Code, the city is working with JEA to improve compliance and enforcement of Chapter 752 of the Ordinance Code regarding Reclaimed Water. EQD hosts a monthly meeting of staff from the Planning and Development Department, Public Works Department, JEA, SJRWMD, FDEP, and other parties who can identify opportunities for water conservation and reclaimed water use.

### **Coordination with Federal and State agencies**

The Environmental Quality Division routinely coordinates with other city agencies, JEA and federal and state agencies on numerous water quality and quantity issues associated with the St. Johns River. One of the most significant of efforts is the pending renewal by the FDEP of the city's Stormwater Permit. The permit is expected to be issued this spring.

## **NEXT STEPS**

### **Plan for TMDL implementation costs**

The BMAP document outlines the commitment made by the city in reducing its nutrient loading to the LSJR in the next 15 years. As such, a significant investment is needed to meet those reductions which are now incorporated into the City's Stormwater Permit. Failure to meet the specified standards within the established timeframe could result in penalties of up to \$10,000 per day per violation.

### **Tributary clean up TMDL**

In addition to the nutrient TMDL established for the main stem of the LSJR, the FDEP has issued fecal coliform TMDLs for 10 tributaries (40 additional tributaries still pending). As such, compliance with the tributary

TMDLs will require substantial investment (in addition to the nutrient removal costs) in removing failing septic tanks and fixing leaking infrastructure that cause fecal coliform loading into each of the tributaries.

### **Numeric Nutrient Criteria Compliance Costs**

Should EPA prevail in establishing the new standards, there will be further liability for the city in meeting the more stringent water quality standards. The EPA has estimated their proposed new numeric nutrient standards will increase household annual utility bills by between \$40 and \$71 per household. JEA and the Florida Water Environment Association Utility Council estimate these costs to be \$570 to \$990 per household per year. The difference in estimates is primarily due to the assumptions and methodology used by the EPA and FDEP in estimating potential compliance costs and has been a significant item of discussion between the agencies.

### **Surface Water Withdrawal**

Counties south of Duval have been informed by the SJRWMD that they will need to develop alternate sources for drinking water in the very near future. Some counties have proposed siphoning more water from the St. Johns to meet that need. Additional removal of water from the river will result in increased salinity in Jacksonville and impacts the water quality. As such, Jacksonville will need to work with the agencies involved to protect its interest in managing the water quality in this part of the river.

### **Dredging**

The proposed dredging of the river for enhanced use by JAXPORT as well as the Navy could result in increased salinity farther inland. Coupled with the prospect of surface water withdrawal from upstream counties, this could be a significant issue affecting the water quality of the river as it flows through Jacksonville. The SJRWMD is conducting a study to quantify the extent of potential impact to the river.

### **General Direction**

The city should continue its efforts to ensure improvements to the water quality of the St Johns River by managing the city's regulatory programs to ensure maximum efficiency, by pursuing federal, state and other grant dollars to reduce costs for local taxpayers and by engaging early in all regulatory initiatives of other agencies to ensure that the City of Jacksonville's interests are protected.

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## GLOSSARY OF TERMS

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BMP	Best management practices
BMAP	Basin Management Action Plan [a plan incorporating commitments and projects by each stakeholder to reduce allocated loads of related pollutants to meet the established TMDLs]
CIP	Capital Improvement Plan
FDEP	Florida Department of Environmental Protection
FDOT	Florida Department of Transportation
LJSR	Lower St. John's River (that portion of the river that runs from that flows between the mouth of the Ocklawaha River, its largest tributary, and the Atlantic Ocean about 101 miles long).
MS4	Municipal Separate Storm Sewer System
NNC	Numeric Nutrient Criteria
NPDES	National Pollutant Discharge Elimination System
PSA	Public Service Announcements
TMDL	Total Maximum Daily Loads (the amount of pollution that a water body can accept without exceeding water quality standards established by regulation).
TP	Total Phosphorus

TN	Total Nitrogen
SJRWMD	St. Johns River Water Management District
SSAC	Site Specific Alternative Criteria
STPO	Septic Tank Phase Out
WSEA	Water Sewer Expansion Authority
WBID	Water Body Identification District

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**ENVIRONMENTAL WEBSITES:**

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**Non-Profit Environmental Organizations**

The St. Johns River Alliance	<a href="http://stjohnsriveralliance.com">http://stjohnsriveralliance.com</a>
St. Johns River Keeper	<a href="http://www.stjohnsriverkeeper.org">http://www.stjohnsriverkeeper.org</a>
Stewards of the St. Johns River	<a href="http://www.stewardsonline.org">http://www.stewardsonline.org</a>
Sierra Club	<a href="http://sierraclub.org">http://sierraclub.org</a>
Audubon	<a href="http://www.audubon.org">http://www.audubon.org</a>

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**ENVIRONMENTAL AGENCIES**

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**Federal:**

US Environmental Protection Agency	<a href="http://www.epa.gov/water/">http://www.epa.gov/water/</a>
National Oceanic Atmospheric Administration	<a href="http://www.noaa.gov/">http://www.noaa.gov/</a>
U.S. Army Corps of Engineers	<a href="http://www.saj.usace.army.mil/Divisions/Planning/Branches/Environmental/DocsNotices_OnLine_DuvalCo.htm">http://www.saj.usace.army.mil/Divisions/Planning/Branches/Environmental/DocsNotices_OnLine_DuvalCo.htm</a>
U.S. Fish & Wildlife Service	<a href="http://www.fws.gov/">http://www.fws.gov/</a>
U.S. Geological Society	<a href="http://fl.water.usgs.gov/">http://fl.water.usgs.gov/</a>
National Park Service Timucuan Ecological & Historic Preserve	<a href="http://www.nps.gov/timu/index.htm">http://www.nps.gov/timu/index.htm</a>

**State:**

St. Johns River Water Management District	<a href="http://sjr.state.fl.us/">http://sjr.state.fl.us/</a>
Water Shed Action Volunteers (WAV program)	<a href="http://sjr.state.fl.us/jobs/index.html">http://sjr.state.fl.us/jobs/index.html</a>
Florida Department of Environmental Protection	<a href="http://www.dep.state.fl.us/">http://www.dep.state.fl.us/</a>
Florida Department of Environmental Protection (Total Maximum Daily Loads, see Group 2 Basins)	<a href="http://www.dep.state.fl.us/water/tmdl/index.htm">http://www.dep.state.fl.us/water/tmdl/index.htm</a>
Florida Department of Environmental Protection (Jacksonville Office)	<a href="http://www.dep.state.fl.us/northeast/Default.htm">http://www.dep.state.fl.us/northeast/Default.htm</a>
Florida Fish and Wildlife Conservation Commission	<a href="http://myfwc.com/">http://myfwc.com/</a>
Artificial Reefs (FWC)	<a href="http://www.myfwc.com/RECREATION/Saltwater_index.htm">http://www.myfwc.com/RECREATION/Saltwater_index.htm</a>
Coastal & Aquatic Management Areas (CAMA)	<a href="http://www.dep.state.fl.us/coastal/">http://www.dep.state.fl.us/coastal/</a>
Florida DOH Division of Environmental Health	<a href="http://www.myfloridaeh.com/index.html">http://www.myfloridaeh.com/index.html</a>
University of North Florida Environmental Center	<a href="http://www.unf.edu/dept/ecenter/">http://www.unf.edu/dept/ecenter/</a>
Jacksonville University Marine Science Research Institute	<a href="https://my.ju.edu/departments/MSRI/Pages/default.aspx">https://my.ju.edu/departments/MSRI/Pages/default.aspx</a>

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**City of Jacksonville**

<http://www.coj.net/Departments/Environmental+Resource+Management/Environmental+Quality/Water+Quality.htm>

<http://www.coj.net/Mayor/River+Accord/default.htm>  
[www.coj.net/preserve](http://www.coj.net/preserve)

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**Wildwood Consulting**

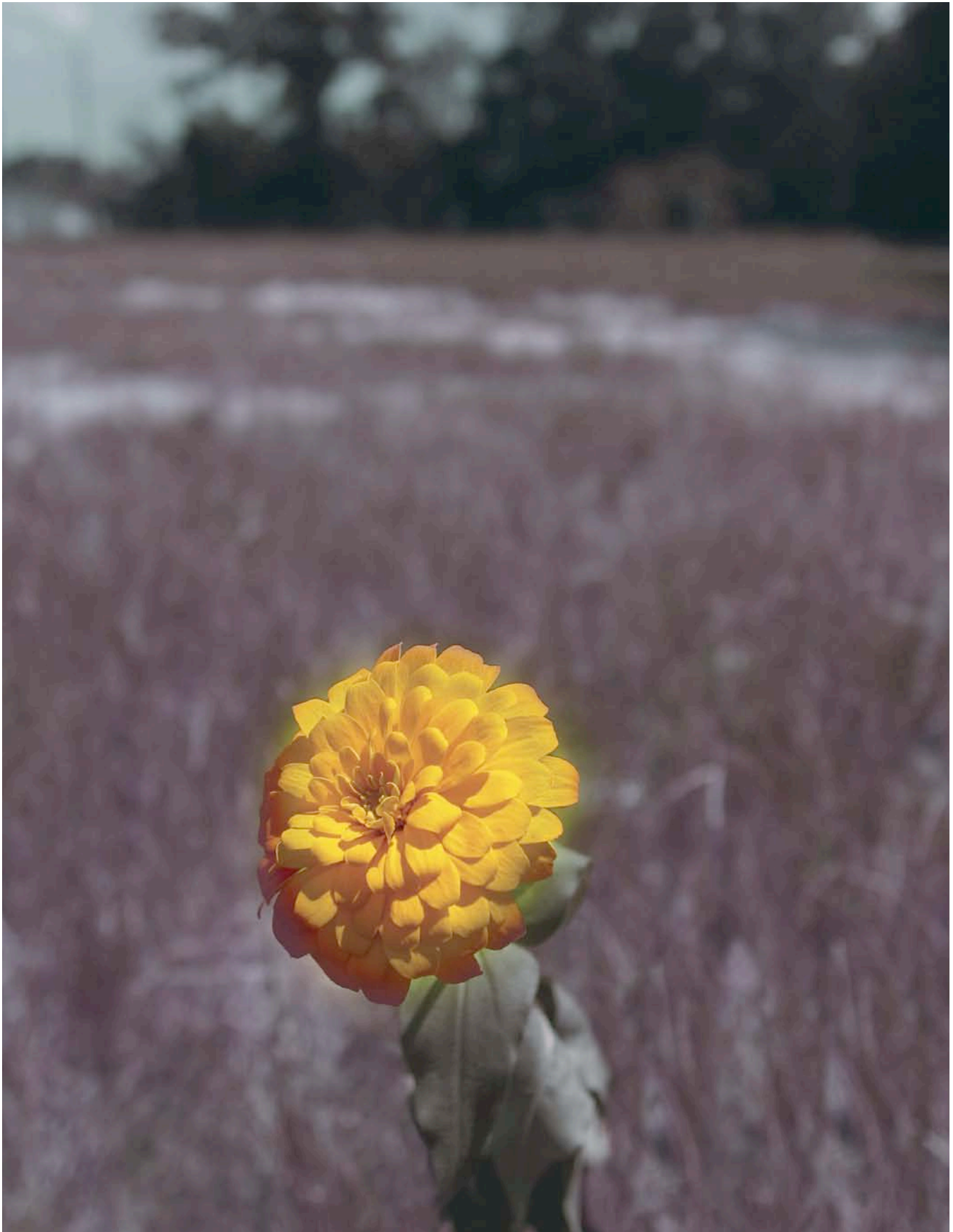
<http://www.lsjr.org/>

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**Artificial Reefs**

<http://www.tisiri.org/home/>  
<http://www.jaxrrt.org/>

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# PROJECT NEW GROUND

## INTRODUCTION

Project New Ground is a long-term cleanup project resulting from an agreement between the City of Jacksonville and the United States Environmental Protection Agency (EPA). The agreement requires the city to test parcels within a defined area and, where necessary, remove up to 2 feet of soil contaminated with lead and other materials.

From the early 1900s until the early 1970s, the city utilized incinerators to dispose of residential and commercial solid waste. During that period the city operated as many as three incinerator facilities - all within the boundaries of the old pre-consolidation city limits. The three disposal facilities were the Fifth and Cleveland incinerator, the Forest Street incinerator and the Southside incinerator. Ash and partially burned solid waste generated from these facilities were disposed of at various locations throughout the county. The primary disposal locations were the Brown's Dump site, which is now Lonnie Miller Park, and properties in the immediate vicinity of the former incinerator sites. Past practices for disposal of the ash material also included reuse for agricultural soil improvements and structural fill. At the time the incinerators were operated, these disposal and reuse practices were considered acceptable.

## IMPORTANCE

### **Federal Consent Order**

The city entered into an Administrative Order by Consent (AOC), hereinafter referred to as the "Consent Order," to perform the specified environmental remediation work. The Consent Order was approved by Jacksonville City Council in 2007 via ordinance 2007-0832E. Upon execution of the Consent Order by the city and the EPA, it was filed in United States District Court and constitutes a final judgment between the city and the EPA. The agreement is binding and requires the City of Jacksonville to perform environmental cleanup work.

### **Community Expectations**

The Consent Order requires the city to participate in community outreach activities to educate the public on the cleanup program. As a result, the community has been engaged in all phases of the project. Residents expect the city to remediate affected properties at no cost to the homeowner, and address all inconveniences resulting from the cleanup of their residential properties. Additionally, neighborhoods expect to be improved as a result of the remediation of the contamination, and expect the work to be performed, in part, by members of the affected community hired by the selected contractor.

## HISTORY

In 1985 the EPA performed a Site Screening Investigation of one of the sites known to have taken incinerator ash for disposal, the Browns Dump Site. The city began its own environmental testing at the Brown's Dump Site, Forest Street Incinerator Site, Fifth and Cleveland Incinerator Site and Lonnie Miller Park in the early 1990s at the direction of the Florida Department of Environmental Protection (FDEP). The test results revealed the presence of lead, arsenic and other contaminants in surface soils at levels greater than regulatory residential exposure limits. Based upon the results of the environmental sampling, FDEP forwarded the sites to the EPA

in 1997 for evaluation and scoring for inclusion on the National Priority List (NPL) and designation as "Superfund" Sites.

In 1999 the EPA identified the City of Jacksonville as a Potential Responsible Party (PRP) leading to the contamination. In September 1999, the city voluntarily entered into a Consent Order with the EPA for the performance of a Remedial Investigation (RI) and a Feasibility Study (FS) for the Brown's Dump Site and the Jacksonville Ash Sites (Fifth and Cleveland Incinerator, Forest Street Incinerator and Lonnie Miller Park). As a result, the respective sites were never listed on the National Priorities List (NPL), but rather they became Superfund Alternative Sites (SAS). If the sites were listed on the NPL, the city would have to conform to the federal Superfund Cleanup regulations and would have to perform significant additional sampling and reporting which could have resulted in an extended timeline and additional costs before actual cleanup could begin. The City of Jacksonville at that time accepted responsibility for funding the cleanup at each site.

The Remedial Investigation performed by the city confirmed the presence of contamination at the sites and based upon available property access delineated the limits of contamination. The findings of the Remedial Investigation reports are as follows:

### **Brown's Dump Site**

The site is generally located north of West 33rd Street, west of Pearce Street, and south and east of Moncrief Creek in the northwest area of Jacksonville. The site consists of the now closed Mary McCloud Bethune Elementary School, a JEA electrical substation and surrounding single and multiple-family residential homes. From the late 1940s to the mid 1950s, the site was an operating landfill that was used to deposit ash from the city's former Fifth and Cleveland Street municipal incinerator. The ash contamination boundary encompasses approximately 250 acres with the thickest ash deposits being adjacent to Moncrief Creek.

### **Forest Street Incinerator**

The former Forest Street incinerator site occupies approximately 290 acres in an area of mixed residential and industrial land use, approximately one mile west of Jacksonville's business district. The city operated the Forest Street municipal incinerator from about 1910 until the late 1960s. Although some of the ash waste was taken to other dump sites for disposal, a considerable amount was deposited at and near the incinerator.

The site also includes adjoining land used or potentially affected by waste handling or ash disposal activities, including the present location of the Forest Park Head Start School (now closed and demolished) on the west portion of the site, a city park facility in the south portion of the site and surrounding residential properties. The extent of ash includes much of the original incinerator site plus areas east and west of the site along McCoy Creek. Additionally, ash is present along McCoy Creek, east of the site, for a distance of at least 2,000 feet.

The thickest ash deposits are present in areas adjacent to McCoy Creek and range up to 10 feet thick.

### **Fifth and Cleveland Incinerator**

The city operated another municipal incinerator from about 1910 to the 1960s in an area just north of the intersection of Fifth and Cleveland streets. This location is approximately one mile northwest of downtown Jacksonville. The area encompasses approximately 300 acres and includes the former incinerator location and other areas impacted by the ash.

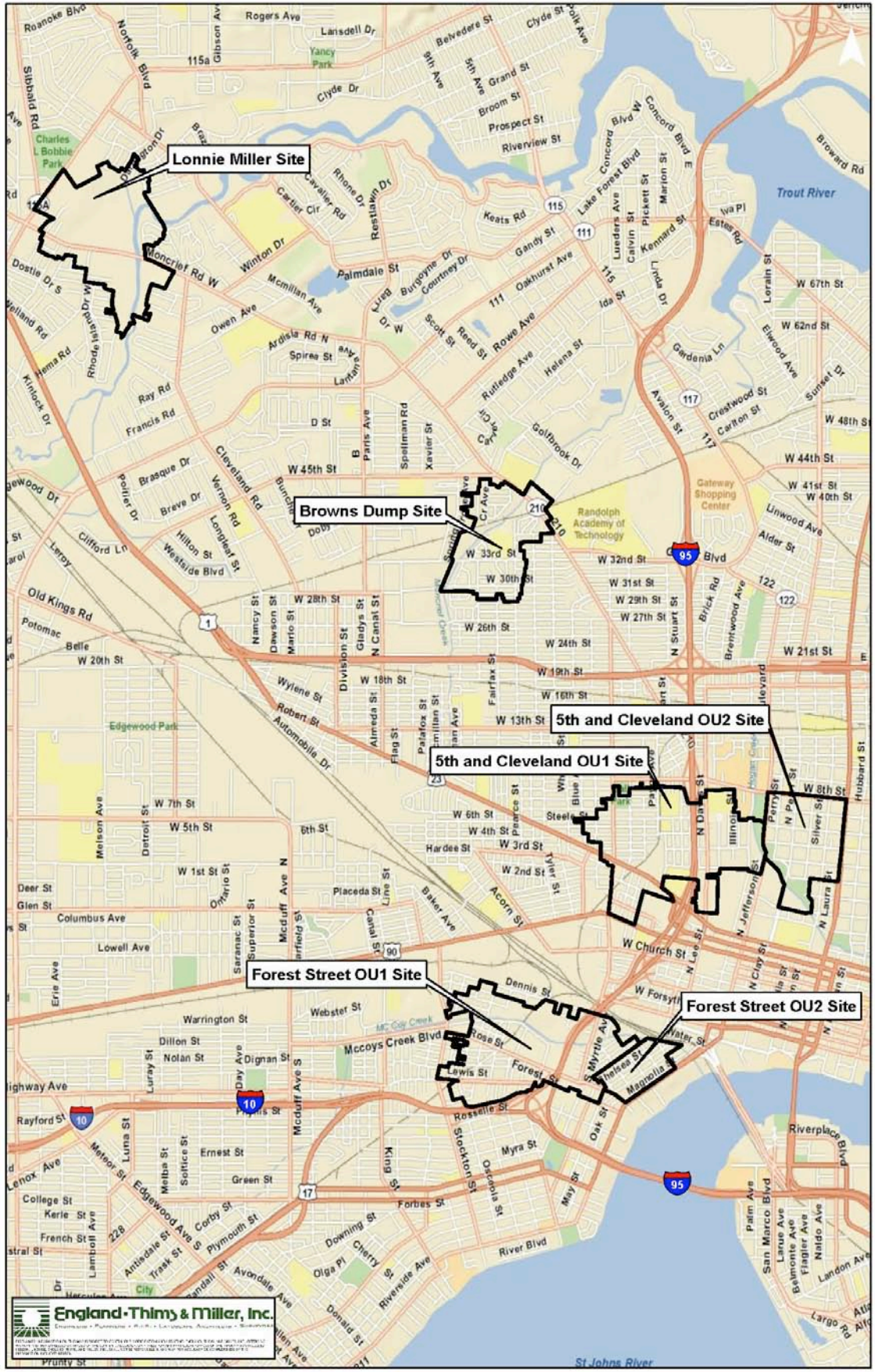
Portions of the site are now occupied by the Emmett C. Reed Park including the community center, pool, playground, picnic areas, John E. Ford Elementary School and Darnell Cookman Middle School. Ash, containing glass and metal fragments, was disposed of in several areas near the incinerator, including the present location of the park and former baseball field, next to the community center, and along the east side of Francis Street.

The thickest ash deposits are present at the original incinerator site and the southern portion of the Emmett Reed Park and range up to 4 feet thick. The ash is typically less than two feet thick across the balance of the affected area. Ash is typically encountered in the upper 6 inches in areas outside of the original site.

### **Lonnie Miller Park**

Lonnie Miller Park is located northeast of the intersection of Moncrief Road and Soutel Drive, approximately five miles northwest of downtown Jacksonville. From the 1940s to the 1960s, the property owners operated a dump on a portion of land formerly used for agricultural purposes. The city disposed of incinerator ash waste and other parties disposed of septic sludge and other wastes at the site. In the late 1980s, the city purchased a large portion of the privately owned property to develop a regional park. The park includes a picnic shelter, playground and walking areas. The Ribault River borders the east side of the park. The ash contaminated boundary encompasses approximately 250 acres and includes a large portion of the park and portions of the surrounding residential areas. The thickest ash deposits are present on the property and range up to 15 feet thick.

Following is a map which depicts these sites.





## **Investigation and Results**

Based upon the findings of the remedial investigation reports submitted to the EPA in 2005-06, the city performed a feasibility study to determine the most practical option to remediate the contamination and protect public health and environment. The feasibility study for the ash sites evaluated the following possible remedial alternatives:

- No Further Action
- Soil Cover with Excavation and Offsite Disposal
- Shallow Excavation, Offsite Disposal and Soil Cover
- Deep Excavation and Offsite Disposal

The EPA selected the Shallow Excavation, Offsite Disposal and Soil Cover alternative as the preferred method of cleanup in the Consent Order. This alternative provides at least 2 feet of clean soil over all parcels after excavation and offsite disposal of much of the shallow (0-2 feet below ground surface) contaminated soil. This includes administrative notices and restrictions on future excavation of subsurface soil below two feet. There are exceptions to the two foot removal requirement in areas adjacent to the foundation of buildings and other structures as well as around the base of trees. These exceptions consider the removal of the existing soil and how it may affect the structural integrity of buildings and damage to tree root systems. Included in the option is the temporary relocation of residents during remediation activities on a parcel by parcel basis.

Upon completion of the feasibility study, EPA solicited public comments on the proposed cleanup alternative and issued the Record of Decision detailing what actions must be taken to remediate the site. The Record of Decision resulted in the Consent Order binding the city to perform the required cleanup activities.

## **Litigation and Settlement**

In 2003, numerous residents in the affected areas filed suit alleging claims against the City of Jacksonville including various injuries and damages to persons and properties in and around the areas where the incinerators operated. The city ultimately settled the case.

The terms of the settlement resulted in a consent judgment against the city in the amount of \$25 million and a \$50 million assignment of claims against the city's insurance carriers for a total settlement of \$75 million. The city paid the \$25 million initial payment; however, no monies were recovered from the insurance carriers. Additionally, the judgment required the city to pay for and remediate in accordance with the remedy selected by EPA the contaminated properties within the ash site boundaries.

## **ACTIONS TAKEN**

The following actions have been taken in performance of the work dictated by the Consent Order.

### **Consent Order Approval**

Jacksonville Mayor John Peyton executed the consent decree on Sept. 27, 2007 which was then executed by the EPA on Dec. 19, 2007.

### **Funding**

Total program cost through the completion of remediation is estimated at \$98.4 million. Initial funding for the project was established in the city's Capital Improvement Plan (CIP) in the amount of \$20,000,000. These CIP funds are renewed each year through the budget process per the needs of the project.

### **Contractor Selection**

In 2008, as required by the Consent Order, the city engaged the services of England, Thims and Miller (ETM) to serve in the role of program manager for remediation of the ash sites. The city's consultant provides preliminary design services, field oversight, testing and coordination with regulatory agencies. Due to the size and complexity of the project, design-build was the delivery method chosen to prosecute the work. To that end, ETM prepared a Request for Qualifications to establish a pool of qualified contractors to bid on the remediation design/construction work. Eleven teams were prequalified to bid on the remediation projects.

The sites have each been broken down into 100 parcel phases. Bids have been structured to allow the city

to continue with a contractor for additional phases of a project or terminate the contractor without penalty upon the completion of a phase of the project. This approach had allowed the city to continually evaluate contractor performance, project approach and contract provisions and has provided protection against meritless construction claims.

## **STATUS OF ACTIONS TAKEN**

### **Progress of Cleanup**

- Phase I of the Browns Dumps Site, Lonnie Miller Site, Fifth and Cleveland Site and Forest Street Site were bid and awarded in 2010.
- Phase I of Forest Street has been completed and resulted in the remediation of 100 parcels. Upon completion of the Phase I, the contractor and city parted ways and Phase II of the Forest Street Project has recently been bid.
- Phase I of the Lonnie Miller Project has reached substantial completion, with 45 parcels remediated.
- Phase I of the Forest Street Project is completed and the city expects to continue with the current contractor for Phase II of the project. To date 104 parcels have been remediated at the Fifth and Cleveland Site.
- Phase I of the Brown's Dump Site has reached substantial completion with 97 parcels being remediated. The city has decided to part ways with the current contractor and will be bidding phase II of the Brown's Dump Project.
- Additionally, the city has completed remediation of Darnell Cookman Middle School, John E. Ford Elementary School, Cherokee Park Apartments and the site of the MaliVai Washington Kids Foundation tennis facility.

### **Progress of Outreach**

The city secured the services of the Hester Group to serve as the consultant leading public outreach efforts relative to the ash site remediation program. The consultant established a central public information center in the affected community to provide greater public access. The public outreach consultant is charged with obtaining access to private properties for sampling and remediation, coordination of temporary housing, meals and transportation for displaced residents. Additionally, the consultant helps disseminate project details to community groups in the affected area.

To date the consultant has obtained access to 323 parcels in the Browns Dump area, 401 in the Forest Street area, 626 in the Fifth and Cleveland area and 195 in the Lonnie Miller area. They have coordinated temporary housing for 73 displaced residents since the construction has begun. The consultant is also charged with maintaining a project website, [www.projectnewground.org](http://www.projectnewground.org), providing three mass mailings per year to affected property owners and conducting a minimum of four stakeholder community group meetings per month.

## **NEXT STEPS**

### **Continuation of Cleanup**

It is anticipated that the cleanup efforts will continue beyond the originally projected four year schedule due to the extended time needed to secure access agreements limitations. Additionally, the actual limits of remediation are driven by confirmatory field sampling. Ash deposits across the sites have tended to be non-homogenous resulting in additional testing and removal activities as new ash deposits are discovered. The Consent Order requires completion of all cleanup with an acceptance by the EPA of the completion of the cleanup. As such, it is imperative that the city continue to fund the project until all cleanup is completed.

### **Expansion of Cleanup into Springfield and Brooklyn**

The Fifth and Cleveland and Forest Street Incinerator sites both consist of two distinct clean up areas. Area number one for both sites was limited to buried deposits of ash and ash impacted soils. The second cleanup area for both sites may have been impacted by ash fallout from the operation of the incinerators. The limits of these areas were established by the EPA through air modeling techniques. The city is now pursuing access agreements in both areas to begin testing efforts and determine actual limits of impact.

### **Florida Department of Environmental Protection Sites**

A number of other areas also were used for the disposal of incinerator ash. All of the sites are being investigated at the direction of the Florida Department of Environmental Protection (FDEP). To date the following additional properties have been identified as disposal areas:

- Southside Incinerator
- Burke Street/Cherokee Park
- Gold Merit/Pope Place
- Doeboy Dump Site

It is anticipated that the future remediation of these sites will be conducted under the FDEP jurisdiction.

### **Other Potential Sites**

The city has entered into a Memorandum of Understanding with the FDEP to investigate more than 50 dump sites scattered throughout Duval County. The city is obligated to perform the investigative phase of the project. The ultimate remedy for clean up cannot be ascertained until the investigations are complete.

As of 2010, the city has completed the investigations of eight sites. Additionally, due to the past practice of using incinerator ash as structural fill, it is highly likely that in the future, additional ash deposits will be discovered requiring assessment and remediation.

### **Continue Sequenced Bidding of Project Phases**

As cleanup efforts continue, the city will have to move forward on subsequent phases of the project (a phase includes 100 parcels in each area to manage performance and cost). Based on the performance and effectiveness of each contractor in each phase, the city may choose to exercise its option to either re-bid the next phase or continue with the then current contractor. Also, the city has carved out portions of the ash sites that are adjacent to the Moncrief Creek and McCoy's creek for a separate bid, which are expected to be procured in mid 2012.

### **Develop Additional Efforts to Obtain Access to Properties**

The city currently has access to about 900 parcels in all the affected areas. Through its outreach contractor, the city has either made contact in person or via the mail to more than 1,800 property owners. Ultimately, the city will need access to these properties to first sample and then, if necessary, perform cleanup. The EPA has signaled that should the city exhaust all available means in obtaining access. The EPA may expect the city to obtain access warrants issued by a judge to force access for sampling only. The access for cleanup, should it be required, would rest with the property owner.



# PARKS

## INTRODUCTION

Through the years, the City of Jacksonville's Recreation and Community Services Department and its partners have successfully acquired more than 80,000 acres of parkland making it one of the largest urban park systems in the nation. The park system is organized into three distinct land usage types: active parks (baseball, soccer etc.), passive parks and corridors.

Approximately 9,000 acres of the park system are dedicated active recreation sites with a multitude of amenities including amphitheaters, playgrounds, baseball/softball fields, soccer/football fields, tennis/basketball courts, boat ramps, nature centers, pools and aquatic center, gyms, beaches, concession stands, restrooms, pavilions, picnic tables, grills, bike racks and more. The department provides services to more than 100,000 adults and youth in athletic leagues on more than 440 fields. Five gyms provide space for more than 1,500 participants in league and free play accounting for more than 90,000 visits each year. The city's aquatics facilities and programs provide a safe swimming environment at 33 seasonal outdoor pools and one year-round, indoor facility. The programming staff and contracted partners provide community, educational and fitness programs at 53 community centers.

Approximately 21,000 acres are preservation land that is considered to be passive parkland and they have limited structural amenities. However, these lands provide access for walking, biking and equestrian trail use.

There are two corridor parks: the Timucuan Ecological and Historic Preserve and Jacksonville Forest Parks. The Timucuan Preserve was established by the U.S. Congress in 1988.

The city has been working with the National Park Service and the Florida Park Service to create a greenway and blueway trail system throughout the parcels. In addition, amenities such as visitor centers and equestrian, hiking and biking trails are planned.

The Jacksonville Forest Parks is a continuous corridor that stretches from Cary State Forest to Jennings State Forest on the west side of the county. This corridor provides hiking, biking and equestrian trail connection to Taye Brown Regional Park and the Jacksonville-Baldwin Rail Trail. The Forest Parks Trail, which spans more than 200 miles, features 34 boat ramps and a number of canoe and kayak launches. The city's Recreation and Community Services Department works in conjunction with the Florida Division of Forestry and St. Johns River Water Management District to manage the areas' natural resources and provide revenue from tree farming operations.

The City of Jacksonville, Florida Park Service and the National Park Service created a national model partnership: Timucuan Trail State and National Parks. Each partnering organization came together with the mindset that collectively the partnership could accomplish much more as a group than each entity pursuing and managing projects on its own. Because of this partnership, properties are planned, designed and managed in a way that provides a seamless experience for the user. An example of a partnership project is the Ribault Clubhouse. The city provided \$1 million toward the renovation of this state-owned building in recognition of its historical significance. Other important partnerships include:

- Programming – Tree Hill Nature Center, Jacksonville Arboretum and Gardens, Boselli Foundation, Community Connections, City Kids Art Factory, MaliVai Washington Kids Foundation, Police Athletic League, Mandarin Museum & Historical Society, and various athletic and neighborhood associations
- Resource management - St. Johns River Water Management District and Division of Forestry
- Seamless planning – The Nature Conservancy
- Acquisition – Trust for Public Lands

## IMPORTANCE

Multiple studies have concluded that parks provide an important quality of life benefit for residents. Parks are not civic frills, but economic and urban necessities. Jacksonville's parks provide residents a location to exercise, recreate and enjoy the natural resources of our community. Because we have placed a necessary emphasis on preserving natural areas and providing more green space, our city is more attractive to businesses considering

relocation. The focus on downtown green space helps promote Jacksonville's downtown development.

Many of our parks also provide a source of economic stimulus to the city through hosting events such as the Jazz Festival, World of Nations Celebration, softball tournaments and bike/foot races that cater to both local citizens and regional tourists. The history, nature and active recreation opportunities available in our parks encourage residents to "staycation" here, while out of town visitors to our parks, trails and boat ramps provide a boost to local businesses.

Jacksonville's parks also provide a gathering place for communities. They offer a diverse range of structured and non-structured activities that encourage physical fitness and well-being and family togetherness. They are instrumental in creating a sense of pride in neighborhoods, encouraging conservation and preservation, reducing incidences of crime and positioning our city as a destination of choice for tourism and industry.

Our park system provides a venue for Jacksonville's mayor and City Council to affect change. Because of the very nature of parks, and the importance citizens place on them, they provide elected officials a rare opportunity to make decisions that have a visual positive impact on neighborhoods.

## HISTORY

Traditionally park capital improvement projects, park maintenance and park programming have been funded through a combination of dollars from the general fund, bond funds and grants.

### **Other notable funding sources include:**

1991-1995: The River City Renaissance initiative committed \$14 million to building and improving city parks.

1995 - 2003: In January 1999, a \$312 million land acquisition program called the Preservation Project Jacksonville (PPJ) was established to manage growth, preserve environmentally sensitive lands, improve water quality and provide access to the city's natural areas. The City of Jacksonville initially committed \$21 million and voters approved another \$50 million to the program, through The Better Jacksonville Plan. The balance was raised from state, federal and private sources.

## ACTIONS TAKEN

When Mayor John Peyton took office in 2003, he recognized the relationship of a quality park system to the health of the economy and to citizens' quality of life. In 2004 he appointed a task force to review Jacksonville's park system along with others across the country and make recommendations on how to make Jacksonville's parks system not only the biggest in the nation, but one of the best. In those recommendations, published in March 2005, the task force recommended developing outside funding sources to make up for the budget shortfall in park development, preservation, maintenance and programming. The recommendations included the formation of a parks foundation with a governing board of directors and the formation of a community relations office to assist in securing donors and partners.

Although a governing board was not established, City Council did approve an advisory board with members from each planning district as well as a community relations office to assist with partnerships and funding donations. The Jacksonville Sheriff's Office (JSO) supported the recommended park ranger program and assigned a JSO officer specifically to the department.

After a lawsuit relating to ADA access within the park system was settled in 2004, the Capital Improvement Plan (CIP) program appropriated \$1 million annually for ADA improvements within parks. In 2011, the annual CIP appropriation was reduced to \$500,000.

The Autumn Bond Issue (Ordinance 2004-998) appropriated more than \$11.6 million to 33 specific parks to bring the park status from "poor and failing" to "fair and good." In addition the bond appropriated \$14 million to council districts for discretionary park improvements.

In an effort to meet the goal of becoming the best park system in the nation, the department has completed more than \$84 million in capital improvements to Jacksonville's parks since 2003. Project funding included budgeted CIP, Autumn bond, BJP bond, council discretionary funds and various granting agencies. More than \$31 million of the improvements were funded through grants. Improvements ranged from the Northwest Community Center (also known as Legends Center, a 35,000 square foot community center that doubles as a hurricane shelter) to the city's first AstroTurf soccer field.

Mayor Peyton emphasized the importance of our natural areas and moved the Preservation Project Jacksonville (PPJ) from a land acquisition emphasis to providing public access. The PPJ access plan (2004-478/649) appropriated \$3,103,225 to acquire inholdings (private parcels surrounded by parkland) and provide initial access elements to three of the city's preserves.

In recent years, the city, including JaxParks, the city's new name for the parks and recreation organization, faced significant budget cuts that resulted in a loss of 12 full-time positions. This impact does not include reductions in park maintenance staff that currently report to the Department of Public Works.

Reorganization of city departments in 2007 eliminated the Planning and Grants Division. Through the reorganization, JaxParks assumed two positions for all asset tracking, park capital improvement projects and grants. The planning and grants coordinators performed all new park planning, capital replacement, ADA improvements and capital improvement grant applications. The reorganization also moved the Park Maintenance Division to the Public Works Department, splitting the division between Public Buildings and Grounds Maintenance.

The Jacksonville Journey, the city's comprehensive crime fighting strategy, provided funding for the Intramural Sports League through the Recreation Programming Division in the FY 2010 budget. The league was designed to provide structured activities Monday through Friday for at-risk youth age 13-17. When comparing dollars spent to children served, The Journey's oversight committee deemed the program to be too costly to operate as originally planned. The program was then revamped and an outside agency was approached to provide a gang intervention program.

Also part of The Journey program, \$6.2 million was appropriated in the first year of the initiative through the CIP process to allow for park renovation in the inner city. The department is responsible for identifying and initiating the improvements. The Journey also identified the need to reopen six closed community centers. Through an RFP process, JaxParks identified criteria for and secured outside non-profit agencies to reopen and manage the facilities full time.

## STATUS OF ACTIONS TAKEN

Recently, JaxParks completed an evaluation of management practices based on national standards administered by the Commission for Accreditation of Park and Recreation Agencies (CAPRA). The accreditation process measures agencies by 144 standards representing elements of effective and efficient park and recreation operations. As a result, JaxParks received the highly coveted national accreditation status in March of 2011.

Parents Magazine voted Jacksonville the #1 City in America for Recreation in 2010. The rating was based on amount of park land, variety of facilities and programming and preservation sites. Parks organizations that are ranked the "best" by industry experts incorporate long-range park and recreation plans and effect change in the community. These park systems serve as stewards of environmental and cultural preservation, utilize technology to enhance communication and promotions, address special population needs and recognize diversity in program offerings.

In response to the parks task force recommendations, a JaxParks advisory board was formed. Initial board discussions confirmed Jacksonville's parks system would benefit from more citizen involvement, development of outside funding sources and a strong park advocacy group. Board activities are currently on hold until mechanisms including funding involvement and a defined governance structure can be implemented.

The current mayoral administration has made river access one of its main priorities. As a result of this focus, JaxParks has installed a variety of boat ramps, docks and piers that provide access to local waterways for residents and visitors. Over the past year, more than 12 waterway access improvement projects have been completed. There are still a number that are in the design stage.

## NEXT STEPS

The size of the city's park system has created unique opportunities for Jacksonville. It now has the potential to be celebrated not only for its size, but also for its quality. Agency accreditation was a major step forward in proving that the system can compete with the best in the nation. Unfortunately, while the city can boast one of the largest urban park systems, it also spends the least amount of dollars per capita on maintaining and improving its system.

Moving our park system from the biggest to the best will take resources, dedication and determination. All amenities have a life expectancy depending on weather conditions, use, etc. Amenities also require routine, proactive maintenance and, eventually, replacement. All programs require continual improvement to address the changing demographics and trends. There will need to be a funding strategy that will not only sustain the park system but have significant positive impact on its abilities to make improvements. In addition sufficient levels of support staff will be required to plan, engineer, program and maintain. An asset tracking system should be developed and populated with all inventories, the date of installation or construction and the estimated life of the asset. With this information a target funding level could be assigned.

Research and comparisons to other successful park systems by the parks task force has led to the conclusion that a parks board, a recreation advisory board and charitable non-profit organizations need to be established for future maintenance and improvements. The task force recommended the non-profit organizations be developed with citizen leadership and function in the areas of fundraising and volunteer coordination. The boards and organizations would assist the management of the park system in selecting parks for improvements and development through a more consistent, fair and efficient process.

In addition, while significant progress has been made since 2004, ADA access issues within the system have not been fully brought into compliance. Focus must continue to be placed on correcting outstanding ADA compliance issues until fully resolved.

Sustaining national accreditation every five years will be essential in positioning JaxParks and the city to receive more support from funding sources and legislative support. It will also provide positive imaging for the city as it continues to promote tourism and economic development.

To continue to provide expected level of services, it is recommended the city expand its current partnership base. Existing partnerships with youth athletic associations, community center managing partners, programming partners and citizen groups have proven successful and made it possible for parks to extend its reach of programming with minimal budget impact. Continuation of agreements with recognized non-profit youth organizations providing programming, organized league activities and park maintenance/beautification at specific park sites and the active development of new partnerships will allow for our level of service to expand to multiple constituency groups.





# SHANDS AND UF

## INTRODUCTION

The City of Jacksonville's relationship with the University of Florida (UF) and Shands Jacksonville is multifaceted and dates back to 1969 with the formation of the Jacksonville Health Education Program (JHEP). JHEP was the first extension of the UF College of Medicine at what was then the Duval Medical Center (DMC), a publicly-owned hospital with the primary mission of providing healthcare for the indigent. DMC was later renamed University Hospital.

The relationship with Shands was further enhanced when Shands Jacksonville, a private not-for-profit hospital affiliated with the University of Florida Health Science Center, was formed and entered into an agreement to acquire University Hospital and Methodist Medical Center in 1999. With this acquisition, Shands assumed primary responsibility for the provision of indigent health care with a negotiated subsidy from the city to assist with offsetting the cost.

In 1983 the Jacksonville Community Council, Inc. conducted a study and issued a report on indigent health care. The report found that 16 percent or 91,000 residents of the population fell below the federal poverty level, and that these residents were more likely to have poor health than the general population due to barriers that exist to accessing care.

Not much has changed as many of the same barriers to health care still exist in our community, and today that statistic is 11 percent, or more than 95,000 residents. The study further found that Jacksonville lacked a coordinated health mechanism for the medically needy. It recommended that a network of primary health clinics be established to address primary and preventative health care for indigent residents.

## IMPORTANCE

According to the 2010 report from the Center for Global Health and Medical Diplomacy, one in every five employees in Jacksonville works in the healthcare and bioscience sector. This represents more than 102,000 employees, with an economic impact of more than \$24 billion.

Shands Jacksonville is among the top 10 major Jacksonville employers, with growth in employment of more than 40 percent since 2002. In 2010, they employed 3,486 full time employees, with nearly 60 percent of these employees earning more than \$50,000 per year. UF additionally employs more than 2,000 full time employees in Jacksonville. Together this represents a total payroll of more than \$372 million.

In 2010 the net operating revenue for Shands Jacksonville was \$586 million and UF generated \$212 million. The UF Proton Therapy Institute's annual revenue has grown to \$45 million.

The major economic benefit of this sector is further demonstrated in the research expenditures of Shands, which when combined with the Mayo Clinic, the University of North Florida and Nemours, totals more than \$100 million. The construction of the 135,000 square foot VA hospital slated to be completed in 2012, with a construction cost of \$35 million, will bolster the economic impact of the industry.

Jacksonville continues to make a major investment in the health and wellbeing of low income or indigent residents. With more than 95,000 residents falling below the federal poverty guidelines, access to healthcare provided by Shands plays a critical role in quality of life for these residents.

An indigent resident is defined as any person whose household income is at or below the federal poverty level. For Duval County that income level is \$10,830 for an individual and \$22,050 for a family of four.

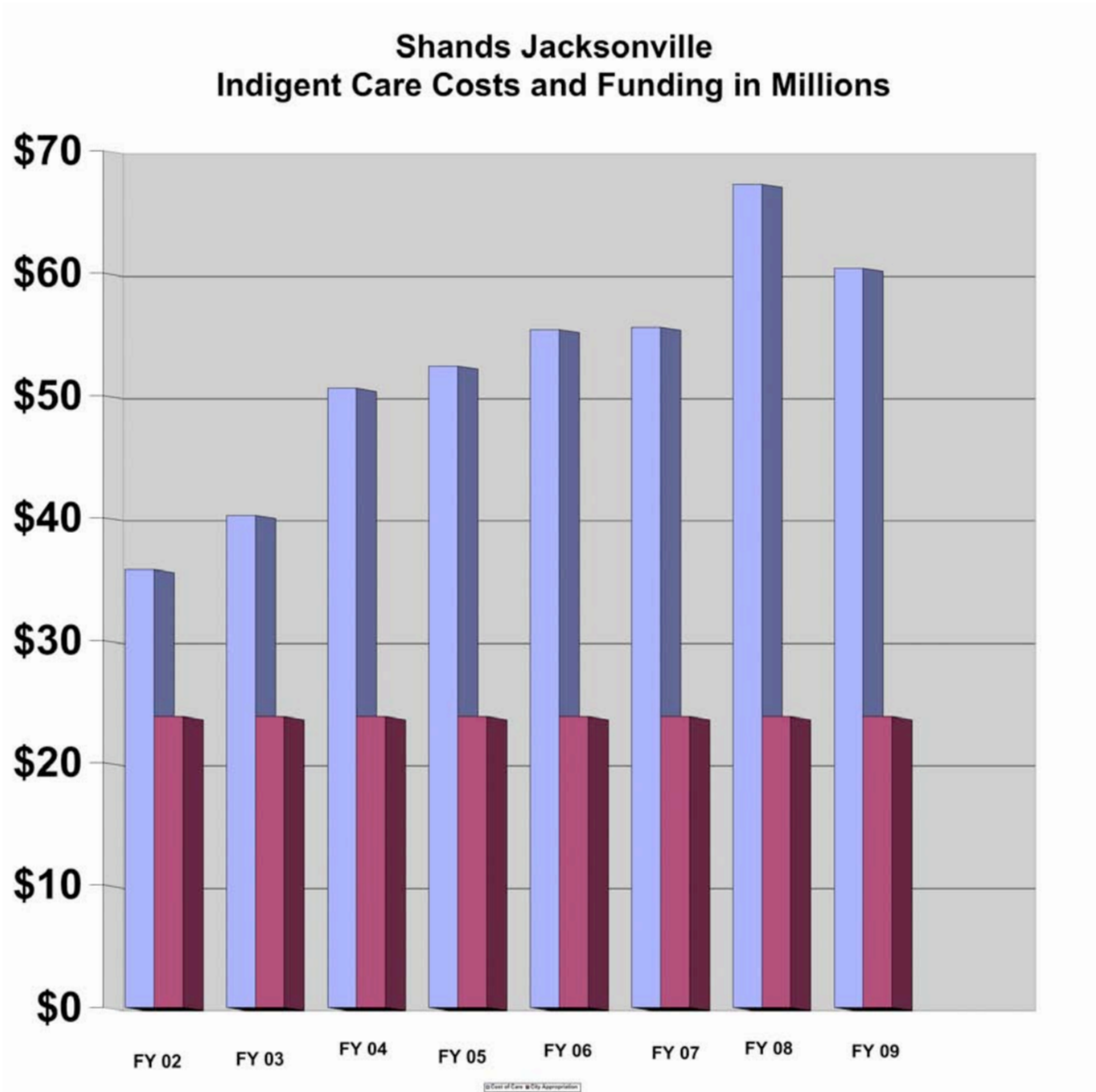
## HISTORY

Shands Jacksonville assumed responsibility as the city's "safety net" health care provider when it purchased University Medical Center and Methodist Medical Center in 1999. At that time the city contracted with Shands to provide care to qualified Duval County indigents at a funding level of \$18 million. Over the years that funding has increased slightly, and in 2002 funding levels were at \$23,775,594. Funding has not increased since 2002.

"Medically indigent" is defined as an adult in the health care system who does not have health insurance and who is not eligible for other publically funded health care coverage, such as Medicaid or Medicare. Those

who are medically indigent may earn too much to qualify for Medicaid, but too little to purchase either health insurance or health care.

The chart below summarizes the funding over the last 10 years as compared to expenses incurred by Shands for indigent healthcare.

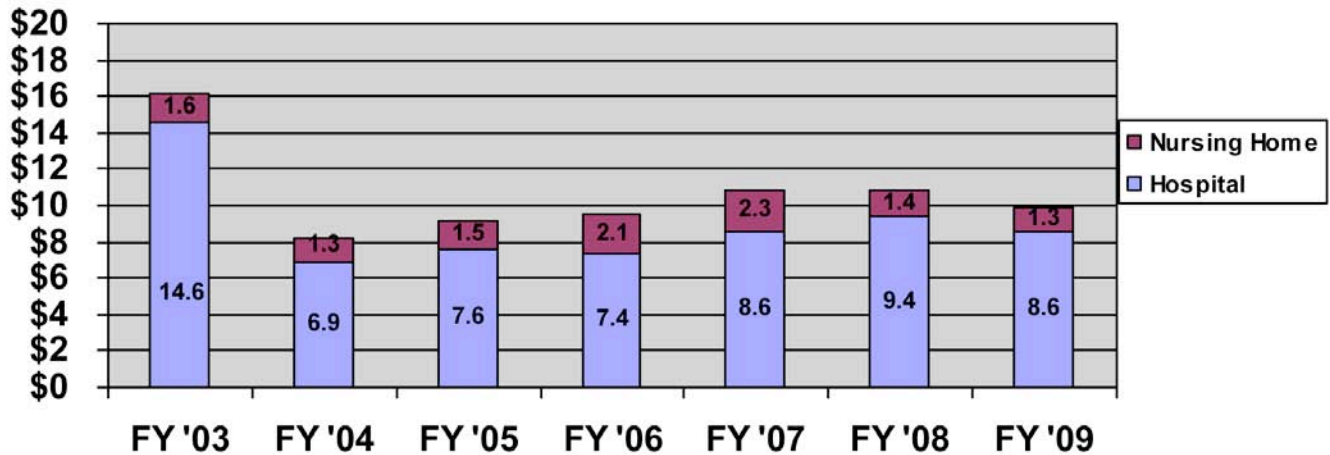


Shands received the Sterling Award in 2008 as a result of their overall operational efficiencies and focus on quality customer service. Through these efforts they have worked to minimize the escalation of indigent care costs.

In addition to funds paid to Shands, the State of Florida in 1977 passed legislation to enact the Health Care Responsibility Act (HCRA). The act places the ultimate financial obligation for an indigent patient's out-of-county emergency care on the county in which the indigent patient resides. The chart below shows payments made for out-of-county hospital and nursing home treatment on behalf of Duval County residents since 2003 totaling approximately \$75 million.

The HCRA can be found in Chapter 154, Sections 301 - 331, Florida Statutes, and Rule Chapter 59H-1.001-.015, Florida Administrative Code.

## Out of County Indigent Cost State Mandate/Cost in Millions



### ACTIONS TAKEN AND THEIR STATUS

Recognizing Shands Jacksonville's important economic and quality of life contributions to the community, the city continues to identify and enhance partnership opportunities. A summary of some of these partnerships are discussed below.

#### **The Proton Beam Therapy Institute**

In 2003 the city, upon recommendations from the Jacksonville Economic Development Commission, approved a redevelopment agreement and entered into a contract with UF for the construction of the Proton Beam Therapy Institute. As a part of its commitment to the project, the city provided the land and financial incentives. The Institute is one of seven in the U.S. equipped to treat cancer patients with proton therapy. Patients from 49 states and 14 countries have sought treatment at the facility, and it ranks tenth in the world in the number of patients treated. The Institute employs more than 120 highly skilled staff, with an annual payroll approaching \$16 million.

#### **Community Clinic Partnership**

During the last 20 years the city has partnered with Shands in an ongoing Community Clinic partnership to address the needs of the medically underserved. Since 2003, two urban facilities were opened – the Elizabeth G. Means Family Clinic located on the Eastside and the Soutel Clinic. The city provided funding through Community Development Block Grants (CDBG) for land acquisition, construction and furnishings. Additional projects funded by CDBG funds have included renovations of the Rainbow Clinic and a specialty clinic for children with Sickle Cell Anemia.

#### **Low Income Pool (LIP)**

Another way the city supports Shands is through the state's Low Income Pool (LIP) in which the city provides matching funds to leverage state funding through the Medicaid Disproportionate Share Program. Additional information on this program is found in Florida Statute 409.911.

The city continues to own the land on which the main campus of Shands is located. In addition to the projects listed above, the city continues to support their campus expansion through land acquisition and infrastructure assistance.

### NEXT STEPS

In the 2010 strategic plan created by Shands Jacksonville, "A Vision for Tomorrow," Shands identifies key areas essential to its near- and long-term development:

- Construction of new facilities dedicated to education and research;
- Attracting research grants to produce knowledge which improves health and spurs innovation and technology commercialization;

- Through partnering with local philanthropic organizations, establish a fund to enhance the number of medical residents and fellows training with the goal of retaining new physicians to practice in Jacksonville; and
- Securing of reliable funding sources to continue its mission of care for the medically underserved. The city can continue meet its obligations to medically indigent residents and can strengthen its relationship with Shands in the following ways.
  - Convene a meeting of healthcare providers to explore the implementation of a coordinated health planning mechanism for the medically indigent as suggested by the 1983 JCCI Report.
  - The city should maintain and build partnership opportunities with Shands Jacksonville to expand primary and preventative healthcare options for underserved populations which have been proven to drastically reduce costs by reducing the number of emergency room visits.
  - Work with the Jacksonville Regional Chamber of Commerce to position Jacksonville to expand the health-care and biomedical industry to create jobs.
  - Continue to explore options to bring a UF medical school to the campus of Shands.
  - Investigate all options including legislative relief to control the cost of indigent healthcare and to leverage local resources.

Recognizing the importance of the healthcare and biomedical sector to the overall economy of Jacksonville and engaging in strategies that secure and grow the industry, as well as ensuring access to healthcare for all residents should be a priority for future administrations. Shands Jacksonville plays a critical role in all of these issues.



# DUVAL COUNTY PUBLIC SCHOOLS

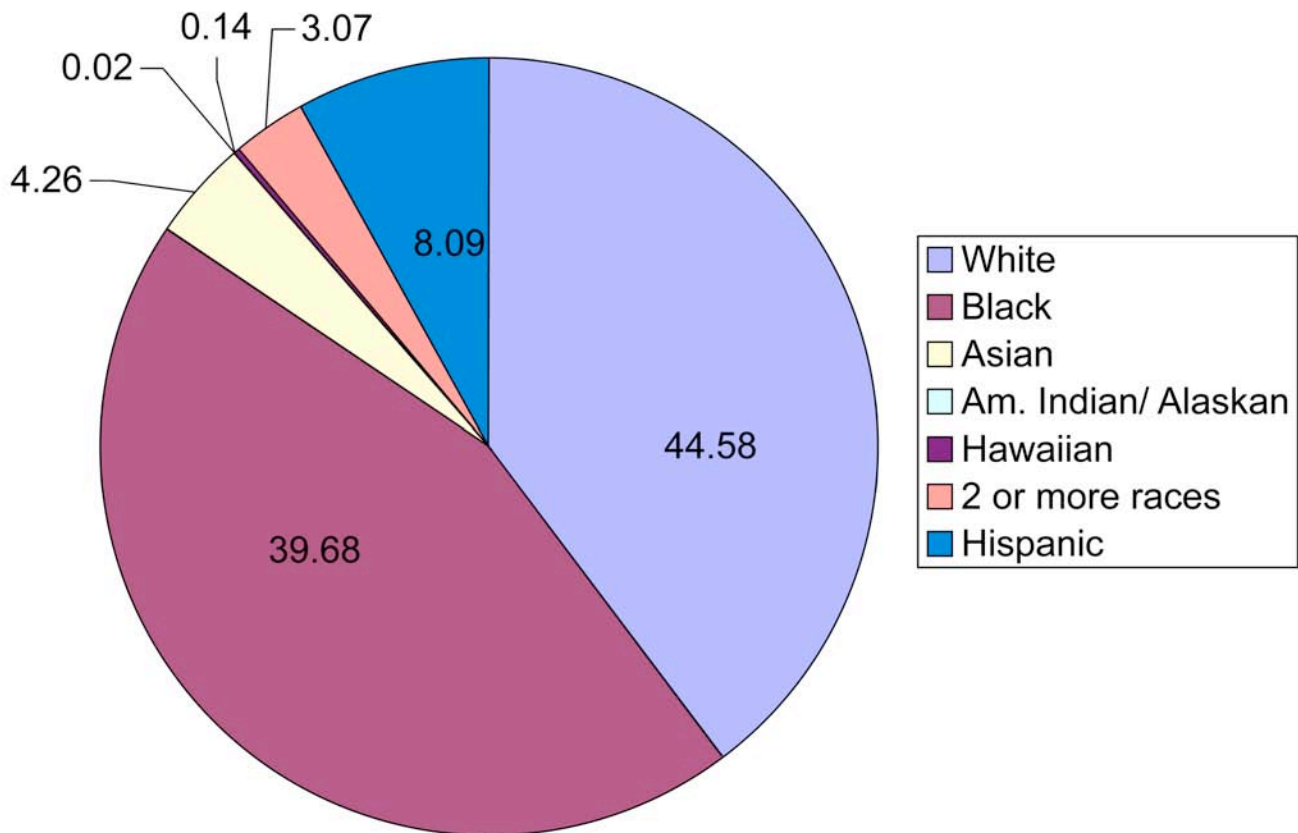
## INTRODUCTION

Given that education is such an important component in the quality of life for individuals and families and it is vital to the economic health of a community, mayors across the country are increasingly becoming more engaged in public education reform. This engagement has taken on many different faces across the country. The Duval County Public School District (DCPS) falls under the State Department of Education and is governed by Article IX of the Florida Constitution. It is an independent taxing authority governed by an elected school board. Section 4(a) of the Article sets forth the manner in which school board members are selected. It states that members are “chosen by vote of the electors in a nonpartisan election...”

## DISTRICT STATISTICS

A review of DCPS demographic composition data shows that minorities make up the majority of the student population. This trend is consistent with the findings of a study by the Southern Education Foundation where more than 50 percent of all public school students in the South were minority and with most coming from homes with educational deprivation and high poverty. These facts alone make it imperative that the city work in partnership with the school district to improve student achievement.

**The school district provided the following demographic information from its October 2010 survey:**



- Total students were 123,995 with 60,872 or 49.09 percent female and 63,123 or 50.91 percent male.
- 65,930 students receive free/reduced price lunch.
- Racial composition of students enrolled as follows:

**RACIAL COMPOSITION OF STUDENTS ENROLLED**

<b>Race</b>	<b>Number of Students</b>	<b>Percentage</b>
White	49,200	39.68%
Black	55,271	44.58%
Asian	5,277	4.26%
American Indian/ Alaskan	243	0.02%
Hawaiian	172	0.14%
2 or more races	3,806	3.07%
Hispanic	10,026	8.09%
<b>Total</b>	<b>123,995</b>	<b>100%</b>

The graduation rate for DCPS has increased as dropout rates have declined in 09-10.

**GRADUATION RATES**

<b>School Year</b>	<b>Graduation Rates</b>	<b>Dropout Rates</b>
2009-10	66.6%	2.2%
2008-09	64.5%	4.8%
2007-08	61.3%	3.3%

**IMPORTANCE**

In Jacksonville the relationship between the city and DCPS is not formalized or well defined. However, the motivation for city involvement is significant. Investing in young people is investing in the city's future. The school system is preparing the workforce of tomorrow's local economy.

**HISTORY**

During the early 1990's under Mayor Ed Austin's administration, in response to a report of failing schools the Intensive Care Neighborhoods (ICN) initiative was created. The ICN sought to support academic achievement by providing access to support services for students and their families and improving neighborhood conditions. Similar initiatives followed including the *Seeds of Change* and most recently *The Jacksonville Journey*. *The Journey* along with other targeted initiatives has been linked to educational gains for students in the targeted neighborhoods as well as crime reduction. *The Journey's* impact was significant because dedicated funding was linked with measureable outcomes directly addressing achievement.

Strong partnerships between the city and DCPS continue such as joint use recreational agreements, after-school programs, and the Duval County Emergency Management support discussed later in this chapter.

**ACTIONS TAKEN AND THEIR STATUS**

Mayor Peyton's chief community officer represents the mayor on numerous education initiatives that support the DCPS. Below are major ongoing initiatives.

**DCPS Community Assessment Team (CAT)**

CAT was created in response to Duval County schools graded F or schools in the Intervene category according to Florida Statute 1008.33. The CAT reviews school performance data, graduation rates, role of the school and area to identify trends, and attempts to determine the cause for low performance. The CAT makes recommendations to be incorporated into the school improvement plan submitted to the State Board of Education. The CAT includes, but is not limited to, a state department representative, parents, business representatives, educators, representatives of local governments, and community activists.



## **United Way**

The Empowering Effective Teachers Coalition is developing a system to identify effective teachers, offer support, and set them up as examples to other teachers to ensure that every child in every class has an effective teacher. Research shows that the single most important in-class factor impacting student learning is the effectiveness of the teacher. The coalition is focused on:

- Delivering well prepared teachers to the classroom
- Expanding the teacher pool
- Identifying effective teachers
- Retaining effective teachers
- Exiting ineffective teachers

## **National League of Cities**

Mayors' Education Policy Advisors Network (EPAN) was formed in May 2003 as a national network of senior municipal staff working with mayors of the nation's 75 largest cities on key issues relating to education reform and school improvement. EPAN members advise mayors on effectively using their leadership capacity and access to city resources to strengthen and support public schools – even when they have no formal authority over school districts. They share information, insights, and lessons learned regarding strategies that cities have employed to help school districts improve public education and student achievement. EPAN is made possible by support from The Bill & Melinda Gates Foundation.

## **Project Breakthrough**

The City of Jacksonville's Human Rights Commission is a partner of Project Breakthrough, a collaborative partnership with OneJax, The Community Foundation and Jacksonville Diversity Network. The group is committed to working together in order to "Change the Story of Race in Jacksonville." The goals of Project Breakthrough are to introduce a common frame of reference for understanding the causes of Jacksonville's racial disparities, to promote a common language for thinking, talking and problem-solving around Jacksonville's racial disparities and to build and support a critical mass of those committed to changing the story of race in Jacksonville by dismantling structural racism.

Using the Aspen Institute process for analyzing racism (RETOC – Racial Equity Theory of Change), an action plan to reverse the effects of systemic racism was developed. This group partnered with the Young Black Males Symposium to focus improve the graduation rate trend line for young Black males in Duval County within five years.

## **Jacksonville Public Education Fund**

Learning to Finish joins 21 community agencies, including DCPS and the City of Jacksonville, to find ways to increase the city's graduation rate. The collaborative has researched best practices, visited successful multiple pathways models in other cities, and advocated for additional services for our at-risk students. Currently, there are pilots of best practice models at four schools.

## **The Jacksonville Journey**

In 2008, DCPS entered into a unique partnership with the City of Jacksonville and the Jacksonville Children's Commission through *The Jacksonville Journey*, an initiative to reduce violent crime in the city.

Through *The Journey*, the district has been able to provide scholarships for disadvantaged youth through the Jacksonville Commitment Scholarship program, provide an after-school program five days a week through a program called TEAM UP in targeted areas of the city, and provide a safe place for students to go in lieu of out of school suspension through the school district's Alternative to and Out of School Suspension (ATOSS) centers.

The ATOSS centers are a public/private partnership that leverages community and faith based partners to provide students with ongoing educational services as well as social support services instead of being on the streets while suspended from school. As a result, out of school suspensions have been reduced by more than 50 percent for secondary students. The Journey initiatives have resulted in fewer student referrals for serious offenses, lower absentee rates, and, in turn, a safer city through reduction in crime in neighborhoods.

(Chapter 18 provides greater detail about The Jacksonville Journey. Chapter 28 provides greater detail about Children's Commission programming.)

## Joint Use Agreements

The city currently has 62 active joint use agreements with the DCPS. These agreements allow for public use of school properties and amenities such as playgrounds, ball fields, pools, tracks and walking trails. Each agreement is unique as to maintenance and terms of use, but all limit use to non-school hours. In many instances as part of the agreement the city may pay for capital improvements such as playground equipment. Additionally, the agreements allow the city to schedule organized activities at these sites for baseball and soccer practices and games.

## Duval County Emergency Management

DCPS plays a key role when the Duval County Emergency Operations Center (EOC) is activated due to a natural or manmade disaster. The superintendent sits on the emergency management executive committee providing guidance on school closure decisions and other pertinent issues. DCPS staff plays a critical role in EOC as part of the Human Services Branch of the incident command structure. DCPS is the primary provider of shelter facilities during major disaster events.

## School Sidewalk Program

Working with the DPSC safety committee through the Public Works Department the city funds and constructs sidewalks for student access and safety.

Although the partnerships and collaboration efforts of the city and community organizations make a difference in the education of students, the DCPS continues to address many challenges as it works to improve the quality of education for all students.

- Funding continues to be a major challenge for DCPS. The school system had to cut more than \$150 million from its budget over the past four years and is looking to cut nearly \$97 million more this year. As a result it has cut district staff, changed the secondary schedule with shorter days and fewer classes, and reduced transportation. It continues to face a number of unfunded mandates from the State Legislature including class size, textbook adoption, and Opportunity Scholarship transportation.
- Postsecondary preparation is important for the individual student because their quality of life and earning potential is greatly determined by completion of postsecondary education or certification. As a city it is important as we look to attract businesses and high wage job opportunities we must demonstrate that there is a well prepared workforce in place.
- Postsecondary readiness is determined by student achievement levels on the ACT, SAT, and CPT standardized tests in reading and math. Postsecondary readiness became part of the high school grade in the 2009-2010 school year. Efforts to increase the percentage of students that graduate postsecondary ready are reflected in the data below which shows approximately half of graduating students ready to enter college without remediation.

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	POSTSECONDARY READINESS (as measured by SAT, ACT, or CPT)			
	2007	2008	2009	2010
<b>Math</b>	44.5%	46.1%	42.3%	47.0%
<b>Reading</b>	52.0%	51.8%	48.8%	53.0%

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- Until January 2011, high school graduates entering Florida State College at Jacksonville (FSCJ) without a postsecondary readiness score were given the CPT to determine whether remediation was required. Beginning January 2011, CPT was replaced by a newer standardized test which is believed to be better aligned with the nation's new Common Core College and Career Readiness Standards and more closely aligned with the high school curriculum and graduation requirements.

These educational challenges have a direct relationship to other social issues. Research shows that educational attainment has a direct impact on poverty/earning potential, health, and crime.

**Poverty** – An individual that drops out of high school is twice as likely to live in poverty as those having received a high school diploma, and three times as likely as youth who have attended some college or earned an associate's degree. Their lifetime earning potential is reduced by at least 50 percent and they more often require public assistance for housing and healthcare.

**Health** – Compared to high school graduates, dropouts are more likely to suffer from illness and disability and to die prematurely from cardiovascular disease, cancer, infection, injury and diabetes. Due to dropouts representing a higher percentage of the unemployed and under-employed who typically depend on public healthcare options they create a further draw on local government through the indigent healthcare cost.

**Crime** – Dropouts make up a large percentage of the inmates in the Duval County Jail. JaxParks, *The Jacksonville Journey*, and the programs of the Jacksonville Children's Commission are areas where the city has focused its resources and partnered with DCPS in crime reduction. The programs concentrate primarily on prevention and intervention because it is a much more cost effective alternative to incarceration. By providing quality recreation, after school and summer programs that engage children and youth in structured, supervised, educational, and fun activities we keep students safe.

The rationale and motivation for mayoral involvement in education is evident. Investment in young people is an investment in the city's future. DCPS is preparing the city's future workforce.

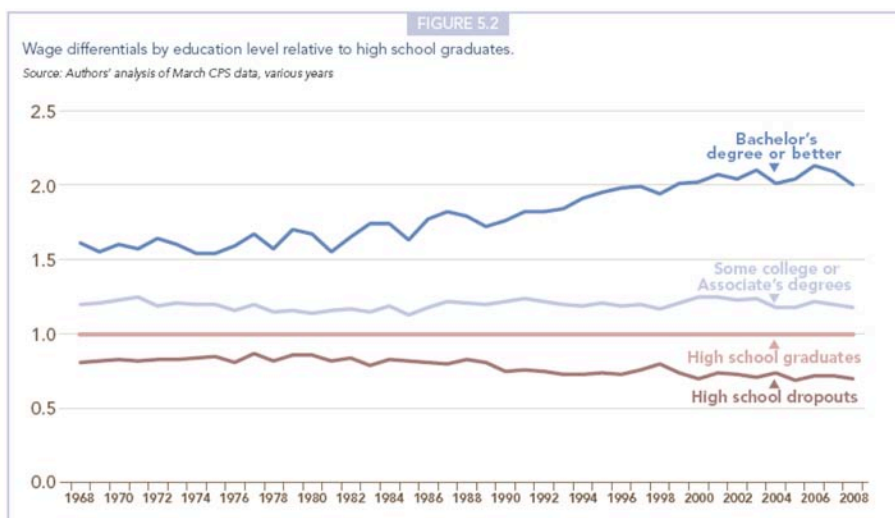
- “Rigor” and “relevance” are the buzz words for secondary education. Developing programs that ensure college readiness and/or offer career training are essential to providing a skilled workforce. In keeping with that core belief, the DCPS Career and Technical Education (CTE) is in the third year of implementing a regional five-year plan in collaboration with WorkSource, the Jacksonville Regional Chamber of Commerce and post-secondary partners. Through this partnership programs have been aligned to identify high skill, high wage and high demand occupations for expansion on the local level. Career and technical educators are working to encourage students to earn industry certifications to meet identified industry needs.

- Since 2005 the city, in partnership with DCPS, WorkSource, and the chamber has employed more than 1,500 students through its Summer Jobs Program. These students receive meaningful work experience and are an asset to the city workforce.

### The Alliance for Excellent Education

The Alliance for Excellent Education's April 2011 study stated the best economic stimulus package is a high school diploma. The earning potential for high school graduates on average is 43 percent more than non-graduates. Individuals that drop out and never complete high school have a lifetime earning loss on average of \$260,000. These earning losses limit homeownership opportunities and equate to lost tax revenue for cities.

Future city growth and prosperity is dependant upon specific skills and technology requirements for jobs of the future. The city must focus on educating students in a way that will attract economic growth. The table below shows the wage differential based on educational attainment.



In 2011 the first wave of “Baby Boomers” will reach age 65. Without drastic improvement in education the labor market will suffer with a lower qualified young workforce. This will negatively impact the city’s ability to attract business and jobs for residents. The census bureau estimates that by 2020 the country’s working age population, between 25-64, will be 30 percent Latino and black – groups whose high school graduation rates have been below 60 percent.

## NEXT STEPS

There continue to be opportunities for the Mayor’s Office to collaborate and to provide leadership in the education arena. Below are some best practice examples of collaboration between mayors and school districts across the nation as identified by the National League of Cities’ Institute for Youth, Education and Families:

- Set the public’s agenda and articulate the city’s vision to reach consensus around specific goals for school improvement.
- Facilitate ongoing communications with school district leaders to build trusting relationships, lay the groundwork for collaboration, and minimize “turf” issues.
- Bring community partners together— establish a council of community leaders from education, business, faith-based, non-profit, government and philanthropic sectors with the responsibility of helping to align, coordinate, and unify efforts to enhance student outcomes throughout the education pipeline.
- Use city resources to help children and youth maximize their learning potential, address health and social services needs, and enhance student safety.
- Engage parents and residents using public forums and media outreach to raise critical issues and share responsibility for shortcomings and successes.
- Spark a community-wide initiative to provide options for young people to complete high school and prepare for the future, as a key means to increase graduation rates.
- Convene a multi-sector initiative to encourage more local young people to receive postsecondary certifications, credentials, and degrees.
- Use data to tell stories the public can understand and to target resources to address the greatest needs.
- Bolster the quality of teaching by supporting teacher recruitment efforts, including affordable housing options and other financial incentives for teachers.
- Advocate for equitable school funding to invest in high-quality teachers, instructional resources, and facilities.
- Create after-school programs to reinforce student learning and to provide safe havens, and enrichment opportunities during non-school hours.
- Turn schools into centers of community life by keeping schools open beyond traditional school hours, developing joint-use agreements to reduce costs, and creating learning opportunities for families and the broader community.

An additional option for the incoming mayor to consider is involvement in the new Coalition of School Reform Mayors. The coalition is in its initial stages of organization and is developing with the goal of elevating the voices and influence of mayors who are committed to effective, district-wide school reform as an essential strategy for creating the great schools that are engines for wealth creation and violence reduction in our nation’s cities.

Current education reform debate rarely, offers a coherent platform for scalable school change to guide future policy initiatives. Reform-minded mayors are in a position to articulate and promote a more cogent and understandable approach. Currently, no effective structure exists to support their engagement in these national policy discussions. A well-designed coalition of school reform mayors can forge a common definition and vision for great schools, draw attention to approaches that are working in their communities, focus city-led advocacy efforts that inform national policymakers, and provide a framework for ongoing collaboration with other national organizations in district-wide reform. Such a coalition can also serve as a venue for key mayors to share ideas in order to strengthen policy development and implementation in their respective cities.

The coalition will pursue a two-pronged approach, seeking to promote federal policy change as well as

effective local reform initiatives. One overarching theme of the coalition's work will focus on mayors leveraging and building effective partnerships to drive school change and create great schools.

**Major elements of the coalition's strategy will include but not be limited to:**

- Advocacy efforts directed toward senior White House staff, U.S. Department of Education officials, and members of Congress and their staff;
- Public/media events designed to heighten the visibility of city-led and city-supported reform initiatives and generate pressure for needed policy changes, providing bridge between federal advocacy and local practice agendas;
- Periodic conference calls to facilitate discussion among participating mayors, supplemented by in-person meetings that coincide with visibility events; and Sustained staff support provided by the Institute for Youth, Education, and Families at the National League of Cities.

The opportunities for exercising mayoral leadership on educational improvement are many and varied; and they are extremely important to building a successful city.



# INVESTMENT IN CHILDREN

## INTRODUCTION

A primary role of society is to raise the next generation of citizens to become prepared to assume the family, as well as, civic and business leadership of a city. This is a responsibility shared by schools, religious groups, community organizations, and neighborhoods. But it is the family and the extended family that bear the greatest responsibility for helping children grow up to be healthy, educated and well prepared adults. This works well for most of our children in Jacksonville, and we can reasonably expect them to develop into responsible members of the next generation.

There are about 211,000 children under 18 living in Jacksonville – about 25 percent of our population. Compared to the state at 22 percent, we have a greater concentration of children and young families. This fact alone tells us that our public policies and investments must consider the needs of children and young families.

More sobering is the fact that our community has a higher percentage of children living in poverty than our state or nation. Nineteen percent of Jacksonville's children live in families earning less than the federal poverty level, which is \$22,350 for a family of two adults and two children. This poverty is particularly concentrated in a few zip codes primarily on the north and west side of the river, thus creating a "tale of two cities" in Jacksonville.

Children experience poverty differently than adults. Rather than a financial challenge to maintain a job, pay bills or save for the future, poor children experience poverty as a constellation of limitations, missed opportunities and negative events that ultimately restricts their ability to achieve the American Dream. An abundance of research in child health and safety, education, substance abuse and crime reveals that poor children:

- are more likely to be born premature or with low birth weight;
- are less likely to have health insurance and a regular doctor, and more likely to get their care in a hospital emergency room;
- are more likely to have chronic illnesses like asthma or diabetes which cause them to miss more school days and cause their parents to miss more days of work;
- are less likely to have high quality child care or early learning so that they enter kindergarten unprepared to learn;
- are more likely to be raised by a single parent, usually a mother, or to be raised by another family member;
- are less likely to have anyone who reads to them or helps them with their homework, since their parents often work several jobs;
- are more likely to spend time alone without adult supervision;
- are more likely to witness violence in their homes or neighborhoods;
- are more likely to live with a family member who has a mental illness or substance abuse problem;
- are more likely to experience significant family disruption like foster care or homelessness;
- are more likely to drop out of school;
- are more likely to become involved in anti-social or criminal behavior; and
- are more likely to become teen parents.

Virtually all parents love their children and want to help them grow up healthy and strong, but we are faced with the reality that not all parents have the skills or resources to be successful parents. City government, local charities, businesses, foundations, faith groups and individuals can work together to fill in the gaps for poor children while not supplanting the important role of families as the primary caregivers for their children.

## IMPORTANCE

Research of the human brain in the 1990s has given us compelling physical evidence that a young child's brain is highly vulnerable to environment – for better or worse. Children who are born to a stable, healthy and nurturing family and who experience a stimulating environment with an abundance of language and rich experiences will be prepared to enter kindergarten ready to learn.

Children who experience trauma, poor health, neglect, abuse, emotional abandonment and chronic stress simply do not have the same degree of brain development, and thus enter kindergarten already behind. This begins a cascade of poor reading skills, special education needs, grade retention, behavior problems and ultimately failure to graduate from high school.

Currently about a third of children are not prepared to enter kindergarten, and about one third of children do not graduate from high school. It is reasonable to assume that these are largely the same children.

Of course, our public school system has the primary responsibility to educate our children, and school reform is a highly charged issue. But between birth and age 18, children only spend 10 percent of their total hours of life in the classroom. The other 90 percent of their hours are spent in their homes and neighborhoods. Children must have high quality experiences during the preschool years and during the after school and summer hours, combined with reasonable care from their families and other caretakers during this important 90 percent of life. Without this kind of support, we cannot expect our school system to do the entire job of raising the next generation in only 10 percent of our children's lives.

## HISTORY

Prior to 1994, city money supported many children's programs but funding was often driven by political relationships rather than value. Programs were not held to any standards of quality, child safety or effectiveness, and there was no system for avoiding duplication of effort.

In 1990 Jacksonville followed several other Florida counties by proposing a children's services taxing district to local voters. The referendum failed by a small margin, largely because citizens believed that consolidated government should not need separate taxes. However, the problem of scattered, inconsistent funding and poor-quality, overlapping programs for children remained.

The Jacksonville Children's Commission was established by Mayor Ed Austin in 1994 as Duval County's "dependent children's services council" under state statute 125.901. This statute defines the work of a children's services council as prevention and early intervention, with the goal of keeping children out of the more expensive foster care, juvenile justice and inpatient mental health systems.

The commission's founding ordinance established a board of directors, appointed by the mayor and confirmed by City Council,

*"It is the intent of the Council in establishing the Jacksonville Children's Commission to provide an autonomous board with the on-going responsibility of improving the lives of Jacksonville's children by serving as the central focus for the evaluation, planning and distribution of the city's funds for children's services consistent with city programs and goals."*

The ordinance gathered all City of Jacksonville funding for children's programs under the Jacksonville Children's Commission, as well as other federal and state programs for children that had previously been managed by other city departments. It set forth a graduated funding plan of adding \$1 million to the budget each year with an aspirational goal of reaching a maximum budget equal to 0.5 mills of property tax. This plan existed until FY 2004-05 when Mayor John Peyton set the Commission's budget to increase or decrease at a percentage amount equal to an average of the other city departments. The recent decline in property taxes has made the original 0.5 mill goal a difficult one to ever reach, and the Commission is currently funded at about 0.35 mill.

Since that time, the Children's Commission board has defined the ways that its work must support the well being of children and protect the taxpayers' investment.

- Manage the city's investment in children's services.
- Apply for state, federal and private funds related to programs for children.
- Use the Commission's convening power and funding to build systems of care for children and their families.
- Evaluate the effectiveness of investments.
- Use program outcomes and research in the field, creating a movement toward evidence-based practice in youth services.



- Analyze changing demographics to ensure that services are directed to the most challenged neighborhoods and populations.
- Provide training and capacity building for youth-serving professionals and agencies.

## ACTIONS TAKEN

The Jacksonville Children’s Commission’s board of directors has determined that high school graduation is the single greatest issue that will drive economic development in our future. Therefore, the commission’s investments in primary prevention programs have credible research to demonstrate that they support either short or long term strategies to promote high school graduation.

The commission also understands that parents need help. Seventy-one percent of mothers of young children are in the workforce, and their children spend significant hours of each day in child care settings. Sadly, the child care industry is not a robust business model and there are very few incentives for child care operators to use their money to provide quality, rather than custodial care. Child care centers in poor neighborhoods are more likely to be low quality or even dangerous for children’s development. The state of Florida has some of the lowest licensing requirements in the country, so even very low functioning centers manage to stay open.

High quality prevention programs support families, reduce barriers to learning and accelerate the work of our schools.

- **Early Learning Quality Coaching:** A Quality Rating System of one to five stars now helps parents to recognize and choose child care centers that emphasize quality child development and early learning services. Children attending child care centers with a quality rating made statistically significant improvements in letter recognition, alphabet knowledge and social awareness compared to children who did not attend quality child care centers.
- **After-School Programs:** Elementary and middle school participants in these programs had higher grade point averages, better school attendance, and better promotion rates than students in their schools who did not attend the programs. They were also in a safe environment, reducing the chances that they might engage in risk taking or anti-social behaviors.
- **After-School and Summer Nutrition programs:** Many poor children live in homes or neighborhoods where healthy foods are unavailable. Healthy nutrition is essential to brain development, learning and future health. The commission leverages money from federal and state nutrition programs to provide healthy snacks and meals to children in after-school programs as well as 180 summer lunch sites.

Our high crime and murder rates are the other clear and present dangers to our quality of life and future as a viable community. We know that children are not born to be criminals, but a childhood of negative experiences can interfere with the development of the “executive function” of the brain. The most recent brain research demonstrates that early and persistent trauma and neglect cause a child’s brain functions to develop poorly, consistently failing to demonstrate healthy emotional responses and often desensitized to violence. Children who experience abuse or neglect, or who suffer from untreated mental illnesses are more likely to do poorly in school, engage in risk taking, anti-social or criminal behavior, and repeat the cycle of abuse and neglect as parents. Early intervention programs work to break the cycle, help parents find a way to protect and guide their children, and help children find skills for success and a future worth living for.

- **Healthy Families:** Ninety-six percent of children in this evidence-based home visiting program are free from abuse or neglect one year after their parents completed the program. Ninety-nine percent of children had a regular medical doctor, and 95 percent were current with their immunizations.
- **Full Service Schools Mental Health Services:** Children who frequently exhibit disruptive behavior have a decrease of 50 percent in conduct violations after getting care.
- **Mentoring:** Children who experience the attention of a caring adult improve their grades and attendance in school, and have fewer behavioral referrals.
- **Programs for homeless youth and teens aging out of foster care** provide stable housing and support services, while runaway and throwaway youth find counseling and support services to stabilize their lives.
- **Children with developmental disabilities** need multiple services that are not all covered by Medicaid or health

funding. Early developmental services and specialized child care helps families to cope and helps the children to develop to their full potential.

## STATUS OF ACTIONS TAKEN

### ***The Jacksonville Journey***

Much has been written about the work of *The Jacksonville Journey's* effort to reduce crime. During their deliberations, *Journey* members were impressed by the early learning, after-school/summer programs and mental health counseling programs already being delivered by the Children's Commission.

*The Journey* members voted to expand funding for these programs that were already working, and so recommended funding for 35 more early learning sites, 15 more after-school programs, increased summer camp participation and another juvenile crime prevention program. All contracting and evaluation for these programs is managed by the Children's Commission, and *Journey* Oversight Committee members have been pleased by the outcomes and quality measures so far. *Journey* members also voted to fund the Alternative to Out of School Suspension centers program, which provides a voluntary service that keeps suspended middle and high school students off the street and engaged in school work. While this program has had a slow start in some locations, the school district has been successful in improving its utilization in the last year. (More information on *The Jacksonville Journey* may be found in a chapter 18).

### **Mental Health**

Sheriff John Rutherford often refers to the jail as our county's largest inpatient mental health treatment facility. There is no doubt about the strong connection between mental illness, substance abuse and anti-social or criminal behavior. In fact, other than the economic downturn, crime has dominated our community conversations for the last decade.

As part of its early intervention work, since the mid-nineties the Children's Commission has funded mental health services through a partnership with the school district and United Way Full Service Schools, as well as outpatient services in the community. However, the community took a giant step forward this year with the award of a System of Care grant from the federal Health and Human Services Substance Abuse and Mental Health Services Administration. This six-year, \$9 million grant will help our mental health and child services partners to establish a comprehensive seamless system of mental health care and related services for children in the juvenile justice, foster care, homeless assistance and subsidized child care systems. The commission is the grantee and fiscal agent for this grant.

### **Evaluation**

Over the last two years, the commission engaged the University of Florida Collaborative Assessment and Program Evaluation Services (CAPES) to review all measurable program outcomes and quality standards reported by contracted agencies. At this point all outcome measures for mental health services, after school, mentoring, homeless services, early learning and home visiting programs are deemed appropriate and valid.

## NEXT STEPS

### **Funding Priorities**

During FY 2010-11 the commission's board held several retreats to prioritize investment strategies that will make the most significant improvements in children's lives and provide the most value to taxpayers. Knowing that funding reductions were likely over the next few years, the board decided on four areas of focus that they would work to maintain the quality and keep appropriately funded.

- Stable and nurturing families – the Healthy Families program
- Helping children enter kindergarten ready to learn – quality support for early learning centers
- Quality out of school time – after-school and summer programs
- Early intervention services – mental health services through the Full Service Schools and outpatient services

In addition, the board will attempt to continue funding those programs that bring about significant leverage. All other programs will be considered on their individual merits based upon outcomes, best practices and quality.

### **After - School Grant**

Last spring the commission embarked upon a multi-year After-School Redesign project with the goal of improving academic and social outcomes for children, enhancing the transparency of reimbursements and assuring that services were located in areas of town that will serve the highest number of at risk youth.

The commission is currently in Phase I of this redesign project which includes: a requirement for each program to adopt at least one evidence-based strategy to improve social/emotional skills; a new, more equitable payment plan; strengthening the management teams; and, formal links to summer programs through such methods as utilizing the same staff, curriculum and teaching themes.

This work has come to the attention of the National League of Cities, and as a result, the Wallace Foundation has asked Jacksonville to be one of 15 cities to apply for a grant and technical assistance program to promote the development of an after-school system of care. If successful, this grant award could facilitate the rest of the After-School Redesign work. The commission has taken the lead in developing this grant application, and the Wallace Foundation is expected to select 10 finalists this fall. The support of the new mayor is essential in presenting a competitive application for this grant, which has a maximum award of \$750,000 over three years.

### **Maintaining momentum**

Evaluations are proving that the above investments in children's services are clearly making headway in reducing abuse and neglect, preparing children to enter kindergarten ready to learn, supporting them in school success, and reducing violence. The commission's investments during the last eight years have made sense and provided value for the taxpayer. While the next few years will present budget challenges, it will be important to remain focused on these interventions and not "take our foot off the gas." Children take more than 18 years to grow up, and the job will not be finished without sustained investment and focus.

### **Changing Community Needs**

New mapping data by the Kirwan Institute of Ohio State University is showing us that economic factors are causing a decrease in opportunities for children in areas of town that have been at the tipping point for years. Mobilizing public attention and city services of all types will be important to prevent these areas from becoming permanently challenged.

While poor children clearly benefit from programs designed for their unique needs, they live in families and communities that also need help. Programs that improve housing, jobs, safety, transportation and the environment, while not the work of the Children's Commission, are also essential to children's well-being. The new mayor will have a unique opportunity to lead city departments in working together to address multiple needs in a neighborhood, and the Children's Commission should be an important and willing partner in that work.



# BUILDING A SUCCESSFUL CITY

## INTRODUCTION

Every city likes to think of itself as a successful city. However, in most cases judgments are made about the success or lack of success of cities on the basis of anecdotal information. The purpose of this chapter is to discuss how to measure whether Jacksonville is a successful city.

## IMPORTANCE

City leaders and policymakers are charged with the responsibility of creating, developing and managing a city where citizens want to live, work and raise their families. It is important that citizens are satisfied that the community they call home meets those important criteria. Failing to be a desirable city has significant consequences.

In terms of economic development and job creation, business leaders who are interested in locating in a community or expanding there want to be assured that their employees as well as the leaders of the business will be living in a community that is attractive and desirable. If a community has a reputation as having subpar schools or parks, an expanding business may choose to do so in another community instead. If a city has a high-profile, negative image, such as being a “high crime” community, it is very difficult to overcome that image.

In the final analysis, it is important to measure success, so that judgments, conclusions or comparisons with other cities can be made. Accurate data provides the best support when explaining to citizens and businesses that a city is successful. Accurate data also provides a city with feedback about whether it is making progress or improvement in becoming even more desirable, so that efforts can be adjusted appropriately when needed.

## HISTORY

Several approaches have been followed in Jacksonville to measure our success.

The endeavor that has been in place the longest is the report conducted by the Jacksonville Community Council Inc. (JCCI) that gauges our community’s quality of life. For 26 years, JCCI has prepared and published an annual “Quality of Life Progress Report.” This report is based on creating a “yardstick for community improvement” that provides “community decision makers and leaders the capacity of further improving what is already a highly attractive quality of life.” The report covers a variety of topics including: educational excellence, the economy, the environment, social well-being, arts, recreation and culture, health, government responsiveness, transportation and safety.

In recent years, the JCCI report has provided Northeast Florida data as well as Jacksonville data. It is critically important that not only is Jacksonville successful when compared to other cities, but that as the center city, it is successful also when compared to other parts of the metropolitan area.

JCCI also publishes an annual “Race Relations Progress Report” which highlights what critical issues need attention in this important area of community life.

## ACTIONS TAKEN

In 2005, the City of Jacksonville and the Jacksonville Regional Chamber of Commerce teamed up to produce an annual “Blueprint for Prosperity Report,” in conjunction with a mayoral initiative of the same name. This document continues to focus on local economic opportunity and raising the income level of Duval County residents. It measures progress against benchmarks in key areas such as education, infrastructure, leadership, economic development, quality of life and racial opportunity and harmony. The information presented in the report is meant to not only measure Jacksonville’s progress, but to increase awareness about the areas that must be addressed if Jacksonville is to improve its quality of life.

In recent years, the City of Jacksonville, through its Budget Division, has undertaken benchmarking comparisons with large Florida cities on a variety of revenue, expenditure and service delivery issues.

## STATUS OF ACTIONS TAKEN

The city continues to support the activities of JCCI in its quality of life survey and the Blueprint for Prosperity

efforts, now wholly administrated by the city. The city also continues to undertake internal activities of benchmarking with other cities.

## NEXT STEPS

The next administration should continue efforts to measure the quality of life in Jacksonville in order to proceed on the journey of improvement. The city should work with JCCI to refine the system used so that it is possible to better compare Duval data to Northeast Florida data. The city should continue the existing efforts, and improve upon them, because in the final analysis, “what gets measured gets done.”



**CHAPTER THIRTY**

**VALUE OF A CONSOLIDATED GOVERNMENT**

# VALUE OF CONSOLIDATED GOVERNMENT

## INTRODUCTION

Jacksonville is one of the few consolidated city and county governments in America. In 1967, the citizens of Jacksonville and Duval County voted to merge the city and county governments into one unified local government. This chapter will address consolidation today with particular emphasis on challenges to consolidation as it was envisioned by those who crafted the plan in the 1960s.

## IMPORTANCE

The consolidation of the City of Jacksonville and Duval County governments, or simply, “Consolidation,” as it is commonly known today, is judged by most citizens to be successful. Since citizens voted for the merger, the community has addressed and solved many community problems while financing the government with the lowest property tax rate among major cities in Florida. It is natural, however, to become complacent and to take for granted the benefits brought by consolidation. It is important to reflect on those benefits.

It is also human nature for there to be a tendency to weaken the commitment to consolidation with the argument that agencies desire to control their own destiny. Some independent authorities of the consolidated government or independently elected constitutional officers occasionally seek greater independence from the rules or requirements of the consolidated government. It is important to address that trend.

## HISTORY

Prior to 1968 there were separate City of Jacksonville and Duval County governments. There also were the four smaller cities of Baldwin and the three beach cities: Jacksonville Beach, Atlantic Beach and Neptune Beach.

In 1965, the Florida legislature passed a bill which established the Local Government Study Commission for Duval County. The commission, composed of a broad cross-section of 50 business, social, civic and professional leaders, was appointed by the state legislative delegation.

The commission was directed by law to “study the structures, functions and operations of all governmental units and bodies located within the said county, including the county government, the municipal governments, public bodies corporate, and all offices, agencies, commissions, boards, authorities and other subdivisions thereof. The commission was to “conduct research and study to determine the need, if any, for the consolidation, separation, addition, removal or other revision of the aforementioned local government structures, functions and operations and to determine whether tax savings can be made and whether efficiency can be gained through revision of such structures, functions and operations.”

In January 1967 the Study Commission released its report entitled Blueprint for Improvement. In June of that year the Florida Legislature adopted a bill proposing a consolidated city and county government for Jacksonville and Duval County and setting the date of Aug. 8, 1967 for a local referendum on the merger.

By a two to one majority, Duval County voters approved the referendum in August 1967. On Oct. 1, 1968 the new consolidated government became official and a newly-elected strong mayor and 19 member City Council assumed the powers of governance.

In 1973, five years after consolidation was implemented, Park Beeler in an article in the Urban Review, praised Jacksonville’s success for reducing crime, fostering economic development, reducing pollution, improving health care, achieving reaccreditation of public high schools, and inspiring cultural revitalization. That same year, Joan Carver, a Jacksonville University political scientist, concluded that consolidation had “sharply altered” the decision making structure of government with the mayor now exerting strong political leadership and setting community priorities while working with community leaders from all parts of the city.

Two books are particularly helpful in understanding the history of the Jacksonville consolidated government: *A Quiet Revolution* by Richard Martin and *Jacksonville, the Consolidation Story, from Civil Rights to the Jaguars* by Dr. James B. Crooks.



## ACTIONS TAKEN AND THEIR STATUS

In 2007, Mayor Peyton's administration initiated a series of organizational changes designed to streamline the city organization. Through the establishment of strong centralized staff services, the organization made a recommitment to the principles that were the underpinning of the consolidation effort almost 40 years before, that efficiency and effectiveness could be achieved by avoiding the proliferation of staff support services in all agencies of the government.

In further recognition that all parts of the city government should operate cooperatively, the mayor's office established a commitment to "one organization," which came to be known as "O2," with meetings of department heads and other leadership committed to having all departments and agencies working together as a team.

These two efforts continue today and serve as the foundation for the City of Jacksonville's streamlined organization. (More information on streamlining the organization can be found in chapter 31.)

In the last several years, the city has begun to benchmark against other cities, particularly the large cities in Florida. One of the areas that have been tracked is comparing the property tax millage rate for the consolidated City of Jacksonville with the combined property tax rates of other large central cities in Florida. When the City of Jacksonville rate is compared to the sum of the tax rate in each large city in Florida and its county rate, (e.g. the sum of the property tax rates in Orlando and Orange County) it is clear that Jacksonville has by far the lowest property tax millage rate of the large cities in the state. (A more detailed discussion of these comparisons can be found in chapter three.)

## NEXT STEPS

It is suggested that two areas are worthy of attention in the upcoming years of the next administration.

First, the next administration should continue to recognize the huge value to the community that comes from focused leadership in the consolidated government, particularly the political leadership role of the mayor in the consolidated government. One only has to look at the way in which community problem solving or conflict is addressed elsewhere in Florida to appreciate the benefit of consolidation. It is not uncommon for a community problem elsewhere to become a major conflict between elected officials from the city government versus those in the county government with each criticizing the other for not solving the difficult problem. When the public becomes dissatisfied with both governments there is a tendency to seek the politically safe approach of suggesting that there really is no problem and then the conflict remains unresolved. In the consolidated government of Jacksonville, no such political luxury exists and the government tackles the problem.

We should continue to celebrate the success of consolidation. In fact it is only a short seven years until the 50th anniversary of consolidation when the community should undertake a major celebration.

Secondly, the next administration should continue to stress the value of centralized staff services. It is a natural tendency for the five constitutional offices of Sheriff, Tax Collector, Property Appraiser, Supervisor of Elections and Clerk of the Court, as well as the separate authorities such as JEA to seek greater independence from the consolidated government in the interest of controlling their own destiny by seeking to have their own staff for purchasing or personnel. Such weakening of the principles of consolidation weakens all agencies in the consolidated government and weakens the consolidated government itself. It is the realization that we truly are "one organization" that is our greatest strength.



**CHAPTER THIRTY-ONE**

**STREAMLINING THE CITY ORGANIZATION**

# STREAMLINING THE CITY ORGANIZATION

## INTRODUCTION

When he took office in July 2003, one of Mayor Peyton's six guiding principles was to streamline government to facilitate business growth. His goal was to save taxpayer dollars by applying best practices and technology to enable city employees to be more productive. His business plan included improving customer service, increasing effectiveness and efficiency for a total quality government and employing the right number of the right people in the right jobs at the right time in a supportive environment. This chapter will trace the organizational changes made in the last several years to meet this goal.

## IMPORTANCE

In order to provide quality services to the taxpayers at the lowest cost, city government must be organized in an efficient and effective manner with quality resources, including the right talent.

## HISTORY

The reorganization of the executive branch of city government is allowed pursuant to Section 21, Part II of the Jacksonville Ordinance Code and has been done by mayors throughout the history of this government.

Immediately prior to Mayor Peyton coming into office, the executive branch was organized into 11 primary departments including:

- Administration and Finance
- Planning and Development
- Public Works
- Fire and Rescue
- Community Services
- Neighborhoods
- Public Health Unit
- Parks, Recreation and Entertainment
- Solid Waste and Resource Management
- Regulatory and Environmental
- Agriculture

Additionally, boards oversaw four departments:

- Jacksonville Public Library
- Jacksonville Children's Commission
- Jacksonville Human Rights Commission
- Jacksonville Economic Development Commission (JEDC)

There were a total of 7,394 full-time positions budgeted throughout city government including the constitutional officer departments in FY 2003.

## ACTIONS TAKEN

### **Initial Reorganization**

In July 2003, Mayor Peyton made a few changes to the organization of the executive branch, as approved by Ordinance 2003-1058-E.

Primarily, the procurement function was moved from a division of the Administration and Finance Department to a separate Procurement Department. The Regulatory and Environmental Services Department and the Solid Waste and Resources Management Department were combined into a new Environmental Resource Management Department.

### **Organizational Reviews**

In late 2005 and into early 2006, the mayor established task forces of city employees to conduct six organizational reviews that resulted in savings and cost avoidances of \$5.8 million. Reviews were performed of the

Jacksonville Children's Commission, Public Works Department, Jacksonville Housing Commission, Solid Waste Division, Planning and Development Department and the Jacksonville Public Library.

Because of the success of these reviews, the Mayor's Office of Performance Auditing and Management Accountability (MOPAMA) was formally established so that similar reviews could be conducted on a continuing basis.

### **Lean Thinking**

In conjunction with organizational reviews, the administration adopted the Lean Thinking philosophy that many manufacturing, service and government organizations have utilized to acquire the flexibility needed to meet new competitive challenges.

Lean Thinking in business traces its origins to Henry Ford's Model-T production lines, through the success of the Toyota automobile company in the last half of the 20th century, and to a 1996 book titled "Lean Thinking" by James Womack and Daniel Jones.

The main Lean objectives are eliminating waste, enhancing production speed and pushing innovation. Lean enterprises are continuously improving to streamline their operations.

For instance, within city operations two Lean pilot programs were led by the MOPAMA in the area of pet licensing and ditch cleaning which improved service delivery.

Lean objectives continue to be utilized by the Office of Inspector General in its reviews of city processes. (The creation and purpose of the Office of Inspector General is explained in greater detail later in this chapter.)

### **Reorganization in 2007**

In preparation for the FY 2007-08 budget, the mayor reorganized the executive branch into eight distinct business units to streamline operations and provide a more effective and efficient delivery of services to the public while restraining the overall cost of government expenditures.

The reorganization's intended outcome was to better coordinate delivery of services by realigning city resources and expertise within the appropriate city departments. This reorganization resulted in the elimination of 53 authorized positions and a savings of \$2.7 million in FY 2007-08. As a result of this reorganization, the number of appointed officials serving as department directors or division chiefs was reduced from 71 to 60.

The eight business units are:

- Sustainable Communities
  - Includes: the Planning and Development Department, Housing and Neighborhoods Department and Environmental and Compliance Department
  - All are under the oversight of the deputy chief administrative officer
- Public Works Department
- Recreation and Community Services Department
- Central Operations Department
- Fire and Rescue Department
- Finance Department
- JEDC
- Information Technology Department

The reorganization combined some departments and divisions and eliminated others.

Those combined in the reorganization were the Community Services Department and the Parks, Recreation, Entertainment and Conservation Department into a new Recreation and Community Services Department.

The Agriculture Department was eliminated and made an activity within the newly created Recreation and Community Services Department.

The Special Events Division was also deleted as a division and made an activity within the Recreation and Community Services Department.

The Disabled Services Division and the Veterans Affairs Division were combined into one Military Affairs, Veterans and Disabled Services Division and is under the Recreation and Community Services Department.

A new Central Operations Department was created that would include the Procurement and Supply Division and the Human Resources Division, both of which were previously separate, stand-alone departments.

The Central Operations Department also includes the Equal Business Opportunity Contract Compliance Division, previously a division of the Procurement Department and the Fleet Maintenance Division and Public Information Office (an activity), both of which moved from the Administration and Finance Department, and a new Administrative Services Division.

The Building Inspection Division was transferred from the Public Works Department to the Planning and Development Department.

The Transportation Planning Division and the Strategic Planning Division within the Planning and Development Department were reorganized into the Current Planning Division and the Development Services Division.

The Property Safety Division within the Housing and Neighborhoods Department was moved to the renamed Environmental and Compliance Department as the Municipal Code Compliance Division.

The Neighborhood Services Division within the Housing and Neighborhoods Department was deleted.

The Parking Facilities and Enforcement Division was moved from the Administration and Finance Department to the Environmental and Compliance Department.

The Clean It Up Green It Up Division within the Environmental and Compliance Department was also deleted as a division and made an activity under the office of the director.

The Public Works Department was also reorganized with the Building Inspection Division being transferred to the Planning and Development Department, as discussed previously, and the Solid Waste Division being transferred into Public Works from the Environmental and Compliance Department.

The Park Maintenance Division was transferred from the Parks, Recreation, Entertainment and Conservation Department and combined with the Streets and Drainage Division and the Traffic Engineering Division of Public Works into a new Right of Way and Grounds Maintenance Division within Public Works.

The Engineering Division was renamed the Engineering and Construction Management Division.

Similar to the establishment of the Sustainable Communities Business Unit, the Public Library, Jacksonville Human Rights Commission, Medical Examiner and the Jacksonville Children's Commission were placed under the oversight of the Chief Community Officer in the Mayor's Office.

In addition to the changes discussed above, several minor changes were made to the organization between 2003 and 2007. This chart reflects the FY 2003 organization as compared to the current organization in spring 2011.

2003 EXECUTIVE BRANCH	APRIL 2011 EXECUTIVE BRANCH
<p><b>Administration and Finance Department</b>            Accounting Division            Budget Division            Human Resources Division</p> <p>Fleet Management Division            Information Technology Division            Risk Management Division            Training Division</p> <p>Treasury Division            Procurement and Supply Division</p>	<p><b>Finance Department</b>            Accounting Division            Budget Division            Moved to Central Operations (NOTE: This had been a stand alone department after 2003.)            Moved to Central Operations            Created new department            Risk Management Division            Function moved to Human Resources Division in Central Operations Department            Treasury Division            Moved to Central Operations (NOTE: This had been a stand-alone department after 2003).</p>

<b>Information Technology Department</b>	<b>Information Technology Department</b>
<b>Community Services Department</b> Adult Services Disabled Services Veterans Services  Mental Health and Welfare Victim Services	<b>Recreation and Community Services Department</b> Adult Services Division Military Affairs, Veterans and Disabled Services Division Merged into Military Affairs, Veterans and Disabled Services Division Behavioral and Human Services Division Merged into Behavioral and Human Services Division
<b>Parks, Recreation, Entertainment and Conserveation</b> Planning, Research and Grants Park Maintenance  Recreational Activities	<b>Merged into new Recreation and Community Services Department</b> Function transferred to Planning Department Moved to Public Works – Right of Way and Grounds Maintenance Division Recreation and Community Programming Division Waterfront Management and Programming Division
<b>Agriculture Department</b>	<b>Function moved to Recreation and Community Services Department</b>
<b>Fire/Rescue</b> Emergency Preparedness Fire Training Fire Operations Fire Prevention Fire Rescue	<b>Fire/Rescue</b> Emergency Preparedness Division Fire Training Division Fire Operations Division Fire Prevention Division Fire Rescue Division Administrative Services Division
<b>Mayor</b>	<b>Mayor</b>
<b>Mayor's Boards and Commissions</b> Mayor's Advisory Board Mayor's Commission on Status of Women Hispanic American Advisory Board Civil Service Board Construction Trade Qualifying Board	<b>Mayor's Boards and Commissions</b> Mayor's Advisory Board Mayor's Commission on Status of Women Hispanic American Advisory Board Civil Service Board Construction Trade Qualifying Board
<b>Medical Examiner</b>	<b>Medical Examiner (A)</b>
<b>Neighborhoods Department</b> Special Events Division  Property Safety Enforcement  Animal Care and Control Public Information Division Neighborhood Services Clean It Up Green It Up	<b>SUSTAINABLE COMMUNITIES (B)</b> <b>Housing and Neighborhoods Department(B)</b> Changed to an activity in Recreation and Community Services Department Moved to Environmental and Compliance Department Municipal Code Compliance Division A division of Environmental and Compliance Department Changed to a activity of the Central Operations Department Function transferred to Office of Director Function of Environmental and Compliance Department, Director's Office Housing Services Division Community Development Division
<b>Planning and Development</b> Comprehensive Planning Transportation Planning	<b>Planning and Development Dept. (B)</b> Current Planning Division Merged into new Community Planning Division

Community Development	Moved to new Housing and Neighborhoods Department Community Planning Division Development Services Division Building Inspection Division
<b>Regulatory and Environmental Services</b> Air and Water Quality Consumer Affairs Public Parking  Equal Opportunity Division Mosquito Control	<b>Environmental and Compliance Department (B)</b> Environmental Quality Division  Parking Facilities and Enforcement (NOTE: This was in Administration and Finance after 2003.) Moved to Human Rights Commission Mosquito Control Division Animal Care and Protective Services Division Municipal Code Compliance
<b>Solid Waste Resource Management</b>	<b>Merged into Environmental and Compliance – Solid Waste Division moved to Public Works Department</b>
<b>Public Works</b> Engineering Public Buildings Real Estate Streets and Drainage Traffic Engineering Building and Zoning	<b>Public Works</b> Engineering and Construction Management Division Public Buildings Division Real Estate Division Right of Way and Grounds Maintenance Division Merged into ROW and Grounds Maintenance Division Moved to Planning Department, Building Inspection Division Solid Waste Division
	<b>Central Operations Department</b> Administrative Services Division Procurement Division Equal Business Opportunity/Contract Compliance Division Fleet Management Division Public Information Office Human Resources Division
<b>Jacksonville Human Rights Commission</b>	<b>Jacksonville Human Rights Commission (A)</b> Equal Opportunity Division
<b>Jacksonville Children’s Commission</b>	<b>Jacksonville Children’s Commission (A)</b>
<b>Jacksonville Public Library</b>	<b>Jacksonville Public Library (A)</b>
<b>Jacksonville Economic Development Commission (JEDC)</b>	<b>Jacksonville Economic Development Commission (JEDC)</b>

- (A) In addition to their boards, the Director of Recreation and Community Services has an oversight responsibility for these departments.
- (B) The deputy chief administrative officer oversees the Sustainable Communities Business Unit comprised of the Planning and Development Department, the Housing and Neighborhoods Department and the Environmental and Compliance Department.

Of particular importance to this reorganization was the establishment of an Administrative Services Division (ASD) within the Central Operations Department. Administrative-type functions such as processing certain payroll, personnel, budgeting, purchasing, training and travel functions were being performed in every department and many divisions.

It was found that these functions were not always being performed consistently, nor did they fully utilize the personnel resources assigned to perform them. As a result, these duties and the personnel performing

them were consolidated into a single division so that those duties could be performed more efficiently and effectively and available resources could be maximized. Because resources were able to be fully utilized, the number of personnel required was reduced.

### **One Organization**

To further recognize that city government should operate cooperatively as “One Organization,” rather than in silos as was common practice previously, the chief administrative officer instituted “O2” meetings on a regular basis. These meetings of all department heads, other leadership and the chief administrative officer serve as an opportunity to share needs and opportunities for departments to work together as a team to further the efficient operations of government.

### **Office of Inspector General**

Another step in the mayor’s reorganization was the creation of the position of inspector general. Certain improprieties relating to the procurement of professional services moved the mayor to make a number of changes in his organization.

The position of inspector general was originally created by Executive Order No. 07-09 in August 2007. In December 2009, the City Council enacted Ordinance 2009-820-E creating a new Part II of Chapter 20 of the Municipal Code making the Office of Inspector General a function within the Mayor’s Office. The inspector general is an independent position appointed by the mayor and confirmed by the City Council without regard to political affiliation. The appointment is made based on integrity and leadership and demonstrated ability in accounting, auditing, financial analysis, management analysis, public administration, investigation or other related fields.

The inspector general reports and answers directly to the mayor and is not subject to supervision or control by any other city officer or employee so that the objectivity of audit, investigative and other activities remain free from interference. The Office of Inspector General is operationally independent from the mayor and the mayor may not prevent, impair or prohibit the inspector general from initializing, carrying out or completing any audit, investigation or review.

The Office of Inspector General provides a central point of coordination and responsibility for activities that promote efficiency, accountability, integrity and transparency within the executive branch of city government and that aid in preventing conduct that undermines the integrity of government. The goal of the office is to prevent misconduct and abuse, expose it if it does occur and seek appropriate remedies to recover misused public monies.

### **Information Technology Resource Planning**

Information technology (IT), and the availability of resources to support IT, is critical to any administration’s efforts to streamline government.

Just a few examples of how technology has helped streamline government operations include the Time and Attendance System (TAS), which has greatly contributed to a more efficient payroll process. MAXIMO has been implemented for use by multiple departments/divisions such as Public Works and Fleet Management as a time-saving work order system. Also created by the IT Department (ITD), is the Administrative Services Division’s Information Management System (AIMS) that directs requests for internal services such as purchasing or payroll requests to the Administrative Services Division for action.

**Despite these recent accomplishments, more technology improvements are much-needed across all areas of government to streamline and improve efficiencies – both in internal government services and in external services to taxpayers.** Currently there are a number of separate and disparate systems that perform the core functions of accounting, accounts payable, purchasing, payroll, time and attendance and personnel tracking for the city.

Presently, ITD has been approved by the IT Steering Committee to move forward in FY 2011 with the first phase of a strategy to acquire an off-the-shelf enterprise resource planning (ERP) software package. Phase I is an analysis of the city’s business needs and processes, relative to an ERP system, coupled with the production of request for proposals (RFP) for the procurement of the actual software and its integration into the city which would then be installed over the next several years.



## **Florida TaxWatch Report**

In August 2008, Florida TaxWatch issued a report titled “Enhancing Efficiencies in the City of Jacksonville” focusing on FY 2008-09 and beyond. Mayor Peyton invited TaxWatch to assist in identifying cost savings and enhancing efficiencies in the city.

The focus of the report was identifying innovative cost-saving ideas that would provide significant and systemic change to assist the city in weathering the economic downturn and prepare for the future. The report offered various near-term and long-term savings opportunities. Each of the recommendations have been reviewed and in some form addressed by the current administration. Some recommendations were able to be implemented, others were rejected by the City Council and others, such as pension reform, are subject to collective bargaining and have not yet been able to be fully realized.

## **STATUS OF ACTIONS TAKEN**

The Administrative Services Division (ASD) of the Central Operations Department has been providing efficient, consolidated, administrative management support to departments and divisions in the areas of time and attendance tracking for payroll processing and reconciliation, financial processing for the requisition of supplies and services, account management and analysis, safety compliance and general administrative support. This work is performed for most but not all of the executive departments that report to the mayor. The initial process of creating ASD identified the employees across city government performing similar functions, helped ensure services were provided in a consistent manner and fully utilized administrative employees.

The assimilation of departments and divisions that provide direct services to citizens has proven to be successful under the leadership of one director. Under the right leadership and support management, combining parks, recreation and community-type services has been an efficient organizational change.

## **NEXT STEPS**

Process improvement is continuous. There are always opportunities to perform better and find ways to work smarter. The administration, in cooperation with the Office of Inspector General, has reviewed many manual processes for ways to increase efficiency, but as more automation needs are recognized and implemented, processes need to again be reviewed and streamlined.

The lack of financial resources and staff has been a major impediment to gaining greater government efficiencies, both internally and externally. As resources become scarcer, the continuous review of government functions to identify potential elimination and/or consolidation must be a priority. And as previously mentioned, the increased utilization of technology is critical to the efficient operation of government.

We recommend that the incoming administration continue to place an emphasis on reviewing and improving department processes. We suggest that performance audits continue to be conducted by the Office of Inspector General in cooperation with the administration to help identify failures to comply with city policies and procedures and identify opportunities for operational improvements.

Department directors and leadership should be challenged to evaluate each service provided in their area to determine whether the service is an essential government-provided service, and if so, that it is being delivered at the least cost and in the most efficient manner.

Staffing levels and the individuals filling positions should be evaluated to ensure that the service provided is not only sufficiently staffed but that the best-qualified person is filling the position.



# STATE AND FEDERAL GOVERNMENT

## INTRODUCTION

The Mayor's Office works closely throughout the year with Duval County's state and federal delegations, as well as staff of the executive branch of both state and federal governments, on a range of issues including finance and tax, health care, public safety, transportation and environmental protection. Decisions made at the state and federal level regularly impact local governments in many ways, especially financially and operationally.

## IMPORTANCE

It is imperative for local governments to have a voice in state and federal government policy development and legislative processes in order to protect home rule and local resources, as well as to prevent unfunded mandates and/or unintended consequences. Working closely with state and federal leaders will also create opportunities to enhance the development and implementation of policies that will have a positive impact on local governments.

Jacksonville must maintain a consistent voice with lawmakers and the executive staff at the state and federal levels. It is important to work directly with elected officials, as well as with legislative staff, executive staff, applicable member associations and opinion leaders. Clearly defining and communicating a proactive legislative agenda is essential to achieving the priorities of Jacksonville and to securing a partnership with state and federal officials who can impact our city's future success.

## ACTIONS TAKEN AND THEIR STATUS

### Internal Team

It is critical to have a dedicated staff member that will lead the state and federal legislative efforts. During Mayor Peyton's administration, a policy director has managed state issues while the federal issues have been managed by the chief administrative officer. Both team members work with the directors of affected city departments to create the Jacksonville legislative agenda, to track actions and to develop proactive and reactive strategies. It is helpful to create an internal team that meets regularly throughout the year. During the state legislative session, consistent city representation on site in Tallahassee is critical.

### External Team

**Contract Lobbyists** – It is important to have teams in place in both Tallahassee and Washington, D.C., so they can react effectively and efficiently at the state and federal levels. Through October 2011, the city has contracted with external state lobbyists who expand our reach throughout the state. This approach multiplies the effectiveness of our efforts and capitalizes on the relationships of the internal team. At the federal level, Jacksonville currently has a contract with Patton Boggs that expires in December 2011.

**Member Associations** – There are a number of member associations that dramatically increase our lobbying presence and help us track key issues. Since Jacksonville operates as a consolidated city-county government, we are members of both the Florida Association of Counties and the Florida League of Cities. These memberships give us an extended staff of lobbyists and experts who work closely to protect the best interests of local governments and form a strong alliance of local governments throughout the state. Jacksonville is also a member of many other associations that allow us to collectively target specific issues. Some of those include the Stormwater Association, Beach Watch, St. Johns River Alliance, Florida Local Environmental Resource Agencies, Florida Children's Service Councils, Florida Association of Local Housing Finance Authorities and Florida Housing Coalition. The price of annual memberships ranges from \$5,000 to \$99,000.

**Duval Delegations** – Jacksonville is fortunate to have strong state and federal delegations. It is important for the mayor and key staff to develop a solid relationship through ongoing communication with these individuals and their staffs. The delegations depend on city staff to communicate the city's needs and concerns as quickly and thoroughly as possible.

### City of Jacksonville Legislative Agenda

A clear, concise legislative agenda will provide the foundation for the city's communication with state and fed-

eral leaders. The annual legislative agenda is developed by working closely with staff from city departments that may be impacted by state and federal legislation. These departments and divisions include Planning, Environmental Compliance, Housing, Public Works, Fire and Rescue, Recreation and Community Services, Jacksonville Public Library, Jacksonville Children's Commission and others. The city also works closely with the independent authorities on state and federal issues.

### **Lobby Tools**

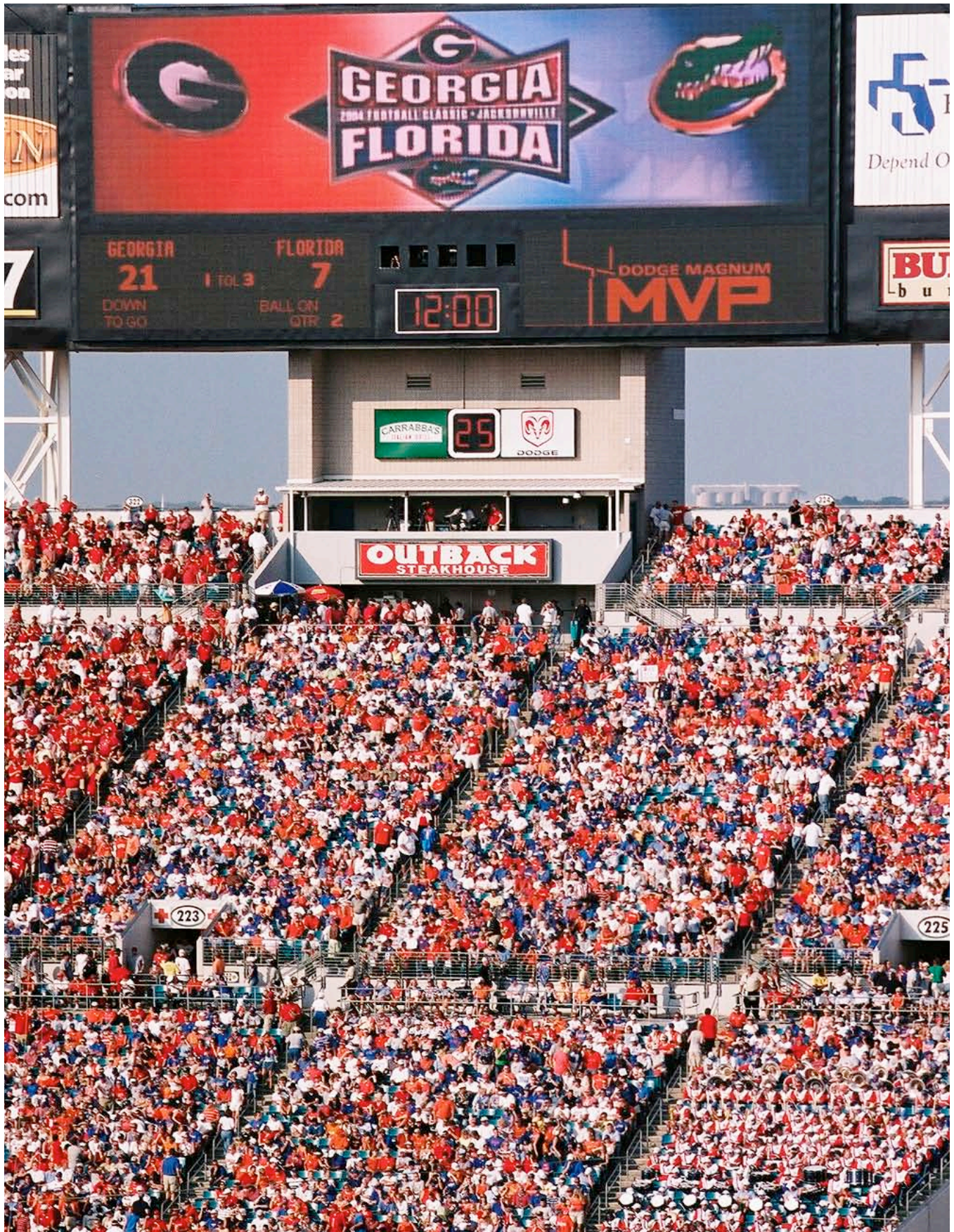
Lobby Tools is a web-based legislative tracking system that provides internal team members with an array of valuable tools – customized reports, e-mail alerts on flagged issues, calendars, bill summaries, committee materials, news from around the state and more. The annual subscription starts at \$3,150 for one user and \$200 for each additional user.

### **NEXT STEPS**

It is important to note that the 2012 state legislative session begins in January 2012 due to redistricting.

The following are suggested high priority items for the incoming administration to consider:

- Identify the internal staff to lead to both state and federal lobbying efforts as soon as possible.
- Meet with Patton Boggs early on to understand current opportunities and threats at the federal level.
- Identify and meet with your internal team to draft the city's state and federal legislative agenda.
- Schedule meetings between the mayor and members of the Duval delegations for one-on-one discussions about the city's legislative agenda.
- Participate with associations as much as possible to maximize changes for success.



# SPORTS AND ENTERTAINMENT FACILITIES

## INTRODUCTION

The City of Jacksonville owns six sports and entertainment venues, and leases them to several sporting and entertainment organizations for their use. There is a \$30 million impact to the city's annual budget for the operation and maintenance of these facilities. One such venue is EverBank Field, home of the NFL Jacksonville Jaguars. This 76,000-seat facility also hosts the annual University of Florida versus University of Georgia and Gator Bowl football games. Other venues are the Jacksonville Veterans Memorial Arena, a 15,000-seat multipurpose arena; the Baseball Grounds of Jacksonville, home of the Jacksonville Suns, with a 10,000-person capacity; the Times-Union Center for Performing Arts, home of the Jacksonville Symphony Orchestra, which houses three distinct performance halls; the Prime F. Osborn III Convention Center, with 265,000 square feet of meeting and exhibition space; and the Jacksonville Equestrian Center, a multipurpose equestrian complex. The lessees include the Jacksonville Jaguars, the Jacksonville Suns, the Gator Bowl Association and the Jacksonville Symphony Orchestra. For the last 18 years, SMG, a public facilities management company, has managed the operations of these facilities for the city.

## IMPORTANCE

The city's sports and entertainment venues experience more than 2.3 million visitors annually, making them a large part of the quality of life for the citizens of Jacksonville. These venues have hosted such acts as Kenny Chesney, Elton John, Billy Joel, Disney on Ice, the musical Cats, the Rockettes, the Home and Patio Show and much more.

While these facilities are managed by SMG, a public facilities management company, they are still owned by the citizens of the City of Jacksonville and must be managed efficiently while maintaining enough flexibility to recruit performances to the venues. The arena has been particularly successful and was recently ranked fifth in the U.S. and 18th in the world in ticket sales for the first quarter of 2011, ahead of larger markets such as Los Angeles, Atlanta, Miami and Orlando.

## HISTORY

In 1992, the city decided to privatize the sports and entertainment venues because its management of these venues was causing the city to experience significant losses and substantial internal management and procurement issues. Solicitation of an outside vendor and the subsequent hiring of SMG were intended to ensure more efficient and effective operations, and accomplished this objective. In 2002, the agreement with SMG was renewed and restated to extend the management period and to include the management of the new arena and ballpark. In 2003, a new agreement was entered into for SMG to manage the operations of the new Cecil Equestrian Center and the Cecil Recreation Center. This contract with SMG will expire Sept. 30, 2013.

A significant aspect of the SMG contract is the management of EverBank Field for the use of the Jacksonville Jaguars. On Nov. 30, 1993, Jacksonville became one of the smallest markets to ever be awarded an NFL franchise. Jacksonville Mayor Ed Austin negotiated a deal with Touchdown Jacksonville for renovations totaling \$121 million with a maximum in public funding of \$53 million. The subsequent lease for the stadium has had 10 lease amendments regarding upgrades for the Super Bowl, changes in naming rights revenues, advertising equipment and revenues, lease payment schedules, etc. The city has obligations to the Jaguars to maintain the stadium and to cover the game-day operations of the facility including staffing, ticket takers, ushers, police and fire, etc. This obligation equates to approximately \$2 million in annual expenses (The Jacksonville Jaguars organization is discussed in more detail in chapter 20).

The city also has a significant obligation to the Gator Bowl Association. The city entered into a lease agreement with the Gator Bowl Association on Oct. 26, 1994. The lease is set to expire at the conclusion of the 2015-16 college football season, on March 31, 2016. This lease provides the Gator Bowl Association with free rent in the stadium for its offices along with city support for the annual New Years Day Gator Bowl Game. The city is obligated to pay for the game-day operations which are budgeted at \$370,000 for FY12.

The Jacksonville Economic Development Commission (JEDC) assumed contract compliance of the SMG contract from the city's Finance and Administration Department on Oct. 1, 2006, with the understanding that

the Finance Department and other city departments would provide any necessary support. It was thought that the JEDC would be an even better fit for the supervision of this contract because the JEDC, was already an experienced contract manager, had a focus on sporting events and could better manage existing tenant relationships. The JEDC improved the relationship between SMG and the city by being more responsive to SMG's needs and by providing direction on a variety of outstanding issues. The JEDC and SMG have monthly meetings to discuss issues surrounding all aspects of the venue operations. These meetings include representatives from the Accounting Division, Budget Division, Procurement Division, Public Buildings Division, Information Technology Department and other interested parties within the city who are needed to properly administer the SMG contract.

The primary responsibilities of the city's contract manager are to ensure that SMG's performance is consistent with its contract requirements and to assist our private management company with important, regularly occurring business decisions that:

- Affect the performance and condition of the taxpayers' facilities;
- Ensure positive tenant relationships vital to the success of organizations such as the Jaguars, the Suns, the Symphony, the University of Florida and the University of Georgia; and
- Increasingly assist SMG in managing the business operations under challenging economic conditions and in a manner that positively influences the city's general fund.

## ACTIONS TAKEN AND THEIR STATUS

Since beginning the management of the SMG contract, the JEDC has made improvements to the administration of the contract which resulted in better managed facilities in an effort to reduce the city's financial exposure at these facilities. These improvements include:

**Capital Funding:** For many years the venues were not being provided with any capital dollars to make improvements or even keep up with the normal wear and tear that occurs when thousands of people use the facilities. The JEDC advocated on this issue and was successful in establishing a capital facilities fund with the Public Works Department that allowed for the much needed capital enhancements at each of the venues. Without this funding, stadium waterproofing, bathroom repairs, security upgrades, sound system modifications and other necessary improvements would still be uncompleted.

**Improved Procurement Process:** The JEDC along with the city's Procurement Division, Public Works Department and the Inspector General's Office established a new procurement process for the venues managed by SMG, one that reduces the time necessary to procure services. This allows for savings as SMG is able to utilize national vendor relationships in order to realize savings on various capital projects. Before JEDC assumed the management of SMG, it was difficult for SMG to get responses to requests for capital upgrades, replacements, repairs or other capital projects at the various venues. With this new procurement policy, the JEDC is able to approve an award faster as SMG handles the bidding of the project, submits a recommendation to the JEDC and the appropriate city agency for approval. This allows projects to be completed on time, with lower costs, and more quickly than using the normal city procurement policy.

**Better Transparency:** Since the JEDC has been monitoring the SMG contract, there has been a much improved budget process resulting in greater transparency. Formerly, SMG's budget had been lumped into one account with no division between venues. This made it difficult to ascertain revenues and expenditures at each venue, thus making it nearly impossible to determine opportunities for improvement. In conjunction with the Department of Finance, the JEDC and SMG have now broken out the budget for each venue and have included the expenses on the city's financial database. This added transparency enables the city to better allocate its resources based on the revenues and expenses for each venue. For a breakout of the city's financial commitment, please see the chart below with the FY 2011 budgeted revenues and expenses for each venue. Note: This does not include debt service.

**Effective Management of Financial Operations:** In the past four fiscal years, the subsidy for the city's venues has remained level even as utility related expenses have increased more than 20 percent and the recession has adversely affected venue usage. The JEDC and SMG have diligently worked to increase the

efficiency of the operations and have continued to make mid-year adjustments in operations to ensure that operating budget targets meet or exceed expectations. These efforts require constant attention and cooperation between JEDC and SMG.

**Reduced Insurance Costs:** During 2009, the JEDC enforced a provision in the SMG contract that required SMG to procure its required insurance coverage locally. Previously, SMG was utilizing its national corporate office to secure coverage, providing insurance at a higher cost to the city. SMG solicited offers from various local insurance brokers to help them comply with the contract. By procuring these coverages locally instead of through SMG Corporate, the city was able to realize a \$230,000 annual savings to the budget. Additional savings are projected over the next three to five years as SMG Jacksonville continues to implement various programs within their operations, reducing claims history and therefore reducing the premiums.

**Improved Communication:** Since the JEDC assumed responsibility for the SMG contract, communications between SMG and various city departments have vastly improved. Previously, the city contract manager had limited contact with SMG and issues would remain unresolved for extended and unacceptable lengths of time. Now, SMG and the city have monthly coordination meetings to discuss open issues, review progress of capital improvements to the facilities, review budget status and discuss any other relevant issues. SMG and the JEDC representatives consistently attend the monthly meetings; however, depending on the agenda, various other city department members also attend to address issues including procurement, budget, accounting, ITD, public buildings, etc.

**Food and Beverage Contract:** In June 2008, the JEDC was approached by SMG to discuss the possibility of not renewing the Levy contract and instead entering into a contract with Savor, an affiliate of SMG, for the management of the food and beverage operations. SMG provided the JEDC with several examples, and supporting data, of how Savor could improve the food and beverage operations at the various venues. Under a new agreement that the JEDC approved, Savor had to improve the return on investment of the food and beverage operations in order to be eligible for a management fee and incentive fee. Additionally, the terms of the agreement provided that Savor would front \$250,000 of startup costs associated with starting their operations and would develop a mutually agreed upon budget with SMG Jacksonville.

The reasoning behind the switch in vendors from Levy to Savor was the constant quality issues associated with the food and service provided by Levy. Many promoters expressed concerns about the food and service quality with potential negative impacts on future bookings. By consolidating the food and beverage services with an SMG affiliate, the city was able to address those quality issues and also provide more flexibility in pricing specifically as it related to the convention center. The convention center market needs more flexibility in terms of pricing than the contract with Levy could provide. By switching to Savor, the city is able to allow SMG to negotiate lower food rates in order to get a show or a convention to book at a venue. Previously, under the Levy contract, there was no negotiation on food pricing.

**Renewal of Florida/Georgia (FL/GA) Contract:** In 2010, the agreement with the University of Florida and the University of Georgia was renegotiated and extended to keep the annual FL/GA game in Jacksonville for another six years. The agreement provides the schools with the opportunity to host additional events during the FL/GA weekend, such as concerts. Additionally, it allows for the continuation of the annual FL/GA Hall of Fame Luncheon and other such ancillary events that the city may choose to host. The agreement did increase the city's obligations to the two schools by providing additional travel reimbursement, additional parking spaces and a renewed sponsorship agreement.

**10th Amendment to Jaguars Lease of Stadium:** In 2010, the city and the Jacksonville Jaguars entered into the 10th Amendment to the lease, which provided for the distribution of the 2 percent Tourist Development Tax (TDT) that was no longer needed to fund debt service at the Prime Osborn Convention Center. The 2 percent tax was transferred to three new capital accounts set up at the Sports Complex, to fund capital improvements at the Jacksonville Municipal Stadium (now EverBank Field), the Jacksonville Veterans Memorial Arena and the Baseball Grounds of Jacksonville. Funds were distributed as follows: 70 percent to the stadium and 30 percent to the arena and the ballpark after the initial year where the stadium was allocated 80 percent and the ballpark and the arena the remaining 20 percent. This amendment also provided the Jaguars with the ability to pre-spend the TDT money with their own funds under the assumption that the following year, there



would be adequate TDT funding to reimburse the Jaguars for their pre-spending. Each year, the Jaguars, SMG and the JEDC must approve and submit to City Council, by Jan. 31, a five-year Capital Improvement Plan for the venues. This plan must show the projects for which the Tourist Development Tax funds will be allocated in the following budget year.

## NEXT STEPS

There are many decisions that will face the incoming mayoral administration regarding the city's sports and entertainment facilities. There are seven in particular that are of some importance in the near term:

**SMG Contract Renewal:** The SMG contract for management of the city's sports and entertainment facilities is set to expire Sept. 30, 2013. Prior to that time, the city will need to decide whether to extend the contract or put it out for bid, or to explore what other options the city might have for the management of the facilities.

**Facility Fees and Parking Charges:** One area that may warrant further review by the incoming administration is the facility fees and parking charges that are currently assessed for the various venues. While there are some lease provisions in existing agreements that limit the amounts that can be charged, there are also provisions giving the city the ability to increase the fees charged, to better align itself with facility fees and parking charges that exist at similar venues around the country.

**Equestrian Center/Fair:** For the last two budget cycles, the fate of the Equestrian Center has been a matter of great discussion. In FY 2009, the City Council reduced funding for the Equestrian Center by 25 percent anticipating that the local equestrian community would step up and help the center make improvements to its financial situation. In FY 2010, partial funding was restored. However, it was first removed from the budget in totality before being restored in the final hours of the budget reviews. Throughout the year, SMG schedules various events and shows, and there is always speculation as to whether the center will still be open for the shows being scheduled. The city needs to make a long term decision on the fate of the equestrian center; it must decide whether to 1) continue to fund and support it, 2) close it, or 3) turn over the operations to the Greater Jacksonville Agricultural Fairgrounds as has been discussed. (Issues regarding the fairgrounds are discussed in more detail in chapter 16.)

**Gator Bowl Agreement:** The lease agreement with the Gator Bowl Association may need to be revisited when the lease is up for renewal in 2016. The city has an obligation to fund the game-day expenses associated with this event, which run approximately from \$300,000 to \$350,000 per year. As the game has become more successful and revenues have increased for the association, it may be time for the city to step out of funding these expenses and allow the association to pick up the various game-day expenses. The association also does not pay rent for the office space that it leases at EverBank Field. It may be time to revisit the office rental arrangements as well. Additionally, there is a provision in the lease which provides for the association to pay the city set amounts associated with the advertising that the association is able to sell for the game. The association has requested that an amendment be introduced to City Council reducing this payment from \$30,000 to \$15,000 annually and making this reduction retroactive to the execution date of the lease amendment. The new administration will need to decide whether to move forward with making that requested amendment change.

**Capital Funding:** For many years prior to the JEDC assuming management of the SMG contract, the sports and entertainment facilities were woefully underfunded when it came to capital improvement funding. For the last few years, SMG has been able to receive capital funding for the various venues. The city will need to make it a priority that SMG continues to receive capital funding on an annual basis to ensure that the city's over \$100 million investment in these facilities is not neglected.

**Parking:** For many years, SMG has been able to use various areas of the shipyards property for event-day parking. This includes primarily larger events such as Jaguars games, the Gator Bowl game, the Florida/Georgia game and the Monster Truck Jam. The shipyards property will eventually play a more important role in the downtown equation for public spaces (parks) and/or development. As such, ensuring that adequate parking exists for the Sports Complex will be a challenging priority.

**Jacksonville Jaguars:** Amendment 11 to the Jaguars lease has been introduced to City Council, and if passed, will eliminate the city and City Council suites at EverBank Field. Additional requests from the Jaguars will most certainly occur in the future, however, the details of these requests are not yet known. One issue of concern is the age of the stadium. Eventually, the Jaguars and the NFL will desire that the city make some major upgrades to the stadium or replace it entirely. Our stadium is one of the older stadiums in the NFL and the oldest in our division. These requests will need to be addressed as they are presented.



# CITY OF JACKSONVILLE WORKFORCE

## INTRODUCTION

The purpose of this chapter is to give an overview of the composition of the City of Jacksonville workforce including both historical information and the current status.

As of Oct. 1, 2010, the City of Jacksonville had 9,371 employees that fall into seven different employment types. These types include elected officials, appointed officials, appointed employees, civil service employees, special purpose employees (SPE), temporary employees, and part-time employees. The city negotiates with six different collective bargaining agents (unions) that represent 11 different groups of employees.

Section 17.06 of the City Charter and related city ordinances were recently changed to reflect the titles for appointed managers to be more descriptive of their type of work. It also defined the criteria for establishing new appointed management positions, requires Human Resources to maintain appointed job descriptions, and limits the number of Assistant Management Improvement Officers (AMIOs).

The citywide turnover rate for FY 2010 was 6.20 percent, based on 511 separations, for an average of 8,242 full-time employees. Retirements and resignations accounted for the majority of the turnover. Based on current retirement requirements, 12.9 percent of the city's workforce can retire in the next five years.

## IMPORTANCE

Personnel costs make up almost 50 percent of the city's total budget for FY 2010. Pensions and health care are the two primary drivers behind the escalating personnel costs. In addition, overtime, which exceeded \$21 million, is one of the city's larger personnel expenses. Of the 2,870 employees that received an increase in compensation, approximately 97 percent of those increases were due to union contract mandates or legal obligations.

Understanding the personnel system and being able to control personnel costs is a fundamental requirement for being able to balance the city budget.

## HISTORY AND ACTIONS TAKEN

### Staffing Levels

The City of Jacksonville has 8,598 authorized full time equivalent (FTE) positions for fiscal year 2011. The city is currently staffed at the 2004 level while supporting a much larger, and growing, citywide population base. For perspective, Duval County's population has grown by 15.7 percent since 2001 while the city workforce has grown by 6.4 percent over the same time. Public Safety has grown by 12.7 percent while non-public safety positions have decreased by 1.6 percent. This is outlined in the following table.

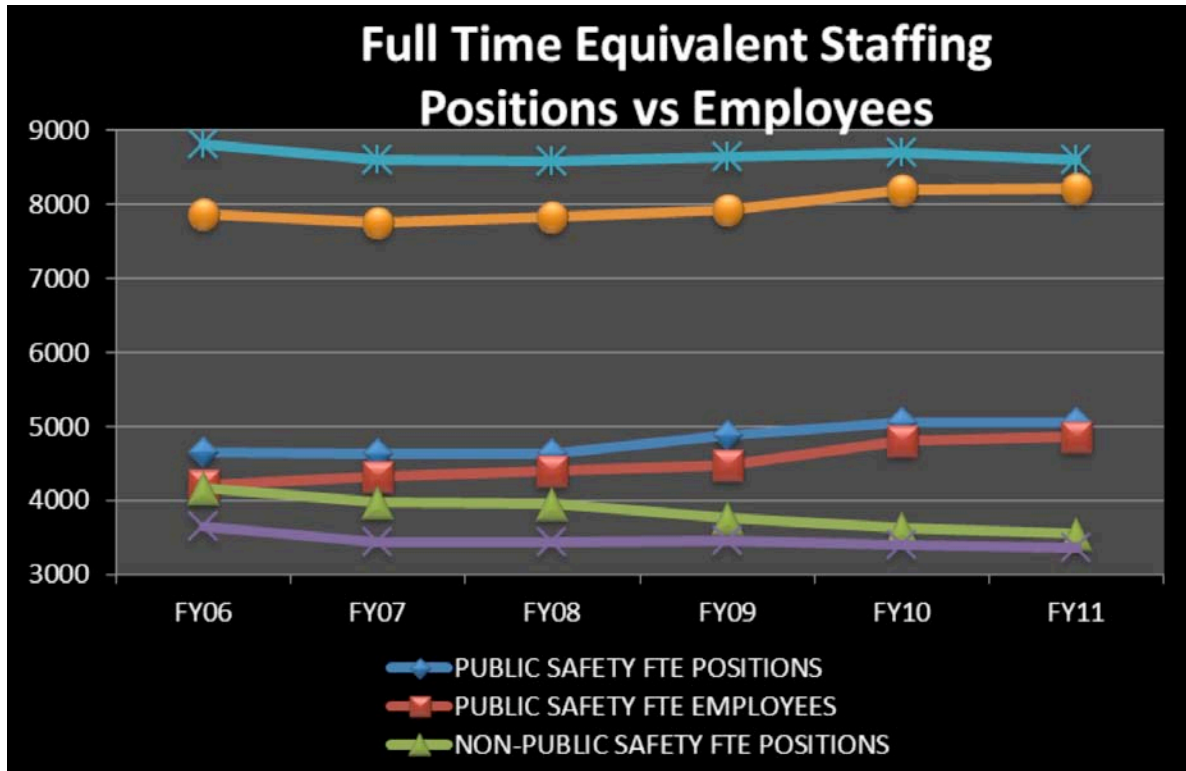
**TABLE I**

STAFFING LEVELS					
Fiscal Year	Duval Population	Public Safety (FTE)	Non-Public Safety (FTE)	Total Staffing (FTE)	Residents to Employees
FY 02	778,386	4,480	3,604	8,084	96
FY 03	793,898	4,646	3,705	8,351	95
FY 04	808,918	4,690	3,878	8,568	94
FY 05	825,793	4,696	4,166	8,862	93
FY 06	840,474	4,650	4,164	8,814	95
FY 07	860,651	4,630	3,969	8,599	100
FY 08	878,640	4,625	3,960	8,585	102
FY 09	897,008	4,886	3,760	8,646	104
FY 10	900,518	5,064	3,630	8,694	104
FY 11	900,518	5,051	3,547	8,598	105
<b>Change from FY 02 to FY 11</b>	<b>122,132</b>	<b>571</b>	<b>-57</b>	<b>514</b>	<b>8</b>

Numbers were reported by using Annual Budget Reports for FY 2002 through FY 2011

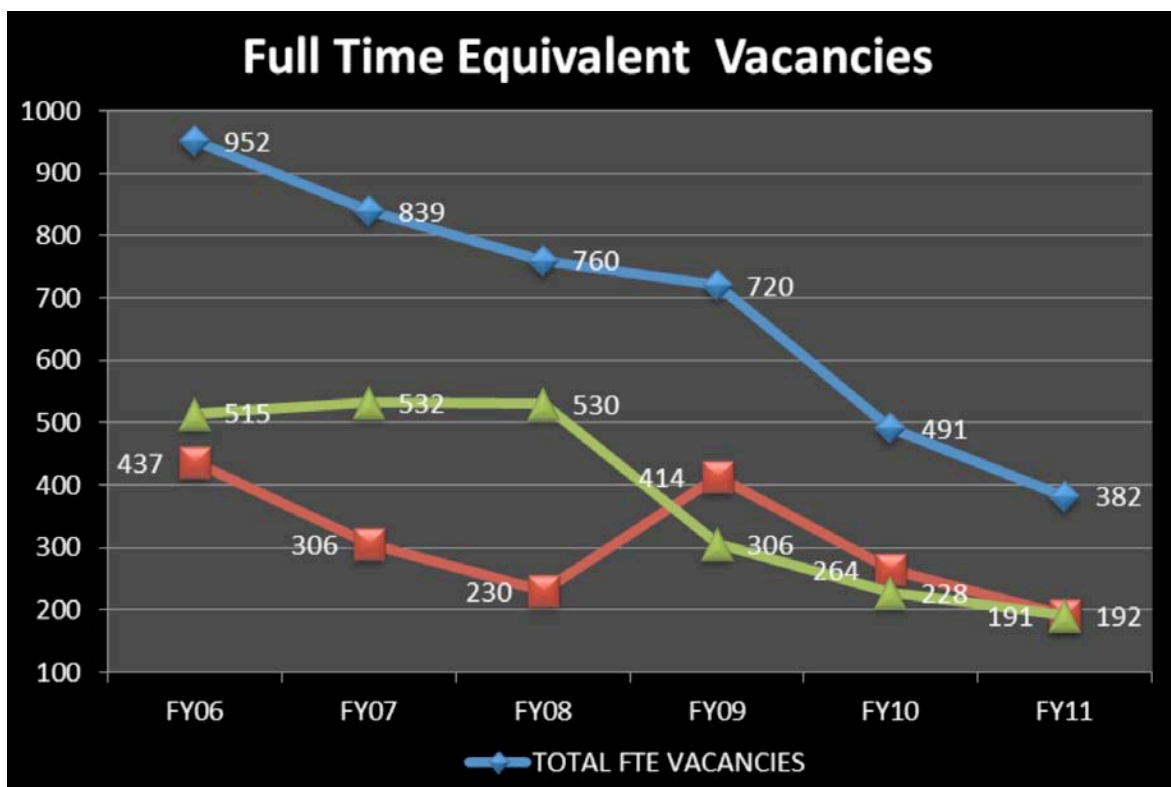
On Oct. 1, 2010, the City of Jacksonville had 8,216 FTE employees filling those positions and 382 FTE vacancies. Historically, the city has carried a high ratio of vacancies to filled positions. This ratio has dramatically decreased through the elimination of vacant positions during the budget process as seen in Chart 2.

Chart 1



\*Seasonal employees and student Interns are not included

Chart 2



The number of non public safety positions in city government has contracted over the last few years. Since FY 2006, 619 FTE non-public safety positions have been eliminated and 355 FTE public safety positions have been added. See Table 2 for more detail.

**TABLE 2**

POSITION ADDITIONS AND DELETIONS FROM 2004 - 2011			
Budget Year	Public Safety	Non-Public Safety	Total
FY 03	+166	+101	+267
FY 04	+44	+173	+217
FY 05	+6	+288*	+294
FY 06	-46	-2	-48
FY 07	-20	-195	-215
FY 08	-5	-9	-14
FY 09	+261	-200	+61
FY 10	+178	-130	+48
FY 11	-13	-83	-96
<b>Total</b>	<b>571</b>	<b>-57</b>	<b>514</b>

\* Ordinance 2005-338 increased the position cap by 471 and in an effort to temporary workers into budgeted positions.

Many of the positions eliminated were filled. Through the use of hiring and promotional freezes, the majority of the impacted employees were placed elsewhere in the city.

**TABLE 3**

NOTEWORTHY AREAS OF GROWTH IN PUBLIC SAFETY	
JSO Inmate Health Services FT and PT	168
JSO Police and Corrections Sworn Officers	170
JSO PT School Crossing Guards	62
JFRD Uniformed Firefighters	67
<b>Total</b>	<b>467</b>

### Workforce Composition

The City of Jacksonville had a total of 9,371 full-time, part-time, and temporary employees as of Oct. 1, 2010. These employees fall into seven different types of positions. It is important to understand the distinctions between each type as we look at the workforce.

**TABLE 4**

WORKFORCE COMPOSITION	
POSITION TYPE	NUMBER
<b>Elected officials</b> are officers elected by popular vote.	25
<b>Appointed officials</b> are positions appointed by elected officials and confirmed by City Council. These positions include department directors, division chiefs, the undersheriff and the council auditor, and serve at the pleasure of the mayor or elected official.	104
<b>Appointed employees</b> are positions that are exempted from civil service under the city's Charter (Sec. 17.06). Appointed employees are typically managers that work directly for appointed officials or high level specialists (e.g., veterinarians, CPAs, IT analysts, etc.) and serve at the pleasure of the mayor or elected official.	762
<b>Civil service employees</b> are all employees of government not specifically exempted by the	7,225

charterand governed by the Civil Service System. The way these employees are hired, promoted, disciplined, and terminated is governed by the Civil Service and Personnel Rules and Regulations.

**Special purpose employees (SPE)** are designed to conduct special inquiries, surveys, or to perform special services or assignments. Employment in these positions is not of a continuing nature (generally three years or less). Frequently these employees are grant funded. 120

**Temporary employees** may be hired full-time, for less than six months to fill a specific need that is not an ongoing function. Temporary employment may be less than full-time, but more than 25 hours. 336

**Part-time employees** may be hired to work up to 25 hours per week (50 hours per pay period) and meet a specific departmental need that may or may not be an ongoing function. 799

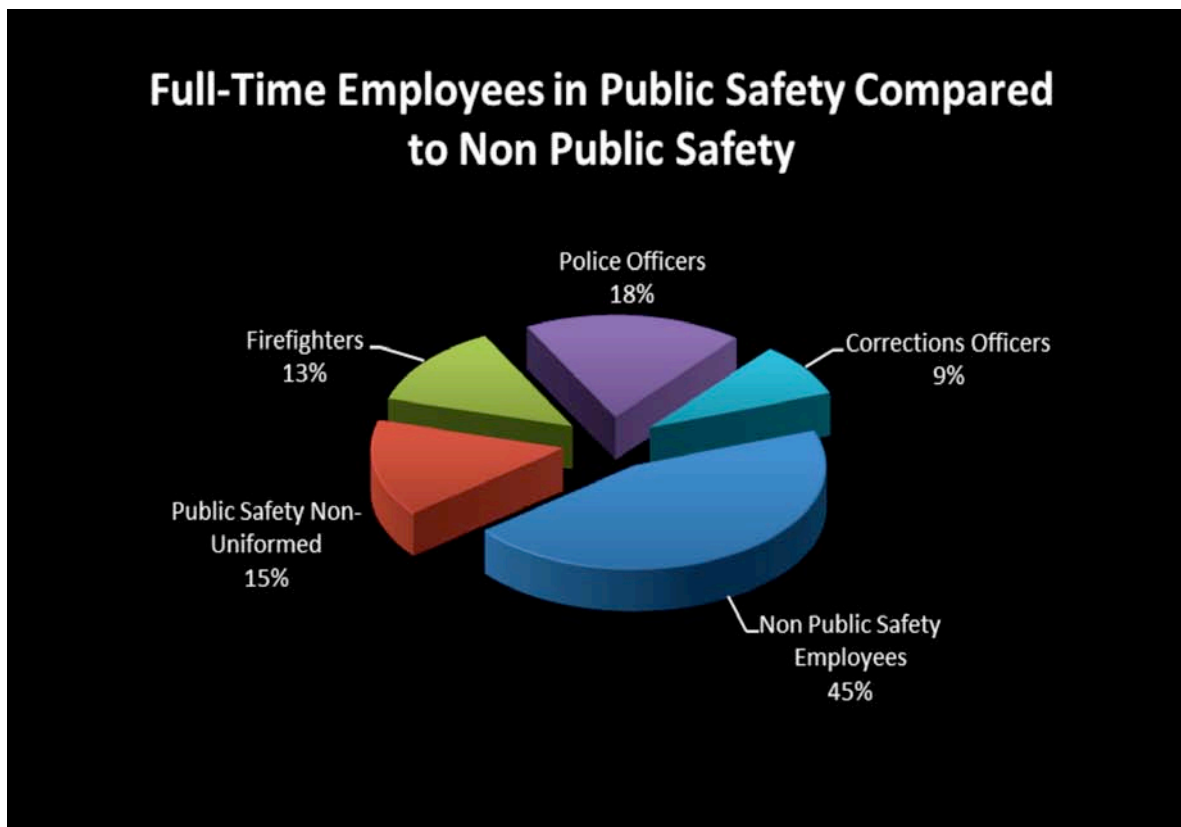
\*Per Ordinance Part-Time and Temporary Jobs are not allocated as part of the budgetary position cap

Of the positions outlined above, 7,242 of the employees (77.3 percent) are funded by the General Fund - 011. The remaining 2,129 (22.7 percent) employees are funded by grants with no city match, grants requiring a city match, anticipated/provisional grants, enterprise funds, and internal service funds.

**Public Safety Employees Compared to Non-Public Safety**

Public safety is the largest segment of the city government and makes up 56 percent of the city’s workforce. Of General Fund - 011 expenditures, 52.7 percent is allocated to public safety. The four categories of employees within public safety are: police, corrections, firefighters and non-uniformed.

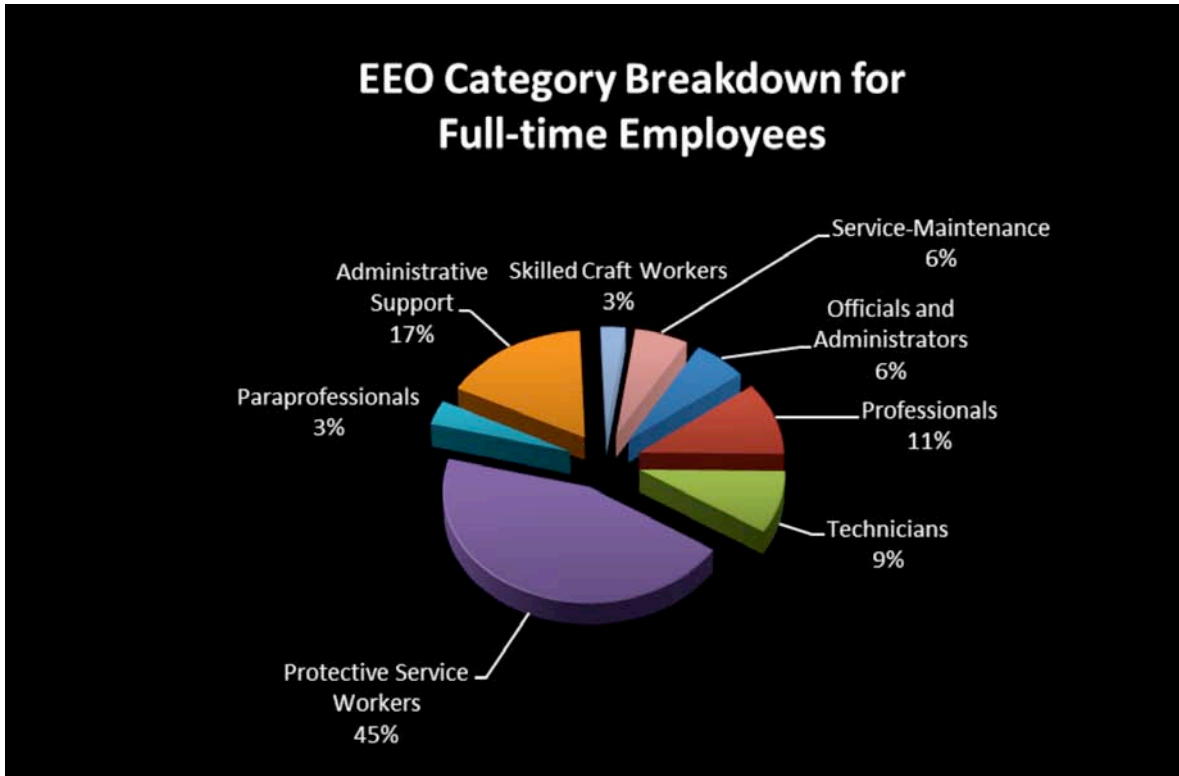
**Chart 3**



**Equal Employment Opportunity Categories**

The type of work City of Jacksonville employees perform is broken up into eight Equal Employment Opportunity (EEO) categories. Listed below are the eight categories and the percentage of the workforce they occupy:

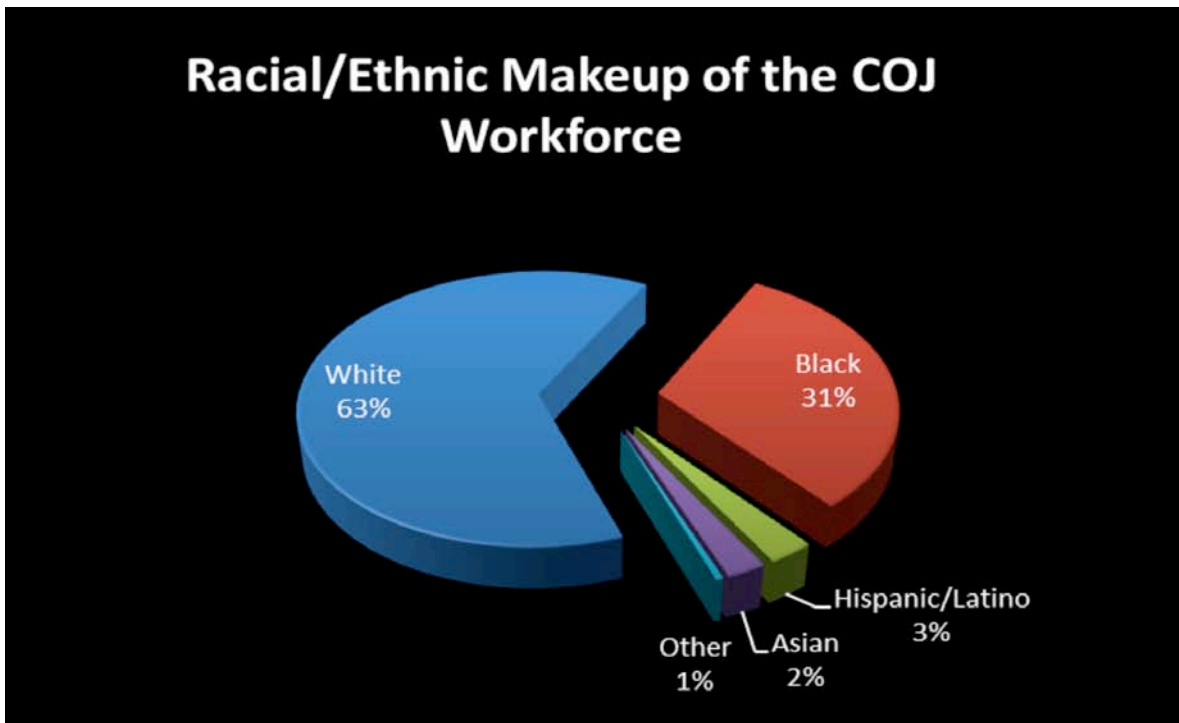
Chart 4



#### Racial/Ethnic Makeup

The City of Jacksonville maintains a very diverse workforce which is reflective of the available workforce of the northeast Florida region.

Chart 5





**TABLE 5****RACIAL/ETHNIC MAKEUP OF THE CITY'S WORKFORCE COMPARED TO THE CITY POPULATION**

<b>Racial/Ethnic Group</b>	<b>COJ Workforce</b>	<b>City Population (2000 Census)</b>
White	63.3%	64.5%
Black	31.1%	29.0%
Hispanic/Latino*	2.8%	4.2%*
Asian	2.4%	2.8%
Other	0.4%	0.4%

\*Hispanics may be of any race; therefore, these individuals also are included in applicable race categories.

**Gender Makeup**

The City of Jacksonville's workforce is almost two-thirds male. The population for the City of Jacksonville is 51.6 percent female. Public Works and public safety departments are predominately male occupied. Using the EEO breakdown, skilled workers and the protective services sector are under represented by female employees.

**Collective Bargaining Groups**

The workforce consists of represented and non-represented employees. Eighty-one percent of the city's workforce is represented for the purposes of collective bargaining. There are eleven bargaining units represented by a total of six different unions. Generally speaking, manager level positions and above are not represented.

**TABLE 6****COLLECTIVE BARGAINING GROUPS**

<b>Unit</b>	<b>Bargaining Unit</b>	<b>Type of Employees</b>	<b>Number of Employees</b>	<b>Bargaining Agent</b>
Police Rank and File	040,	Police Officers and Sergeants, Certified Bailiffs and Judicial Officers	1,786	Fraternal Order of Police (FOP)
Police Supervisors	041	Police Lieutenants and Captains	62	Fraternal Order of Police (FOP)
Corrections Rank and File	045	Corrections Officers	659	Fraternal Order of Police (FOP)
Corrections Supervisors	046	Corrections Sergeants, Lieutenants and Captains	131	Fraternal Order of Police (FOP)
Firefighters Rank and File	030	Firefighters through Captains	1,175	International Association of Fire Fighters, AFL-CIO (IAFF)
Firefighters Supervisors	141	District and Battalion Chiefs	40	International Association of Fire Fighters, AFL-CIO (IAFF)
Laborers	090 190	Blue collar unskilled, semi-skilled and skilled employees	345	Laborers' International Union of North America (LIUNA)
Non-Professionals	070 011 179	Clerical, technical administrative and non-professional staff	2,374	American Federation of State, County and Municipal Employees AFL-CIO (AFSCME)

Professionals and File	120	Professional staff, e.g., librarians, engineers, planners	513 (CWA)	Communications Workers of America
Professional Supervisors	130	Supervisory professional staff	147	Jacksonville Supervisors Association (JSA)
Non-Professional Supervisors	131	Supervisory non-professional staff	366	Jacksonville Supervisors Association (JSA)
<b>TOTAL REPRESENTED EMPLOYEES</b>			<b>7,598</b>	

### Appointed Employees and AMIO positions

Section 17.06 of the City Charter lists which classifications within the consolidated government are exempted from the Civil Service system. There are over 100 specific titles exempted from civil service, such as directors, division chiefs, internal auditors, information technology analysts, and assistant management improvement officers (AMIOs).

In total, Section 17.06 exempts about 813 employees citywide. This is up from the year 2000, when there were 469 appointed employees. These employees are spread throughout government as follows:

**TABLE 7**

APPOINTED EMPLOYEES AND AMIO POSITIONS	
Department/Agency/Commission Name	Number of Budgeted Positions for Appointed Employee
Finance	39
City Council	55
Clerk of Courts	41
Court Operations	18
Environmental and Compliance	13
Fire and Rescue	14
Office of the General Counsel	68
Housing and Neighborhoods	11
Information Technology	74
Jacksonville Children's Commission	51
Jacksonville Economic Development Commission	16
Jacksonville Human Rights Commission	1
Mayor's Office	12
Mayoral Boards	1
Medical Examiner's Office	2
Central Operations	51
Property Appraiser's Office	118
Planning and Development	3
Police and Fire Pension Administration	6
Public Library	12
Public Works	18
Recreation and Community Services	32
Supervisor of Elections Office	11
Sheriff's Office	113
Tax Collectors Office	33
<b>Total Number of Budgeted Positions for Appointed Employees</b>	<b>813</b>
Departments Reporting to the Mayor	416

The use of appointed positions has increased over the last two decades as entire agencies were identified as being appointed, functions were taken on from other state agencies (e.g., juvenile drug court, inmate health, etc.) and functions with broad application were exempted (auditors, information technology analysts, etc.).

The primary difference between an appointed position and a civil service position is that the position is not bound by the civil service system. In practical terms, this means the mayor or elected official has greater flexibility in selection, compensation, management and termination of an appointed employee.

It is important to note that this flexibility is limited by federal and state labor law, ordinance, policy and pay plan. See the summary table for a better understanding of the differences between appointed and civil service positions.

**TABLE 8**

DIFFERENCES BETWEEN APPOINTED AND CIVIL SERVICE POSITIONS		
Characteristics	Civil Service	Appointed
Job classification	Certain civil service rule requirements. Currently use point factor method of job evaluation	Governed by Chapter 17.06, Chapter 129 and F.S. 447.
Job descriptions	Formal, on file in H.R.	Formal, on file in H.R.
Pay grades	Either negotiated for represented employees or assigned, on file in H.R.	Assigned, on file in H.R.
Employee selection	CSR dictate posting process, manager can hire best candidate.	Agreement to place posting requirement in pay plan, manager can hire best candidate.
Compensation	Governed by union contract language for represented employees. Most discretionary increases must be approved by Mayor's Budget Review Committee. Hurdles on higher start rates and mandates adjusting other employees in some cases.	City governed by pay plan. Executive departments governed by more specific policy. Fewer hurdles on starting rates. Chief administrative officer approval needed.
Promotions	Civil Service rules mandate a test be given and promotions made from a ranked list.	Selections made at management's discretion.
Discipline	Can appeal through union contract or civil service rules.	No appeal rights except in limited circumstances.
Termination	Can appeal through union contract or civil service rules.	No appeal rights except in limited circumstances.
Benefits	Group health, dental, vision, life, leave and pension, etc.	Group health, leave and pension (have option of social security).

**Recent Legislation**

The charter exemption for Assistant Management Improvement Officers (AMIOs) has long been a source of controversy. Often criticized as a nebulous system for the placement of politically motivated hires, the Council recently partnered with Mayor Peyton to clarify and limit the use of this classification.

In short, Bill # 2009-0549 added the following limitations on the use of appointed positions.

The bill defines appointed employees exempted from the Civil Service System.

**Managers of Departments or Divisions Defined.** Managers, as recognized in Section 17.06 of the Charter, are appointed employees who substantially meet the following criteria:

- Perform work that requires the exercise of independent judgment and discretion in the performance of such work that is not of a routine, clerical, or administrative nature and;
- Manage one or more specific functions or special programs of city government and;
- Engage in long-range, strategic planning and;
- Report within one or two levels to an appointed or elected official and;
- Oversee supervisors or highly trained professionals who are engaged in leading, guiding, directing, reviewing and evaluating the work of employees or completing major projects.

**Public Communication Officers Defined.** Public communication officers, as recognized in Section 17.06 of the Charter, are appointed employees who substantially meet the following criteria:

- Perform work that is not of a routine, clerical, or administrative nature that requires the exercise of independent judgment and discretion in the performance of such work and;
- Serve as spokespersons or disseminate public information for a city department or division or an elected or appointed official or agency.

**Executive Assistants Defined.** Executive assistants as recognized in Section 17.06 of the Charter, are appointed employees who report directly to and serve as an immediate confidential assistant to a constitutional officer or appointed official.

**Assistant Management Improvement Officers (AMIO's) Defined and Limited.**

- Assistant management improvement officers as recognized in Section 17.06 of the Charter, are appointed employees who perform work that is not of a routine, clerical, or administrative nature that requires the exercise of independent judgment and discretion in the performance of such work and who are assigned to perform managerial or specialized functions at the discretion of the department, division or agency head.

Effective Oct. 1, 2010, persons filling the positions of "assistant management improvement officers (AMIOs)" shall be appointed by an elected official. There shall be no more than 20 assistant management improvement officers employed by the city.

The chief of the Human Resources Division shall maintain qualifications, a job description, and a pay range for each assistant management improvement officer of the city.

Every fourth year, the Human Resources Division shall conduct a "Pay and Classification" study covering appointed official and appointed employee positions.

As an additional control mechanism, the Human Resources Division conducts a comprehensive wage survey to ensure we are paying appropriate rates to these employees. The recent legislation formalized the policy changes being made and engineered a very transparent process whereby jobs can be added or deleted from 17.06 as future mayors and Councils deem appropriate. Because of the measures taken over the last five years, much of the criticism and urban lore surrounding appointed positions has been reduced.

### **Employee Turnover**

The citywide turnover rate for FY 2009-10 was 6.20 percent, based on 511 separations, for an average of 8,242 full-time employees.

According to the Bureau of National Affairs (BNA), the median average turnover rate for all employers for the reporting period of Oct. 1, 2009 to June 30, 2010 is 7.72 percent.

The U.S. Department of Labor statistics (seasonally adjusted) indicate an overall non-farm turnover rate (including all industries and regions) of 3.46 percent.

**CHART 6**



**Why did employees leave the city?**

While the City of Jacksonville’s turnover is below the national average, the more important part of analyzing turnover is to understand why people left the organization. For instance, terminating employees while on probation would be desirable turnover. It may have cost the organization time and money to train this employee, but it would cost the organization more in the long term to keep an employee that is not capable of performing the work.

**TABLE 9**

**EMPLOYEE TURNOVER FISCAL YEAR 2010**

<b>Reason for Termination</b>	<b>Number of Employees</b>
Resigned - No reason given	165
Retirement	157
Termination for cause	32
Resigned - Other Job	32
Resigned - Personal Reasons	25
Resigned - Relocation	21
Terminated - Layoff	15
Deceased	14
Resigned - To go to School	9
Released during Probation	9
Terminated for Cause - Job Abandonment	7
Resigned - Family Issues	6
Termination for Gross Misconduct	4
Terminated - Assignment Ended	4

Resigned - Illness	4
Resigned - Work Environment	2
Resigned - To go to other Law Enforcement Agency	2
Resigned - Better job/higher pay	2
Resigned - Military	1
<b>Total</b>	<b>511</b>

**Age Demographics and Retirement**

The average age of a non-uniformed employee is 48. The average age for a public safety employee is 40.

The average tenure of a non-uniformed employee is 9.79 years. The average tenure of a public safety employee is 11.73 years.

Seven percent of Jacksonville’s workforce is 65 or older. Twenty-two percent of Jacksonville’s workforce is 55 or older.

Under current collective bargaining agreements, non-public safety employees with 20 or more years of service can retire at age 55. Public safety employees can retire with 20 years of service and no age requirement.

Based on current retirement requirements, 12.9 percent of the city’s workforce can retire in the next five years. Of employees who comprise the city’s leadership team, 3.5 percent are eligible to retire within the next five years.

Human Resources did an internal report based on information from the March 4, 2011 payroll to provide a snapshot of the amount employees in the general fund pension that would be eligible to retire in the next five years (Table 10). The data for 2015 shows the total number of employees that could retire if all the current employees remained. The second part of the table shows the same information specific to supervisors and managers.

**TABLE 10**

EMPLOYEE RETIREMENT TRENDS					
	2011	2012	2013	2014	2015
<b>Employees in the General Pension Plan</b>					
Five years at least					
65-years-old	96	128	158	186	349
20 years at least					
55-years-old	233	278	334	376	417
30 years at any age	164	194	223	250	298
<b>Total</b>	<b>493</b>	<b>600</b>	<b>715</b>	<b>812</b>	<b>1064</b>
<b>Supervisor/ Managers</b>					
Five years at least					
65-years-old	15	20	32	36	57
20 years at least					
55-years-old	67	83	97	107	120
30 years at any age	64	76	90	99	115
<b>Total</b>	<b>146</b>	<b>179</b>	<b>219</b>	<b>242</b>	<b>292</b>

**Personnel Costs**

The City of Jacksonville is a labor-intensive organization with personnel costs making up almost 50 percent of the total budget. The two most rapidly increasing personnel costs are pension contributions and health care costs. Table 11 compares the City of Jacksonville’s share of health care premiums with other industries.

**TABLE II**

MEDICAL PLANS						
Share of premiums paid by employer and employee for family coverage National Compensation Survey, March 2010						
Private Industry		State/local government		City of Jacksonville		
Employer share of premium	Employee share of premium	Employer share of premium	Employee share of premium	Breakdown	Employer share of premium	Employee share of premium
70	30	73	27	Employee only*	95	5
				Dependents	50	50

\*CWA & FOP are still in negotiations and have not agreed to a 5 percent employee contribution

As of October 2011, the City of Jacksonville contributes 13.5 percent of earnings for every employee in the defined benefits plan for general employee’s pension. For employees enrolled in the city’s defined contribution plan, the city contributes 8 percent. Employees of both the city’s defined benefit and defined contribution plans contribute 8 percent of their pay to the retirement system.

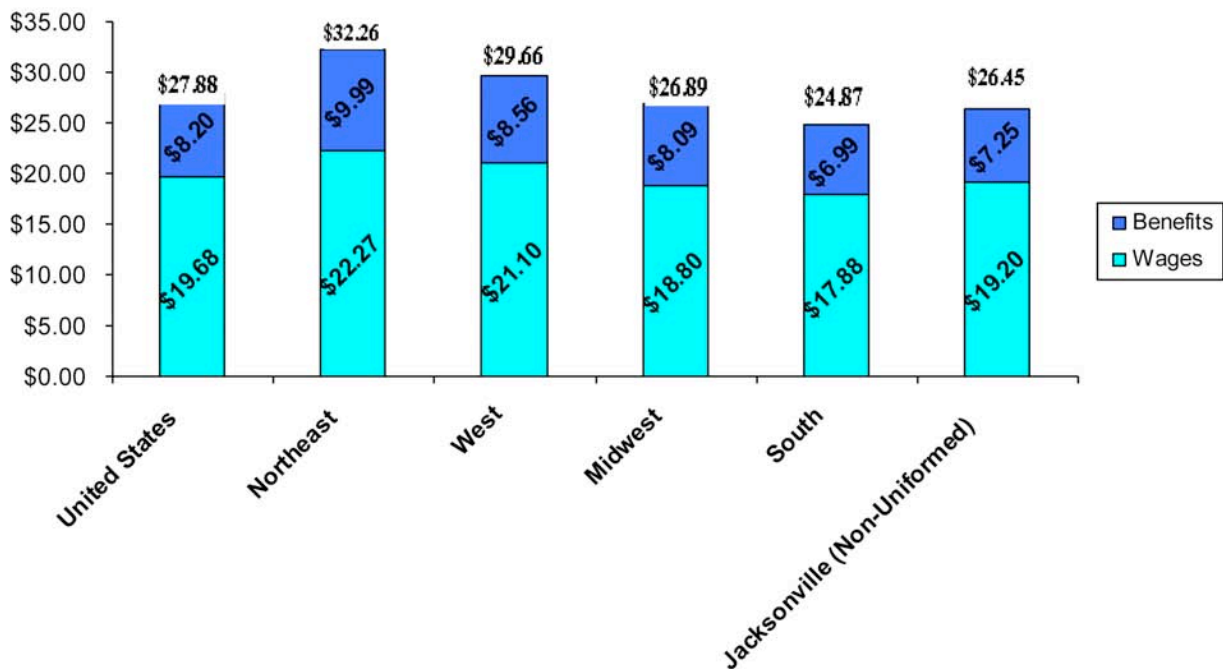
As of October 2011, the City of Jacksonville contributes 31.78 percent of earnings for every employee in the defined benefits plan for corrections officers and 49.6 percent of earnings for police officers and firefighters. Corrections officers contribute 8 percent and police officers and firefighters contribute 7 percent. More information about the pension system is outlined in chapter six.

**City Pay versus Private Industry**

Chart 7 breaks down the average pay and benefits for non-public safety positions as compared to private industries from the various regions of the United States.

**CHART 7**

**Average Employer Cost Per Hour of Work for Private Industry Employees by Region Compared to City of Jacksonville Non-Uniformed Employees**



## Employee Compensation

The City of Jacksonville's compensation philosophy is to offer fair wages to attract and maintain a qualified, skilled, and experienced workforce based on internal and external salary market data while complying with applicable collective bargaining agreements and employment pay plans. Human Resources establishes and maintains a Classification Plan consisting of class specifications for civil service jobs and position descriptions for appointed positions with designated structured pay grades and salary ranges.

The minimum of a pay range represents the least amount to be paid for an employee with no experience, while the maximum represents the most the city would pay for a given job, no matter how experienced the employee. It is expected that a new employee would start at or near the bottom of a pay range and while gaining experience over a period of years would move toward the maximum of the pay range.

By ordinance, a classification and pay study is conducted for all appointed officials and appointed employee jobs reporting to the mayor every four years. The Sept. 28, 2009 study was completed by Management Advisory Group, Inc. (MAG) which addressed internal equity and external market competitiveness. The results of the survey reflected that the minimum entry pay levels were low compared to the market by approximately 6 percent and the midpoints by 2 percent. The maximums were generally on par with the market comparables.

The Bureau of Labor Statistics reports the average annual salary in Duval County is \$42,120.00 for the third quarter of 2009. The average annual salary for workers in the City of Jacksonville is as follows:

- Non-Uniformed \$39,778.44
- Corrections Officer \$45,729.85
- Police Officers \$58,683.04
- Firefighters \$56,344.08

The city's paid leave benefits include 12 paid holidays and combined vacation and sick leave plans with accrual rates that increase every five years, starting at 160 hours annually with a maximum of 280 hours, and other benefits as shown:

### Leave Plan H – (non-public safety employed after Oct. 1, 1979)

- Maximum of 480 hours/ 60 days; unused leave in excess of the maximum at option of employee is forfeited or credited to the Critical Emergency Leave Bank (CELB) up to 720 days.

### Leave Plan E – (non-public safety employed before Oct. 1, 1979)

- Maximum of 960 hours/120 days; paid for all leave accrued in excess of plan maximum

### Leave Plan P – (police and fire)

- Maximum of 960 hours/120 days; sell back of unused leave while allowing employees to swap and work for each other resulting in high leave accrual and annual payouts.

## Overtime Pay

Overtime is one of the city's larger personnel expenses. Table 12 lists the three largest departments and the amount of overtime utilized in FY 2009 and FY 2010. As a result of Public Safety Staffing requirements and emergency response times, these departments made up over 93 percent of overtime staffing payouts for FY 2010. For FY 2009, the city paid out a total of \$33,641,867.08 in overtime. Challenged by tighter budget constraints, the city brought down the amount of overtime by \$12,109,591.50 to a total of \$21,532,275.58 for FY 2010.

**TABLE 12**

OVERTIME PAY			
Department/Agency Name	FY 2009	FY 2010	FY2009 - 10 Change
The Sheriff's Office	\$21,136,820.27	\$13,140,194.56	\$7,996,625.71
Fire and Rescue Department	\$8,152,021.82	\$5,122,290.20	\$3,029,731.62
Public Works Department	\$2,178,080.70	\$1,834,643.45	\$343,437.25
<b>Totals</b>	<b>\$31,466,922.79</b>	<b>\$20,097,128.21</b>	<b>\$11,369,794.58</b>



## Pay Increases

During FY 2010, 2,870 employees received an increase in compensation. Approximately 97 percent of those increases were a result of union contract mandates, primarily for step increases for uniformed public safety employees, or other legal obligations. Table 13 shows the discretionary and non-discretionary increases for FY 2010.

**TABLE 13**

PAY INCREASES		
<b>DISCRETIONARY</b>		
Reason for Increase	Increases	Total Cost
Equity	37	\$169,762.68
Job Evaluation	13	\$33,499.44
Appointed Promotions	39	\$411,501.60
Appointed Special Pay Increases	5	\$19,196.28
Civil Service Special Pay Increases	4	\$14,425.56
<b>Total</b>	<b>98</b>	<b>\$648,385.56</b>
<b>Non-Discretionary</b>		
Disciplinary Reduction Restoration	15	\$24,263.16
End of Probation	210	\$327,728.76
Equity Due to Hire	26	\$29,766.24
Equity Due to Public Employees relations Commission (PERC) Ruling	120	\$188,923.32
Firefighter Conversion (56 to 40 hours)	126	\$71,064.00
General Increase - State Mandated	4	\$631.92
Hiring Agreement (six month review)	9	\$28,402.92
New Hire – Community Service Officer (CSO) to Police Recruit	8	\$41,627.16
New Hire - Changed Job Class Series	15	\$47,673.00
New Hire - Temp/Part-Time to Permanent	54	\$196,964.70
Pay Grade Evaluation	2	\$2,728.56
Progression - Emergency Communication Officers	9	\$24,202.80
Promotion - Civil Service	331	\$1,086,866.28
Promotion - Elected	1	\$15,000.00
Reversion	1	\$4,335.72
Special Purpose Employee Reassignment	9	\$38,437.68
Step (public safety positions)	1,832	\$3,479,400.00
<b>Total</b>	<b>2,772</b>	<b>\$5,608,016.22</b>

*Salaries through FY 2012 are projected to be flat (excluding step increases in the public safety departments).*

Table 14 reflects the general increase history for the City of Jacksonville since FY 2004 and compares the national average annual wage increase versus the Social Security cost of living adjustment (COLA) increase. The table does not include the step increases given to all employees represented by the FOP and the IAFF.

**TABLE 14**

GENERAL INCREASE HISTORY									
Historical Rates of General Increases for Collective Bargaining Units Compared to Social Security COLA and National Average Annual Salary									
Group	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	Average Increase
AFSCME	2.25%	2.75%	2.75%	2.75%	2.00%	1.75%	0.00%	-2.00%	1.75%
CWA	0.00%	3.00%	2.00%	2.75%	2.75%	1.75%	0.00%	NA*	1.75%
JSA	2.25%	2.75%	2.75%	2.00%	2.00%	2.00%	0.00%	-2.00%	1.47%
LIUNA	2.25%	3.00%	3.00%	2.00%	2.25%	2.25%	0.00%	-2.00%	1.59%
M&C	1.50%	1.00%	1.50%	3.00%	3.00%	1.75%	0.00%	-2.00%	1.22%
Appointed	2.00%	2.00%	1.75%	3.00%	3.00%	0.00%	0.00%	-2.00%	1.22%
FOP-Police	2.75%	3.00%	2.00%	2.50%	3.00%	2.00%	0.00%	NA*	2.18%
FOP-Corrections	3.00%	3.25%	2.00%	1.50%	1.00%	2.00%	0.00%	NA*	1.82%
IAFF -Rank and File	3.25%	3.50%	2.00%	2.00%	2.38%	2.00%	0.00%	-2.00%	1.64%
IAFF (District Chiefs)	3.25%	3.50%	2.00%	2.00%	2.38%	2.00%	0.00%	-2.00%	1.64%
Average COJ Increase	2.25%	2.78%	2.18%	2.35%	2.38%	1.75%	0.00%	-2.00%	1.63%
National annual average <sup>^</sup>	2.40%	4.70%	3.70%	4.60%	4.50%	2.30%	-1.50%	NA	2.96%
Social Security COLA <sup>^</sup>	2.10%	2.70%	4.10%	3.30%	2.30%	5.80%	0.00%	0.00%	2.54%

\* - Denotes amount is still being negotiated or at impasse

<sup>^</sup> - Data provided by www.socialsecurity.gov

**TABLE 15**

PUBLIC SAFETY STEP INCREASES - JACKSONVILLE FIRE AND RESCUE			
Classification	Average Time Between Step (Years)	Average Increase	Average Promotional
Firefighter	1.42	3.61%	
Firefighter Engineer	1.42	2.66%	20%
Firefighter Lieutenant	1.56	1.10%	15%
Firefighter Captain	1.56	1.11%	15%
Fire District Chief	NA	NA	18%
Fire Battalion Chief	NA	NA	5%

**TABLE 16**

PUBLIC SAFETY STEP INCREASES - JACKSONVILLE SHERIFF'S OFFICE POLICE			
Classification	Average Time Between Step (Years)	Average Increase Per Step	Average Promotional Increase
Police Officer	1.27	3.67%	
Police Sergeant	1.20	2.24%	18%
Police Lieutenant	1.22	1.49	17.5%
Police Captain	1.22	1.49	17.5%

**TABLE 17**

PUBLIC SAFETY STEP INCREASES - JACKSONVILLE SHERIFF'S CORRECTIONS			
Classification	Average Time Between Step (Years)	Average Increase Per Step	Average Promotional Increase
Corrections Officer	1.21	3.45%	
Corrections Sergeant	1.30	2.80%	17.5%
Corrections Lieutenant	1.2	2.80%	17.5%
Corrections Captain	1.2	2.80%	17.5%

## NEXT STEPS

### Pension

Mayor Peyton's administration has focused on the two main drivers behind the escalating personnel costs: pension and healthcare. A plan has been proposed to the Police and Fire Pension Board and the General Employees Pension Board to reduce benefits for new employees. The proposal focuses on:

- Extending the service time and age required for retirement
- Calculating pension payments will change to the top five years of service
- Increasing employee contribution from seven percent to eight percent for Police and Fire employees
- Changing time for pensioners to begin receiving cost of living adjustments

The proposed changes are projected to save the City of Jacksonville approximately \$1 billion over the next 35 years. The final details of the new plans are still being decided with the Police and Fire Pension Board. Changes to the General Employees Pension Plan will follow. This is outlined in greater detail in chapter six.

### Employee Healthcare

While health care costs in America continue to rapidly increase, the City of Jacksonville has been able to maintain only moderate increases. The city has taken steps to keep future increases to a minimum, and has kept costs below the national trend for the past 10 years.

To that end, the current administration began a proactive approach to reducing these costs through the Health Intervention Program. The objective of the program was to improve the health of employees with intervention for the eight primary diseases and conditions within the city's employee population covered by health care. The program is supported by Aenta, the City of Jacksonville's health insurance provider. The long term goal is to keep costs low, improve the health of city employees, attendance and have more presenteeism.

### Collective Bargaining

The City of Jacksonville is currently at impasse with two unions, Communication Workers of America (CWA) and Fraternal Order of Police (FOP), representing a total of 3,151 employees. The impasse involves the city's proposal to institute a 2 percent pay reduction for all city employees, as well as have employees pay for 5 percent of their health care costs. The remaining bargaining units have agreed to the proposals. These issues will carry over into the next administration.

### Morale

In recent years, city employees have encountered many challenges that have led to low morale. City employees are often vilified in the media. In addition, employees have been asked to increase their workloads while making salary and benefit concessions. Employees also have faced the same external factors affecting all citizens such as rising gas prices and declining home values. The new administration will be challenged to continue to improve productivity while boosting morale.



# COLLECTIVE BARGAINING

## INTRODUCTION

This chapter will provide an overview of the unionization of city employees and the collective bargaining process, including the status of negotiations with all unions representing city employees.

## IMPORTANCE

Understanding the city's legal obligation to deal exclusively through employee representatives on all matters relating to wages, hours, and terms and conditions of employment is paramount to successfully managing the city workforce and specifically in seeking to manage employee-driven costs. It is also important to understand the legal constraints placed upon the city as an employer in a unionized environment. The current economic climate requires that we remain highly engaged in the collective bargaining process.

## HISTORY

The majority of city employees have chosen, through secret ballot election and the certification process established under Florida Statute 447, to be represented by a union regarding wages, hours, and terms and conditions of employment. Our employees have been represented by unions since the passage of the Florida Public Employee Relations Act in 1974. Generally speaking, the city has been successful in maintaining positive and stable labor relations. The need to reduce rising employee-driven costs, namely wages, health care and pension have strained these relationships in recent years as the city continues to face extremely difficult financial challenges. The framework of public sector unionization and terminology is outlined below.

Collective bargaining is the process of negotiation between a bargaining agent (union) and the employer (the city), regarding terms and conditions of employment applicable to a specified group of represented employees. "Terms and conditions of employment" include matters such as such as wages, hours of work, working conditions and grievance procedures. Negotiations may also address the rights and responsibilities of management and the union. The parties often refer to the result of the negotiation as a Collective Bargaining Agreement (CBA) or contract.

### Employee Rights

Public sector employees in Florida derive collective bargaining rights from Article I of the Florida State Constitution, and from Chapter 447 of the Florida Statutes, also known as the Public Employees Relations Act (PERA).

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#### FLORIDA PUBLIC SECTOR EMPLOYEES' RIGHTS

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- To form, join, and participate in, or to refrain from forming, joining, or participating in, an employee organization of their choosing;
  - To be represented by an employee organization of their choosing;
  - To negotiate collectively, through their bargaining agent, with their employer regarding their terms and conditions of employment;
  - To be represented in the determination of grievances on all terms and conditions of their employment;
  - To refrain from exercising the right to be represented.
- 

### Union Rights

Chapter 447.303 and 307 F.S. provide two key rights to unions certified to represent public employees:

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#### FLORIDA PUBLIC SECTOR UNIONS' RIGHTS

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- Exclusive representation of the bargaining unit for which certified;
  - Exclusive dues deduction from union members by the employer.
-

## Employer Rights

Chapter 447.209 F.S. sets forth rights of Florida's public employers:

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### FLORIDA PUBLIC SECTOR EMPLOYERS' RIGHTS (Known also as "Management Rights")

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- To solely determine the purpose of each of its agencies;
  - To set standards of services offered to the public;
  - To exercise control and discretion over the organization and its operations;
  - To direct its employees;
  - To take disciplinary action for proper cause;
  - To relieve its employees from duty because of lack of work or for other legitimate reasons.
- 

### Impact Bargaining

Employees still have the right to bargain if the city's exercise of its management rights affects wages, hours, and terms and conditions of employment. Employees, through their certified union, have the right to request "impact bargaining" when management exercises an inherent right and the union is able to demonstrate that an impact on the wages, hours, and terms of conditions of employment of affected employees. Whether a certain action requires impact bargaining is fact-specific and must be ascertained prior to the exercise of the right. For example, management has an inherent right to decide that services will be provided six days a week rather than five days a week. The decision itself is not subject to negotiation; however, the city would need to provide notice to the affected union. In turn, the union may identify such factors as overtime wages, premium pay and work schedule options as impacts that would have to be bargained for either to resolution or impasse prior to implementation.

### Grievances

Employees have the right to grieve if an action covered by a management right violates the provisions of an existing collective bargaining agreement or any policy or civil service regulation that constitutes a past practice.

### Past Practice

A union may file a grievance alleging that a past practice exists which prohibits management taking a certain action. Like impact bargaining, whether an action or event is a "past practice" is fact specific. Generally speaking, a past practice may exist when the contract is ambiguous or silent on a subject and the parties have a mutual expectation of how the term or condition of employment has been consistently applied in the past for a substantial period of time.

### Civil Service

Case law has established that collective bargaining rights supersede civil service rules and regulations. Jacksonville's Civil Service and Personnel Rules and Regulations (CSPRR) comprise a baseline of rules governing the "status quo," i.e., employment conditions for which the parties have not negotiated a different provision. In some instances, a union and the city have negotiated a contractual provision that differs from the CSPRR. When there is a conflict between a CSPRR provision and a collective bargaining agreement provision, the collective bargaining agreement prevails.

The term "bargaining unit" describes the family of positions that constitutes an appropriate "group" for purposes of bargaining collectively. In other words, employees in a specific bargaining unit have been determined by the Florida Public Employees Relations Commission (PERC) to constitute the collective body with whom the employer is required to bargain. Chapter 447 of the Florida Statutes sets criteria for determining a bargaining unit. Among the criteria is a prohibition on including professional and non-professional employees in the same unit. Most of the city's bargaining units were created many years ago. Even though job descriptions and the city's organization have changed, PERC rarely changes existing bargaining units, largely in the interest of stable labor-management relations. Examples of bargaining units include the professional employees unit and the supervisory units.

Chapter 447 also excludes some employees from coverage based upon “managerial” or “confidential” duties. Since collective bargaining is a constitutional right, this exclusion is interpreted and applied very narrowly. City employees so designated are covered by the “Managerial and Confidential Pay Plan” which is issued unilaterally under the mayor’s authority and is not collectively bargained. Civil Service Managerial and Confidential employees are designated as Bargaining Unit 140 for administrative convenience, but this is not a true “bargaining unit” as defined by Chapter 447.

Each employee is designated as being in a bargaining unit based on the work performed in his or her position. A change from one job to another may result in a change in bargaining unit. Normally, an employee will not change bargaining units unless he/she moves to a position that is in a different unit.

Being in a bargaining unit is not the same thing as being a member of the union. Union membership is totally voluntary under the Florida Constitution. Bargaining unit designation, as described above, is involuntary and is a function of the work the employee performs. Employees are represented by the bargaining agent certified by PERC to represent the unit, and are covered by the collective bargaining agreement negotiated between the city and the union.

Understanding the distinction in terminology is necessary in managing a unionized workforce. To recap, an individual employee is assigned to a bargaining unit based upon his/her position. For example, an employee in a firefighter position is assigned to the bargaining unit for the uniformed Rank and File Employees of the Fire and Rescue Department in the position classifications of Firefighter, Engineer, Lieutenant and Captain. The employees in a bargaining unit are represented by the certified bargaining agent (i.e., union, such as the Fraternal Order of Police) and are governed for all wages, hours and terms and conditions of employment as negotiated on their behalf in the resultant collective bargaining agreement, regardless of whether the employee pays union membership dues. No individual employee who is in a represented classification may enter into a “side agreement” nor can management agree to do so.

The mayor and his staff represent the city government and its citizens in union negotiations. The leadership of the union represents employees in the bargaining unit. Since any contract that is negotiated will have to be ratified by City Council, the mayor is obligated to meet periodically in private with City Council to keep council members informed and to make certain that positions taken by the city at the bargaining table are likely to be supported by Council in a subsequent ratification vote.

### **Impasse**

In the event the parties are unable to reach an agreement through negotiation, there is an impasse resolution process established in the state law. Either party may declare an impasse. After that declaration, the Florida Public Employees Relations Commission will assign a Special Magistrate to conduct a hearing and make non-binding recommendations for settlement. Any recommendations which are not accepted by both parties are then referred to the City Council, which will conduct a hearing and decide each issue still in dispute. The decisions by City Council are final and binding.

Most of the city’s full-time employees and part time/temporary employees are represented by collective bargaining agreements. The table below shows the city’s bargaining units, the unions that represent them and the current status of each agreement.

**CURRENT STATUS OF BARGAINING UNITS AND UNIONS**

<b>Unit</b>	<b>Type of EE</b>	<b># of In Unit</b>	<b>Certified EE's</b>	<b>Status Of Agreement Bargaining Agent</b>
Police Rank and File	Police Officers, Sergeants, Certified Bailiffs and Judicial Officers	1738*	Fraternal Order of Police (FOP)	Status quo under an agreement effective Oct. 1, 2008 through Sept. 30, 2009. Currently at impasse. Special Magistrate Hearing began on May 26, 2011. Hearing continued to September 2011
Police Supervisors	Police Lieutenants and Captains	62	Fraternal Order of Police (FOP)	Status quo under an agreement effective Oct. 1, 2008 through Sept. 30, 2009. Currently at impasse. Special Magistrate Hearing began on May 26, 2011. Hearing continued to September 2011

Corrections Rank and File	Corrections Officers	670	Fraternal Order of Police (FOP)	Status quo under an agreement effective Oct. 1, 2008 through Sept. 30, 2009. Currently at impasse. Special Magistrate Hearing began on May 26, 2011. Hearing continued to September, 2011.
Corrections Supervisors	Corrections Sergeants, Lieutenants and Captains	130	Fraternal Order of Police (FOP)	Status quo under an agreement effective Oct. 1, 2008 through Sept. 30, 2009. Currently at impasse. Special Magistrate Hearing began on May 26, 2011. Hearing continued to September, 2011.
Firefighters Rank and File	Firefighters through Captains	1160	International Association of Fire Fighters, AFL-CIO (IAFF)	CBA effective Oct. 1, 2009 through Sept. 30, 2012. Successor agreement negotiations scheduled to begin no later than Jan. 1, 2012 and complete negotiations no later than July 1, 2012.
Firefighters Supervisors	District and Battalion Chiefs	40	International Association of Fire Fighters, AFL-CIO (IAFF)	CBA effective Oct. 1, 2009 through Sept. 30, 2012. Successor agreement negotiations scheduled to begin no later than Jan. 1, 2012 and complete negotiations no later than July 1, 2012.
Laborers	Blue collar unskilled, semi-skilled and skilled employees	348*	Laborers' International Union of North America (LIUNA)	CBA effective Oct. 1, 2009 through Sept. 30, 2012. Successor agreement negotiations scheduled to begin no later than Jan. 1, 2012 and complete negotiations no later than July 1, 2012.
Non-Professionals	Clerical, technical administrative and non-professional staff	2414*	American Federations of State, County and Municipal Employees AFL-CIO (AFSCME)	CBA effective Oct. 1, 2010 through Sept. 30, 2012. Successor agreement negotiations scheduled to begin no later than Jan. 1, 2012 and complete negotiations no later than July 1, 2012.
Professionals Rank and File	Professional staff, e.g., librarians, engineers, planners	518	Communications Workers of America (CWA)	Status quo under an agreement effective Oct. 1, 2008 through September 2011. Awaiting ratification vote for imposed agreement affecting wages, pension and overtime provisions
Professional Supervisors	Supervisory professional staff	150	Jacksonville Supervisors Association (JSA)	CBA effective Oct. 2, 2009 through Sept. 30, 2012. Successor agreement negotiations scheduled to begin no later than Jan. 1, 2012 and complete negotiations no later than July 1, 2012.
Non-Professional Supervisors	Supervisory non-professional staff	373	Jacksonville Supervisors Association (JSA)	CBA effective Oct. 1, 2009 through Sept. 30, 2012. Successor agreement negotiations scheduled to begin no later than Jan. 1, 2012 and complete negotiations no later than July 1, 2012.

\*Unit includes Temporary/Part-time Employees; Numbers are fluid.

Further explanation of current status is addressed in the "Next Steps" section of this chapter.



## ACTIONS TAKEN

The city has nearly concluded the most contentious set of negotiations in its history. Due to the economic downturn of the last five years, the city presented each union with proposals that included a 3 percent wage reduction, a 10 percent employee contribution for health care, and a package of reduced pension benefits for new employees. These proposals were designed to reduce city expenses by approximately \$20 million.

Over the course of fiscal year 2010-11, agreements were reached with all but two of the city's employee unions. The agreements included the following:

- Wage freeze for FY 2009-10
- Two percent (2 percent) wage reduction effective Oct. 1, 2010
- 5 percent contribution for employee only health care coverage
- Reformed pension benefits for new employees (General Employee Pension Plan)
- An understanding that if better financial terms were agreed to with a different union, the city would agree to reopen the wage articles for further negotiations. (This side agreement is attached as Appendix A.)
- An agreement to restore the 2 percent wage reduction in September 2012, except that succeeding contract negotiations would begin in January 2012 for the contracts ending in September 2012. This would allow the city to negotiate different terms regarding wages if the financial situation does not improve.
- For IAFF only, an agreement prohibiting the city from the layoff or demotion of any active employees for the life of the contract (ending September 30, 2012) as well as an agreement to support any benefit changes agreed to by the Police and Fire Pension Fund Board of Trustees and the city.

## STATUS OF ACTIONS TAKEN

The collective bargaining agreements for employees represented by IAFF, AFSCME, LIUNA and JSA were implemented and are being administered.

**CWA - Professional Employee Unit:** The impasse with CWA was resolved by City Council on Feb. 28, 2011, wherein the council agreed with the Special Magistrate's recommendation to accept the city's proposals in total. CWA has failed to hold a ratification vote and the city filed an Unfair Labor Practice (ULP) charge against the union on May 16, 2011. This agreement to be imposed is limited to the fiscal year 2009-2010.

**FOP:** (consisting of four separate corrections or police bargaining units) - The Special Magistrate hearing is to resolve the disputed items for fiscal year 2009-10 which ended on September 30, 2010. An agreement which is imposed through impasse proceedings can only cover a one year period. The hearing which began on May 26, 2011 has been continued by the Special Magistrate to September 2011. As of this date, the Police and Fire Pension Fund Board of Trustees is scheduling a vote on a revised pension plan for new hires only (i.e. it does not impact current employees).

## NEXT STEPS

Since we are already nine months into FY 2010-11, the city will need to immediately return to the bargaining table after the resolution of the impasse with both FOP and CWA to negotiate agreements for the period starting Oct. 1, 2010. Guidance provided at executive sessions with the newly-seated City Council, commonly referred to as "shade" meetings since they are not required to be open to the public under Florida's Government of the Sunshine laws, will be needed to gain a sense of the position of the legislative body in order to negotiate in good faith. Negotiated agreements, by law, cannot exceed three years in duration.

In the first several months in office, the new administration will need to establish negotiating goals to prepare for entering negotiations with the six other bargaining units no later than January 2012. If CWA and FOP agreements for the period beginning Oct. 1, 2010 cover only one year in duration, negotiations will need to begin again for the five additional bargaining units covered by CWA and FOP as early as October. It is therefore possible that collective bargaining agreements will have to be negotiated with 11 bargaining units all at the same time beginning in January 2012 and that those negotiations will follow the conclusion of the current five contracts in dispute and additional contracts for each of those five bargaining units.

The union negotiating workload facing the city is substantial. It is important that negotiations be conducted in a timely manner so that contract periods and budget years are more closely aligned.

# APPENDIX A

**LACarson**

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**From:** LACarson  
**Sent:** Monday, July 12, 2010 7:17 PM  
**To:** Randy Wyse (randywyse@comcast.net)  
**Cc:** Kerri Stewart (KerriS@coj.net)  
**Subject:** TA Between City of Jacksonville & IAFF, Local 122

Randy Wyse, President  
IAFF Local 122

Dear Randy:

This will confirm our recent conversation. Our recent tentative agreement at the bargaining table was predicated on two items. First, the TA will be of no effect unless the City and the Pension Board agree on changes to the pension plan that result in significant economic pension reform. Second, no other bargaining unit will receive more favorable economic terms than you accepted at the table. In the unlikely event that another bargaining unit does negotiate a contract with more favorable economic terms, you and I will return to the bargaining table to reopen negotiations over our recent tentative agreement.

Leonard A. Carson  
Chief Negotiator  
City of Jacksonville

*F - JAX; IAFF rep 09  
(Randy Wyse)  
(7-12-10)*



# CITY COUNCIL

## INTRODUCTION

The Mayor's Office works closely with the City Council to enforce city policy, create new ordinances and adopt and implement an annual budget. Building trust and communicating with the legislative branch of government is a critical function of the Mayor's Office. It is accomplished by staffing the City Council meetings, regular communication with council leadership, helping department representatives manage their contacts with Council and more.

## IMPORTANCE

It is critical that council members and council staff (auditors) be informed about legislation that will come before Council for a vote. It is equally important to keep council members informed about issues going on in their districts (road projects, park improvements, etc.) to assist them in communicating with their constituents. Maintaining an open line of communication with the legislative branch is vital to the success of the administration.

Jacksonville is a Mayor/Council (also known as a Strong Mayor) form of government. However, almost everything the mayor does requires approval of the 19-member City Council. Therefore, the mayor needs 10 supporting votes (more than half) from City Council to get legislation passed, thereby accomplishing his agenda. Understanding and respecting this dynamic is critical to the mayor's success.

## ACTIONS TAKEN AND THEIR STATUS

There have been several different structures within Mayor Peyton's legislative team since he took office in 2003, progressing to the current structure of two policy directors who manage the City Council relationship equally. With 19 council members, there is considerable demand on the mayor's legislative team. And the amount of time and effort needed to facilitate the mayor's relationship with council requires a minimum of two staff members assigned to this function.

The responsibilities of the policy directors in managing the City Council relationship are far reaching. They staff committee and council meetings, monitor proposed legislation and assess its impact on local government, hold biweekly meetings with the council auditors and communicate daily with council members on a variety of issues.

As an example, the following description is what typically occurs once the need to file a bill has been identified. The bill is presented to the Mayor's Budget Review Committee (MBRC) by the sponsoring department for consideration. If approved by MBRC, the Office of General Counsel (OGC) drafts and files the legislation. At that point, the policy director works with the department contact to begin communication with City Council members regarding the bill. This communication includes preparing a position paper to explain the legislation; scheduling separate meetings with all 19 council members, as well as the council auditors, to answer questions on the bill in advance of the committee meetings; working with individual council members and OGC staff to draft any requested amendments to the bill; staffing the committee meetings where the bill is acted on; and staffing the full council meetings when final action is taken on the bill.

## NEXT STEPS

It is critical for the new administration to immediately develop a communication plan between the executive and legislative branches of government. It is suggested that the new administration have two senior level, experienced staff members to handle the City Council relationship. They should share the responsibilities for daily communication, staffing the committee and council meetings, overseeing the introduction of legislation filed on behalf of the mayor, monitoring proposed legislation, etc. These staff members should be selected as soon as possible, and should be brought in by July 1.



# JFRD LONG RANGE PLAN

## INTRODUCTION

The Jacksonville Fire and Rescue Department (JFRD) focuses upon three priorities: delivering the best customer service possible, reducing response times, and matching its resources and capabilities to meet the city's growing demand for emergency services. This is best accomplished through comprehensive long-term planning that addresses resource allocation as well as following best practices in management, training, service delivery, and fire prevention education.

When City Council adopted Chapter 421 of the Jacksonville Ordinance Code in 2001, JFRD became legally obligated to periodically plan for its expansion with an outside fire service consultant, and report those plans to City Council every five years. In general, JFRD's planning involves a multi-year strategy to improve response times, thereby improving customer service, and better meeting demands for service. The method involves, but isn't limited to, building additional fire stations, procuring fire apparatus (engines, rescue units, ladder trucks), and hiring personnel to staff those stations and apparatus.

This plan is known as JFRD's Fire Study Report. It is sometimes referred to as the "TriData Plan" – named after the consulting firm which conducted the study. JFRD has produced two reports since Chapter 421's inception. Following the transmittal of the JFRD Fire Study Report to City Council, the Council is obligated to adopt a list of fire and rescue capital improvements detailed by fiscal year for at least five years, which will be known as the Fire and Rescue Station Capital Program.

After Council's adoption of the program, the mayor is to review the program each year, and is then required to either include funding in the annual budget submission by mid-July or to submit a resolution with a detailed list of those projects not funded and the reason for the lack of funding along with an alternative timeline to fund the projects.

## IMPORTANCE

Elapsed time is the enemy in the majority of emergencies. Kitchen fires can become house fires. Heart attacks or strokes can become fatalities. Gunshot wounds can turn into murder statistics. The entire community and the quality of its public safety are affected by JFRD's response times to emergencies.

The top factor influencing response time is the proximity of responders to an incident. Consider the proximity factor to be fluid in nature as emergency response doesn't always originate from a fire station. It can originate from the field, such as when a crew completes one call and is subsequently dispatched to another before returning to its station.

Response time has three components: (1) call processing, which spans the time from the receipt of a call within the 9-1-1 system to the dispatch of resources; (2) turnout time, a period from when the alarm is received by emergency crews to when the fire and rescue apparatus begin driving to the incident scene; and (3) travel time to the scene.

After analyzing JFRD's response time data, Tri-Data reported that JFRD's times for call processing and turnout are close to the national standards; however, travel time is significantly longer than is recommended. JFRD's most recent travel time data for emergency response in our Urban Area is 6 minutes and 44 seconds or less, 90 percent of the time, for the first arriving unit. The National Fire Protection Association's suggested standard is 4 minutes or less for the first arriving unit, 90 percent of the time.

Another variable to consider in response time analysis is how multiple calls for service in close proximity to each other can trigger a domino effect where the closest units available to respond to other calls must travel longer distances to reach the emergency. This makes available resources and response times fluid in nature and significantly increases the response time for calls. For example, it is common for more than half of the existing rescue units to be engaged on calls, and therefore, not available to take the next call even if it is close to their home station.

In 2010, the department responded to 114,125 total calls for service, a 25 percent increase from a decade earlier, when JFRD responded to 91,341 calls for service. Calls for emergency medical services account for

more than 80 percent of JFRD's responses. Their duration is often an hour or two because of the time invested in hospital transports. Unfortunately, it is becoming more common to have as few as five or six rescue units (of the 34 in service each day) available citywide at any time to handle subsequent calls. JFRD considers this one of its most significant challenges, and the current Fire Study Report reflects the addition of more rescue units. As call volumes continue to increase and the supply of rescue units remains static, response times will mathematically lengthen.

## HISTORY

Chapter 421 of the Jacksonville Ordinance Code was enacted in 2001 to address our city's growth and to ensure objectivity in the selection of future sites for fire and rescue stations. This is why the outside consultant became part of the planning process.

With Chapter 421 on the books, JFRD contracted with Tri-Data, a division of Systems Planning Corporation in Arlington, Va., to analyze JFRD and make recommendations for a variety of improvements so the department could keep pace with Jacksonville's growing demand for both fire and rescue services. Former Fire Chief Ray Alfred used that data for a long-range plan and submitted it to City Council in June 2001. Council adopted Alfred's plan in September 2001, and JFRD implemented a number of its recommendations.

Per city ordinance, the analysis/planning process was repeated five years later in 2006, once again using TriData, but this time under JFRD's then-Director/Fire Chief Richard Barrett. Those recommendations, combined with JFRD analysis which occurred throughout 2007, became the latest Fire Study Report under the leadership of then-Director/Fire Chief Dan Kleman. The 10-year plan included in the report was unanimously adopted by City Council in November 2008. The essence of the plan was the construction of eight fire stations through 2018, each with a fire engine and rescue unit. An additional six rescue units would be added to existing stations, which had engine companies only.

## ACTIONS TAKEN

Under the plan, JFRD added two rescue units, a ladder truck and purchased equipment for use in the field in the first half of 2009. But plans for additional fire stations, fire engines, rescue units, personnel and equipment have not been implemented.

## STATUS OF ACTIONS TAKEN

Due to the chronic budget crises the city has experienced in recent years, and at the mayor's request, JFRD filed the necessary City Council legislation to amend the Fire Study Report schedule each year for FY 2010 and FY 2011. These amendments, which council approved both years, deferred the enhancements in JFRD for two consecutive years. As such, the Fire Study Report's 10-year plan is two years behind schedule as of spring 2011.

Meanwhile, due to delayed implementation, JFRD requested and Council approved the amended schedule (see Exhibit 1) as the current adopted plan. Given the projected deficit for the City of Jacksonville's FY 2012 budget, the same amendment/deferral process is likely to occur with the Fire Study Report in the upcoming year.

In addition to one year deferrals in two consecutive years, as it became apparent that implementation of the adopted 10-year plan was well into the future, the mayor requested and Council approved a delay from 2011 to 2015 for the next outside consultant report.

## NEXT STEPS

City Council's legislation of 2001 is clear evidence of elected officials' interest in maintaining adequate fire and rescue resources. Government's primary responsibility is public safety. However, budget projections through 2015 continue to forecast a deficit making implementation of the JFRD expansion plan highly unlikely.

During the development of the latest Fire Study Report, JFRD's executive staff discussed the idea of sustaining the department's necessary growth without burdening the city's general fund each year. The prevailing concept is to encourage the development of a long range fire and rescue or public safety funding plan that would make implementation of the plan. It is suggested that the next administration develop such a funding strategy. Otherwise, there appears to be no reliable method of implementing the report within the next several years.

JACKSONVILLE FIRE AND RESCUE DEPARTMENT  
TriData Implementation Plan

Year	Improvements	CIP	One-Time Equipment	Cumulative Operating Cost
<b>FY 2009</b>	Rescue #54 - 24/7 Unit in-service beginning Jan 2009		\$295,084	\$457,257
	Rescue #25 - 24/7 Unit in-service beginning Jan 2009		\$295,084	\$457,257
	CAD Replacement (9-1-1 Funds)		\$1,500,000	
	Replacement Fire Station #26	\$2,000,000		
	Ladder #31 Staffing - Unit in-service beginning April 2009			\$490,963
	Autopulse Rescue Equipment		\$600,000	
	SCBA's, Extrication Equipment, Gas Fans		\$395,000	
	Fire 9 - Equipment		\$12,115	
	Rescue 49 - Equipment		\$75,978	
	Engine 16 (JIA) - Equipment		\$119,612	
	Radio System		\$280,000	
	<b>TOTAL</b>		<b>\$2,000,000</b>	<b>\$3,572,873</b>
<b>FY 2010</b>	Add'l Staffing Expense to Annualize Rescue #25, #54 and Ladder #31			\$812,194
	<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>2,259,835</b>
<b>FY 2011</b>	Access Road/Gate for FS #56	\$309,000		
	Renovate Fire Station 2 (roof/floor)	\$318,270		
	Pharmaceuticals/Medical Supplies for Rescues (R17, R21, R25, R49, R52, R54, R57, R58, R59, R105)			\$108,940
	EOC Hardening	\$154,500		
	<b>TOTAL</b>	<b>\$781,770</b>	<b>\$0</b>	<b>2,436,570</b>
<b>FY 2012</b>	Rescue #26		\$312,789	\$604,527
	Rescue #56		\$312,789	\$604,527
	Rescue #29		\$312,789	\$604,527
	Rescue #48		\$312,789	\$604,527
	New Fire Station #61	\$2,870,610		
	Restore 4 person staffing of E16 and E54 from FY 2011			\$366,030
	Restore staffing of Brush 31, 35 and 42 from FY 2011			\$855,000
	Restore 4 person staffing of E7 from FY 2011			\$183,015
	Restore contract for Firefighter physicals from FY 2011			\$251,175
	Restore 2 Captain and 1 Lieutenant at Training Academy from FY 2011			\$382,000
	Restore 1 Captain in Compliance			\$132,500
	Restore 1 Captain in Recruiting from FY 2011			\$132,500
	Purchase Boat for Fire Station #40		\$360,500	
	Fire Prevention Materials			\$50,000
	Professional Growth and Development			\$129,490
	Fire Prevention Software		\$250,000	
	<b>TOTAL</b>	<b>\$2,870,610</b>	<b>\$1,861,656</b>	<b>\$7,409,485</b>
<b>FY 2013</b>	Restore A/V Specialist at Training Academy from FY 2011			\$50,793
	Restore 1 Lieutenant and 1 Engineer at Training Academy from FY 2011			\$115,070
	Restore 4 person staffing of E31, E50, E52 and E57 from FY 2010			\$708,080
	Restore 2 Firefighters in Fire Prevention from FY 2010			\$116,600
	Restore 1 District Chief, 1 Cpt., and 2 Lt's at Training Academy from FY 2010			\$434,037



	Restore 1 AMIO/Emergency Preparedness			\$113,850
	Restore 1 Engineer in Recruiting from FY 2011			\$75,343
	Convert 4 Engines to ALS	\$123,600		\$33,920
	Rescue #33	\$322,173		\$622,663
	Rescue #37	\$322,173		\$622,663
	New Fire Station #62	\$2,954,220		
	Staff Engine/Rescue #61	\$927,686		\$1,613,873
	Ocean Rescue Expanded Service (temp. hrs. 3500)			\$46,953
	Ladder #31 Apparatus	\$911,600		\$30,491
	Add 2 Engineers in Public Education Section of Fire Prevention			\$150,685
	4 Person Staffing (Engine 41)			\$247,857
	4 Person Staffing (Engine 56)			\$247,857
	4 Person Staffing (Engine 49)			\$247,857
	R106	\$59,360		\$420,135
	FRCC personnel (4)			\$169,303
	<b>TOTAL</b>	<b>\$2,954,220</b>	<b>\$2,666,591</b>	<b>\$13,699,798</b>
<b>FY2014</b>	Restore 1 Lieutenant in Fire Prevention from FY 2011			\$115,070
	Restore staffing on the Command Van from FY 2011			\$267,750
	Restore Training Specialist at Training Academy from FY 2011			\$67,152
	Complete Mandated Fire Study Report			\$100,000
	New Fire Station #63	\$3,042,847		
	Staff Engine/Rescue #62		\$955,516	\$1,662,289
	Relocate Fire Station #45	\$3,042,847		
	Convert 4 Engines to ALS		\$127,308	\$34,938
	Add 3 Engineers in Public Education Section of Fire Prevention			\$232,809
	4 Person Staffing (Engines 4- USAR and 51)			\$510,585
	<b>TOTAL</b>	<b>\$6,085,693</b>	<b>\$1,082,824</b>	<b>\$17,101,385</b>
<b>FY2015</b>	Staff Engine/Rescue #63		\$984,182	\$1,712,158
	Ladder #50		\$966,296	\$991,507
	Convert 4 Engines to ALS		\$131,127	\$35,986
	New Fire Station #64	\$3,134,132		
	Replacement of Fire Station #17	\$2,956,100		
	4 Person Staffing (Engines 17, 58 and 27)			\$788,853
	<b>TOTAL</b>	<b>\$6,090,232</b>	<b>\$2,081,605</b>	<b>\$21,142,930</b>
<b>FY 2016</b>	Staff Engine/Rescue #64		\$1,013,707	\$1,763,523
	Replacement Fire Station #25	\$3,044,783		
	Convert 4 Engines to ALS		\$135,061	\$37,065
	4 Person Staffing (Engines 55, 19 and 36)			\$812,519
	NAS Marine 23 (Boat & Dock)	\$530,000		
	<b>TOTAL</b>	<b>\$3,574,783</b>	<b>\$1,148,768</b>	<b>\$24,390,325</b>
<b>FY 2017</b>	New Fire Fire Station #65	\$3,322,180		
	Relocate Fire Station #36	\$3,322,180		
	Convert 4 Engines to ALS		\$139,113	\$38,177
	4 Person Staffing (Engines 37, 22 and 20)			\$836,894
	<b>TOTAL</b>	<b>\$6,644,360</b>	<b>\$139,113</b>	<b>\$25,997,106</b>
<b>FY 2018</b>	Staff Engine/Rescue #65		\$1,044,118	\$1,869,334
	New Fire Station #66	\$3,421,845		
	Replacement Fire Station #12	\$3,227,470		

	Ladder #35		1,024,274	\$1,080,743
	4 Person Staffing (Engines 24, 13 and 26)			\$862,001
	<b>TOTAL</b>	<b>\$6,649,315</b>	<b>\$2,068,392</b>	<b>\$30,589,097</b>
<b>FY 2019</b>	Staff Engine/Rescue #66		\$1,075,442	\$1,925,414
	New Fire station #67	\$3,524,501		
	4 Person Staffing (Engines 12, 14 and 23)			\$887,861
	Ladder #57		\$1,055,002	\$1,113,165
	Complete Mandated Fire Study Report			\$150,000
	<b>TOTAL</b>	<b>\$3,524,501</b>	<b>\$2,130,444</b>	<b>\$35,583,210</b>
<b>FY2020</b>	New Fire Station #47	\$3,630,236		
	Staff Engine/Rescue #67		\$1,107,705	\$1,983,176
	4 Person Staffing (Engines 48 and 11)			\$609,665
	<b>TOTAL</b>	<b>\$3,630,236</b>	<b>\$1,107,705</b>	<b>\$39,243,547</b>

*\*Please note that each year's operating cost total is the sum of the previous year's total plus a 3 percent adjustment of that total for inflation plus all costs in the current year.*



**CHAPTER THIRTY-EIGHT**

**JFRD PROFESSIONAL GROWTH  
AND DEVELOPMENT**

# JFRD PROFESSIONAL GROWTH AND DEVELOPMENT PLAN

## INTRODUCTION

The Jacksonville Fire and Rescue Department (JFRD) prepares its employees for promotion to leadership positions through the execution of its Professional Growth and Development Plan. This plan is both an educational curriculum and an ongoing evaluation of the established professional standards for management and leadership within JFRD. It includes advanced training opportunities and financial incentives for earning additional certifications and college degrees. The plan mirrors the evolution of supervision in the fire service evolving from a blue collar job to a profession.

## IMPORTANCE

Ultimately, the Professional Growth and Development Plan is guiding JFRD on a journey to become one of the best fire and rescue departments in America. Even though the nature of JFRD's business is largely tactical and labor-intensive, the delivery of emergency services continues to evolve into a profession. Responses have become more complex because the hazards have become more complex, and in turn, the mitigation of an event is strongly influenced by effective supervision.

Further, medical advances have allowed JFRD to enhance its range of pre-hospital care, and the delivery of that care requires continuing education and training. As such, the equipment and procedures are becoming more sophisticated and so is the required training. Meanwhile, the demand for emergency services continues to increase, and efficient delivery is an expectation and a necessity. This efficiency can only be achieved with expert training and effective leadership and management.

## HISTORY

During the 20th century, a common practice in the fire service was to first promote personnel and then use on-the-job training to develop them as officers and leaders. Essentially, there was not a formal transition from non-supervisory positions to roles such as the supervisor of an engine company or ladder crew. One day your job was to fight fire; the next day you were promoted to managing a crew, with all the incumbent responsibilities. Furthermore, management in the fire service has never been limited to safety, tactics and response. The dynamics of supervising a crew that works closely as a team and lives together during 24-hour shifts in the fire station requires excellent interpersonal skills.

As mainstream management principles evolved in the middle of the 20th century, the concept of career advancement in private and public sectors began to embrace systematic skills-building as a means to prepare future managers. By comparison, the fire service's routine promotional practice was criticized, even by fire service training organizations operating at national levels.

In the 1970s, the Joint Council of National Fire Service Organizations facilitated the development of national performance standards for uniformed fire service personnel. Professional qualifications soon followed. Today, the oversight for developing these standards and qualifications is the responsibility of the National Fire Protection Association (NFPA). For years, JFRD has looked to NFPA standards for tactical and operational guidance. The department has also relied upon the U.S. Fire Administration for professional development.

Since its implementation in 2007, the Professional Growth and Development Plan has strengthened JFRD's promotional process by increasing the prerequisites to promote, including additional requirements to promote to and through the officer (supervisor) level. The new requirements are being phased in to provide time for employees to achieve the plan's milestones for education and training. The plan has not changed the requirements for being hired as an entry level firefighter.

## ACTIONS TAKEN

In 2006, under the leadership of Director and Fire Chief Dan Kleman, JFRD formulated its own standards to groom more effective leaders. Just a few years earlier, dozens of the most-experienced JFRD officers retired earlier than expected, and more were preparing to do so as a result of the Deferred Retirement Option Program (DROP) in the pension system. As a result, the department was promoting numerous younger and less-

experienced officers to fill the vacancies. At the same time, several high profile personnel issues highlighted the need for better supervision in the department. The timing was right for JFRD to evaluate training and development for departmental supervisors.

The final result was the Professional Growth and Development Plan. It established higher educational requirements for promotion, as well as a specialized 80-hour fire officer course for the ranks of lieutenant and above. Financial incentives were also included. Supplemental pay was offered for personnel who earned or already held paramedic certifications, associate degrees and bachelor's degrees. Implementing the Professional Growth and Development Plan required a modification to a portion of IAFF Local 122's contract. A vote of the firefighters' union membership resulted in an 83 percent approval of the plan.

A second phase of the Professional Growth and Development plan is currently being drafted. It focuses on establishing educational requirements for JFRD's eight appointed officials, the department's top administrators, who are identified by city ordinance. They are the director/fire chief, deputy director/assistant fire chief and six division chiefs.

The director/fire chief is currently required to hold a college degree by city ordinance, but based on the ordinance's language, this requirement could presumably be met with an associate's degree. There are no college education requirements for the other seven appointees. This means the educational requirements for appointed officials are currently lower than the requirements of the field personnel they lead.

## STATUS OF ACTIONS TAKEN

The first part of the Professional Growth and Development Plan continues to be implemented in phases, with 10 new educational or training requirements in effect and another seven to be enacted through January 2016. Hundreds of JFRD personnel have met those requirements to date. Meanwhile, more than two-thirds of JFRD's 375 field officers have completed the 80-hour company officer course and educational requirements for promotions. More than 100 JFRD personnel are pursuing either associate's degrees or bachelor's degrees, and nearly 70 are enrolled in paramedic school.

## NEXT STEPS

JFRD's current administration is continuing to implement Phase I of its Professional Growth and Development Plan. The administration is also developing amendments to the existing city ordinance to require a bachelor's degree for all eight appointed officials. Known as Phase II of Professional Growth and Development, the proposed changes will ensure that the department continues to identify the best and brightest to lead this multi-million dollar profession. This change in educational requirements is subject to Council approval. It is anticipated that legislation implementing Phase II will be introduced at City Council in July.

Strong participation in the Professional Growth and Development Plan is clear evidence that JFRD personnel are interested in self-improvement and promoting up the ranks. Also encouraging is the number of personnel who are also pursuing advanced degrees – which are not required for all promotional levels. The financial incentives associated with Professional Growth and Development are included in JFRD's upcoming budget, and it is vital that incentives continue to be funded in future years.

JFRD's Professional Growth and Development Plan will likely evolve in the future to keep pace with the evolution of the fire service. And thanks to the plan's implementation thus far, JFRD has the benefit of better managers overseeing the department's provision of critical public safety services – government's top priority.



## CHAPTER THIRTY-NINE

## LIBRARY CAPACITY PLAN

# LIBRARY CAPACITY PLAN

## INTRODUCTION

This chapter will summarize the importance of the Jacksonville Public Library (JPL) for the future of Jacksonville, provide a brief history of the library since The Better Jacksonville Plan, identify the budgetary challenges facing the library system, and describe core issues that will affect the future value of the library in this city. Of considerable importance is a brief discussion of the new Capacity Plan, its significance in addressing the key issues facing the library, and an overview of key directions suggested by that plan.

## IMPORTANCE

The information landscape has changed dramatically in the 106 years that JPL has served Jacksonville; however, the library's fundamental role – to provide to all residents access to reliable information resources – is as vital as ever. This point is made evident by the fact that the community is using library services at near record levels: Five million library visitors borrowed over nine million items in FY10.

Given adequate support, public libraries in Jacksonville are poised to fulfill a number of important roles that are essential to the support of a growing, flourishing Jacksonville in the future, including the following:

**Level the intellectual playing field.** Google ambitions notwithstanding, for the foreseeable future, millions of important information sources will not be available freely online. JPL will promote a strong and healthy democracy by giving everyone equal access to countless books (print, audio, and digital), movies, articles, CDs and more.

**Support children's education.** It is nearly impossible to over-estimate the value of libraries in helping children learn – from providing early childhood development through story times to helping high school students succeed on homework assignments. Building a strong library system is one of the best things this city government can do to support the Duval County Public Schools. The library's support for learning does not stop at graduation; it provides rich support for lifelong learning, as well.

**Level the technology playing field.** The more important high speed Internet access becomes, the greater are the obstacles to residents who cannot afford it. By providing free use of computers and the Internet, along with training on how to use them, libraries do more than any other community institution to help bridge the "digital divide."

**Help residents achieve economic success.** From providing resources and assistance to small businesses to providing individuals a way to apply for jobs or government assistance online, JPL will play an increasingly important role in supporting economic growth in Jacksonville.

## HISTORY

Three major developments have influenced the history of the Jacksonville Public Library over the last 10 years: rapid technological changes, large expansions in the number of facilities resulting from The Better Jacksonville Plan (BJP), and severe budget reductions that have tested the library's ability to provide service to match the vision of the BJP.

### The Digital World

In a business that's all about information delivery, JPL has had to move fast to keep up with the rapidly increasing (and ever-changing) dependence on digital technologies for information delivery. Some examples:

- Since 1997, when the first computers were installed for free public use, the library has made more than 800 computers available to the public.
- Wireless Internet access was made available at all locations by 2006.
- Downloadable audiobooks became available to customers in 2006, followed by downloadable video, and now an explosion in downloadable e-books and the recent introduction of downloadable music.
- Self-check out has arrived at nearly all locations, increasing customer convenience and staff productivity. In the past year, ability to pay bills at self-check with a credit or debit card has been added.
- Online account access now enables customers to see what they have checked out, see due dates, renew materials, and place holds all from the comfort of their homes, schools or offices.

### **The Better Jacksonville Plan**

In September 2000, the citizens of Jacksonville voted for The Better Jacksonville Plan, which provided funding for a new Main Library building, six new branch libraries and improvements at most existing branches.

### **Budget Challenges**

By the time all new and improved facilities were opened in 2005, the library had doubled its footprint. Since that time, due to the city's annual revenue shortfalls, like most other city departments the library's General Fund expendable accounts have been cut every year and fiscal uncertainty continues. JPL has continued to provide services at all 21 locations, but with fewer staff and fewer operational dollars (see chart 1).

In FY 10 and again in FY 11, to meet budget targets, the board recommended reduced hours for individual libraries based on levels of business, operating costs, and proximity of alternative libraries. The mayor supported the recommended budgets, but the City Council overturned the recommendations both years. The Council returned a portion of the funding to the budget to restore hours in FY10 and, for FY11, directed that the budget for DVDs and music essentially be eliminated in order to restore hours.

### **Modifications to Library Oversight**

During the budget process for FY 11, the Council Finance Committee introduced legislation to change the authority and structure of the Library Board by amending Chapter 90 of the Ordinance Code. The proposed changes would have reduced the authority of the board with respect to hiring of the library director and to budget issues. Compromise was reached by adding three ex-officio positions to the board – the City Council President or his/her designee, the Superintendent of Schools or his/her designee, and at the discretion of the president of the City Council, a second member of the City Council – as well as adding a 12th voting member to the board and reorganizing the board to represent all of the Council At-Large Groups, with two to be appointed at-large.

## **ACTIONS TAKEN**

### **Capacity Plan Commissioned**

In response to the increasing challenges of providing first class library services to all Jacksonville citizens in a rapidly changing information environment, and beset by decreasing and uncertain funding, the Board of Library Trustees retained a consultant to determine the capacity of JPL to provide services into the future.

The board commissioned an outside consultant, Godfrey's Associates, to take an objective look at the capacity of JPL to provide services. The consultants began their research in August 2010 to identify and recommend sustainable capacity options to best serve community needs now and in the future. All 21 library locations were assessed; information technology was analyzed; community dialogue meetings were held; market segmentation and market analytics reports were utilized to analyze site location and to identify service models using a market approach to needs assessment, services and service delivery; service priorities were identified which reflect both community priorities and capacity; and sustainable funding options were explored.

The capacity plan findings make it clear that if further budget reductions are required, library services will have to be dramatically changed and will include loss of hours, loss of staff, and closing library locations.

## **STATUS OF ACTIONS TAKEN**

### **FY 12 Budget**

In February at the request of the mayor's office, the library prepared a budget representing a 15 percent reduction from the FY11 budget. This amounted to a \$5.9 million reduction, which exceeds any service options or scenarios offered by the consultant. Ultimately, Mayor Peyton did not include specific cuts in the preliminary budget which he submitted to City Council on May 1. Instead, he identified that the city was facing a roughly \$60 million gap in balancing next year's budget.

### **Capacity Plan**

The consultants' final report and findings were delivered on May 16. Per Chapter 90 of the Municipal Code, the Library Board will make recommendations to the mayor and City Council for action by the executive and legislative branches within 60 days. The board has identified four critical areas which should be addressed for the future of the Jacksonville Public Library. The areas will be discussed in more detail in the next section, but are summarized here:



- **Information Technology** – JPL’s core business is information delivery. Information delivery depends on a strong and current technological infrastructure. The need for an effective, responsive, and cost efficient IT management and support structure are among the most significant issues facing JPL.
- **Locations to Serve All Jacksonville Communities** – The consultants call attention to the fact that significant areas of the city are underserved or un-served. The North urban core neighborhoods are underserved due to the quality of services that can be offered in small, inadequate library buildings. The Northeast section of the city is un-served.
- **Funding** – JPL’s funding has been unstable and diminishing rapidly. The board is expected to recommend consideration of sustainable funding sources. The library currently has little or no funding source for capital expenditures.
- **Building Maintenance** – After a thorough examination of all 21 library facilities, the consultants estimated a cost of \$8.3 million for deferred maintenance and repairs. The board will recommend that this work be done and a maintenance plan put in place in order to stay on top of these issues for the future.

## NEXT STEPS

In addition to proposing a budget for the Jacksonville Public Library for the coming year, the new mayor will be asked to address the recommendations that will be presented to him by the Board of Library Trustees, based on the Capacity Plan. These decisions will include both decisions for immediate action, as well as commitments to longer-term solutions.

### **Budget**

The board’s proposal for absorbing a 15 percent cut in the library’s operating budget would have required significant reductions in service and staffing throughout the library system. Service hours would have been reduced to 40 hours per week for all locations, a cut in hours of more than one third for the Main Library and the larger branches. Staff would be cut by approximately 25 percent. At least one library would be closed.

At the other end of the spectrum, the board will argue that any additional cuts, in the context of five years of unremitting budget reductions, would seriously hamper the library’s ability to serve this community. The most immediate and pressing decisions facing the new mayor with regard to JPL are:

- Whether to cut its budget yet again, and if so, by how much; and
- Whether to identify a more sustainable funding structure for JPL, in order to mitigate this annual problem.

### **Capacity Plan Recommendations**

The board is in the process of examining the Capacity Plan and formulating its recommendations, and will present those formal recommendations in July to the mayor and City Council. Following are highlights of likely recommendations for each of the four critical areas identified above:

**Information Technology** – Because information technology is at the core of the service the library provides, the board believes that JPL must have quality IT services.

- JPL is of the opinion that centralized IT service is not working well as currently comprised. The board will recommend issuance of a Request for Information (RFI) to determine feasibility/cost for JPL to manage its own IT. Depending on the results of the RFI, greater autonomy might be considered.
- The board will also recommend a commitment to a refresh schedule for computers and upgrade of bandwidth, both of which the Capacity Plan states are needed to provide adequate computer and Internet access to customers.
- Circulation of physical materials (books, DVD’s, CD’s etc.) still dwarfs circulation of digital materials (9.1 million to 56,000 in 2010) and will remain a significant and essential element of library collections for many years to come. The board will recommend a per capita investment in the collections – both print and digital – that would grow automatically.

**Branches for Un-served/Underserved Communities** –The board will recommend two new branches to better serve the needs of communities that were not included in the BJP.

- Four branches in Jacksonville’s urban core have inadequate facilities: Eastside, Brentwood, Graham, and Westbrook. The buildings cannot be cost-effectively rehabilitated as modern library facilities. As a result, the residents who use these libraries are not provided with the same library services as other areas of the city. The board is expected to recommend that the four inadequate facilities be closed and be replaced by one new larger library that will be better able by far to meet the needs of those communities than all four of the small old buildings put together.
- The Capacity Plan consultants recommend repurposing three of these branches so that they may continue to serve a function that would be beneficial to their communities, as computer centers, or early learning centers, for example. The Board is anxious to work closely with the new mayor to find partners for such an alternative.
- The Northeast (Oceanway) area is un-served. A typical resident of this area has more than a 20-minute drive to the nearest library (Regency Square or Highlands). A new library will be recommended to meet the needs of that growing part of the city.
- Obviously, capital investment will be required to make these new branches a reality.

**Sustainable Funding** –The current funding mechanism, in which the library flourishes in prosperous years, then contracts in lean years, inhibits any kind of long-term planning to keep ahead of the information delivery/ technology curve, allows deferred maintenance to build up and buildings to deteriorate and is damaging to the long-term health of the library’s collection of materials.

- The board will recommend that the city allow the JPL to retain all fees, fines and other revenue to fund a “Library for the Future” enterprise fund. This fund will provide the board with the ability to fund projects to deliver information, to implement internal efficiencies for staffing and infrastructure, to fund FF&E and to be more responsive in meeting customer demands.
- In addition, the board will recommend exploration of achieving independent taxing district status, which would enable the library to have its own funding stream, separate from the city, or a dedicated millage, which also would establish a reliable, separate funding source.
- Finally, the consultants identify the potential to do a much better job of obtaining private funding to supplement public funds, and the board is committed to working with the Friends of the Library and the Library Foundation to pursue these avenues.

### **Building Maintenance**

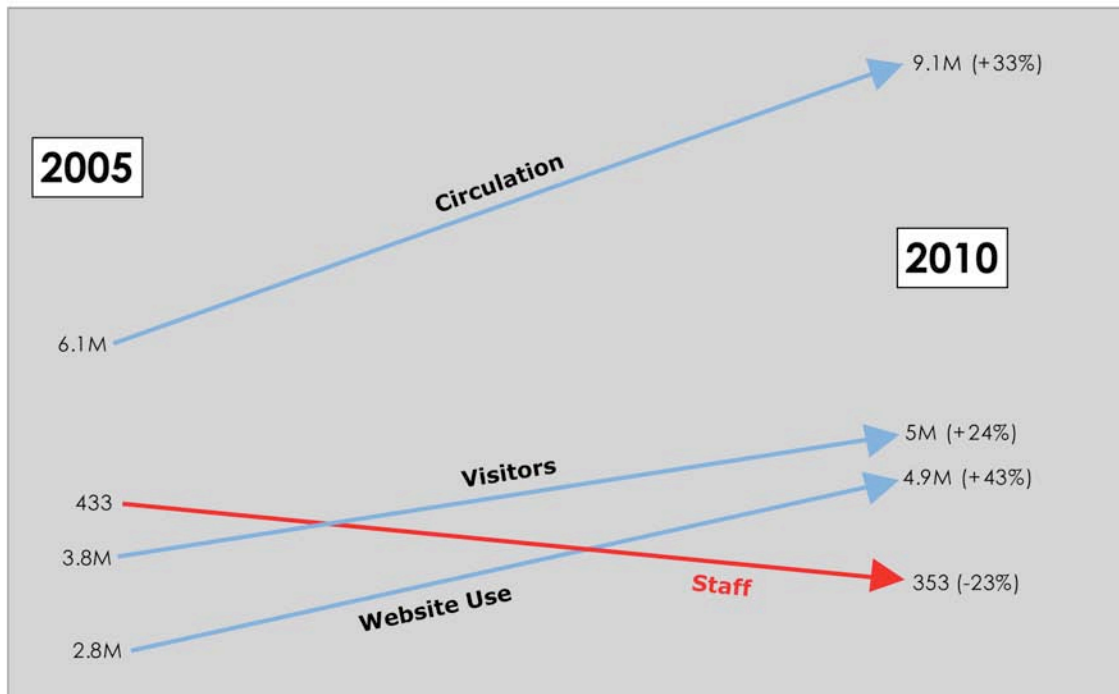
- Of the \$8.3 million in deferred maintenance identified in the Capacity Plan, three areas of need for repairs and improvements are identified as being of critical concern because they deal with health and safety: Life safety/ADA code compliance, roofs, and air quality and energy-related issues. The estimate for these repairs is just under \$5 million (see chart 2).
- The amount of money needed to catch up on deferred maintenance and the needed repairs has mounted because of budgetary challenges resulting in the lack of any regular maintenance schedule for library facilities. The board is expected to recommend that a five-year maintenance plan be funded and implemented in order to provide a structure for ensuring that our facilities do not stay in a continual state of disrepair.

These are the highlights of the next steps the new mayor will be asked by the Library Board to consider. The board expects to work closely with the mayor, the Council, and the community to find sustainable solutions in order to provide a library for the future that will be a source of pride for all of Jacksonville’s citizens.

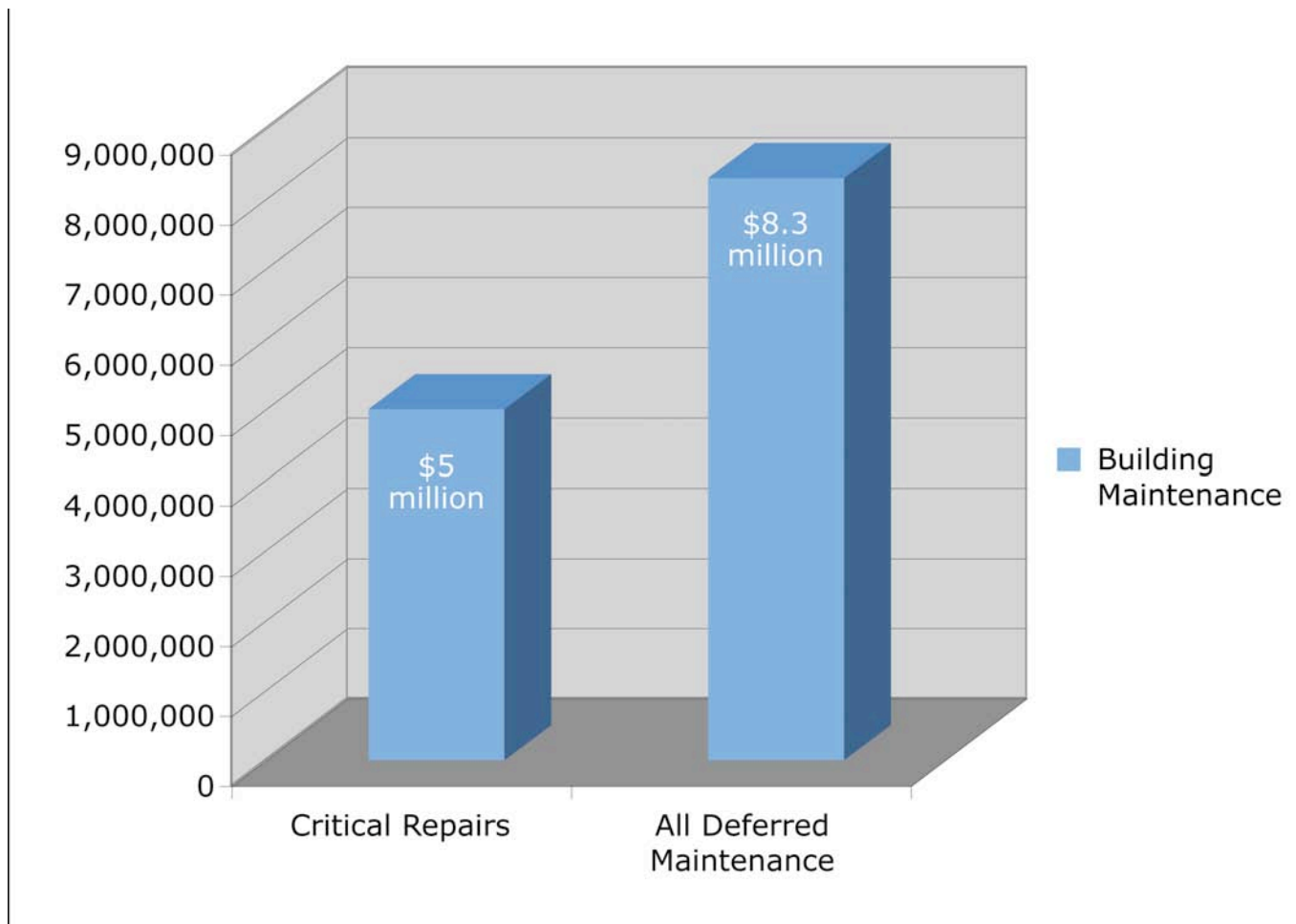
The current mayoral administration has not taken a position on any of the specific issues raised in the capacity plan. However, the ultimate question is how library priorities compare with other needs in the city government. Unfortunately, many of the same issues raised in the Library Capacity Plan exist in other departments as well. The most pressing challenge facing the next administration is how to provide the full range of critical services that citizens expect and which are fundamentally necessary in order to have a successful city.

**CHART 1**

Percentage Change in Library Use vs. Staffing



**CHART 2**





**CHAPTER FORTY**

**JACKSONVILLE SMALL AND EMERGING BUSINESS (JSEB)**

# JACKSONVILLE SMALL AND EMERGING BUSINESS PROGRAM (JSEB)

## INTRODUCTION

The Jacksonville Small and Emerging Businesses (JSEB) program was enacted in 2004, early in Mayor John Peyton's administration. It represents his effort to implement a legally defensible small business program. Unlike the city's prior programs, the JSEB program was intended to include elements sufficient to "build capital" and remove "structural barriers" to small business success. As such, the design of the JSEB program resulted in several "firsts" in the city's history of small and minority business programs, including:

- Bonding assistance and legislation;
- Access to capital
- Education and training tailored to small business
- Opportunities to showcase skills
- Mentoring opportunities
- Prompt payment legislation
- Ombudsman services

## IMPORTANCE

**Pursuant to § 126.611(d), Jacksonville Ordinance Code, the JSEB program will:**

*sunset on Sept. 30, 2009, provided, however, that [City] Council shall, prior to the Sunset date, review the JSEB program and this Section 126.611, and determine whether City procurement with race and gender conscience goals have been achieved. If by September 30, 2009, the City has not achieved the goals outlined in Section 126.611(a), the City shall conduct a disparity study and complete an analysis of the Program. The goals outlined in Section 126.611(a) shall continue until the disparity study and analysis is completed. Then the City shall consider legislation to modify the goals as applicable.*

Consistent with this "sunset" provision, the JSEB program reached a milestone on Sept. 30, 2009, which began a lengthy period of review for the purpose of determining whether previously established contracting goals have been achieved using the race and gender neutral elements of the JSEB program. During its sunset review period, the various goals and elements of the JSEB program continue in their current state until such time as the next administration and city council enact legislation to modify, replace, or abolish the same.

## HISTORY

In 1984, the city enacted legislation to implement its first Minority Business Enterprise ("MBE") program. In an attempt to remedy past discrimination against minorities, the city's MBE program required the award of no less than 10 percent of city contracting dollars to businesses owned by African Americans, Hispanics, Native Americans, women, or handicapped persons.

In 1989, the United States Supreme Court issued its decision in City of Richmond v. J.A. Croson Co., 488 U.S. 469, (1989), which is the seminal case governing the establishment of minority programs or preferences in the award of public contracting dollars. The U.S. Supreme Court's decision in the Croson case can be summarized as requiring "strict scrutiny" of local government programs that grant preferences on the basis of race or ethnicity. Under strict scrutiny, the programs must be: (i) based upon a compelling governmental interest; and (ii) narrowly tailored to achieve that interest.

Public entities across the country began commissioning disparity studies in order to comply with Croson and to determine whether a "compelling interest" exists for the establishment or continuation of a remedial procurement program based upon race, gender, or ethnicity. Generally speaking, disparity studies analyze the contracting data for a relevant market or jurisdiction in an effort to identify disparities and to determine causal relationships between the percentage of:

- Businesses owned by minorities and women that are ready, willing, and able to do work in a relevant market or jurisdiction and

- Public contracting dollars awarded to the same.

In 1989, in response to Croson and a lawsuit challenging the constitutionality of its MBE program, the city commissioned a study to ascertain whether or not disparities existed in its award of contracting dollars (the “DJ Miller Study”). The DJ Miller Study was conducted over a three-year period and found that:

- Disparities did exist in the city’s award of contracting dollars
- The city was a “passive participant” in racial and gender discrimination, as defined by the U.S. Supreme Court in the Croson case
- Race-neutral remedies alone could not correct the problem

As such, the study recommended that the city adopt a race and gender conscious program to remedy the disparity in its contract awards.

In 1992, the city enacted its Equal Business Opportunity (“EBO”) program, based on the DJ Miller Study and public hearing testimony related to the same. Initially, the EBO program was implemented to address contracting disparities regarding businesses owned by African Americans and women. In 1993, the EBO program was amended to also address contracting disparities regarding businesses owned by Asian Americans, Hispanic Americans and Native Americans. Through race conscious set-asides and contracting participation goals, the city sought to award contracts under the EBO program based on the following ethnic and gender percentages:

- African Americans – 7 percent for all city solicitations
- Hispanic Americans – 1.5 percent for construction-related professional services and 2 percent for all other city solicitations
- Asian Americans and/or Native Americans – 1.5 percent for construction-related professional services and 2 percent for all other city solicitations
- Women Business Owners – 7 percent for construction-related professional services and 8 percent for all other city solicitations

In 2002, the Utility Contractors Association of North Florida, Inc. filed a lawsuit against the city to challenge the constitutionality of the EBO program. In response, the city commissioned a study to collect “statistical and anecdotal evidence” as to whether or not disparities still existed in city contracting and whether or not the EBO program still met the standards required by Croson and its progeny of cases (the “Statistical Study”).

The Statistical Study, in concert with studies on race relations conducted by the Jacksonville Community Council, Inc. and the University of North Florida, revealed a continuation of racial and gender disparities, as well as other strong evidence for the continuation of the EBO program. However, in an effort to resolve the lawsuit, the city established its Small Disadvantaged Business Enterprise and Small Business Enterprise (“SDBE/SBE”) programs as a one-year hybrid program that contained both race neutral and race conscious elements. The following chart summarizes the history of these initiatives.

<b>Date Enacted</b>	<b>Name</b>	<b>Key Elements</b>	<b>Outcome</b>
1984	MBE	<b>Race conscious</b> – required 10 percent city contracting for African American, Hispanics, Native Americans, women, or handicapped persons	Challenged in 1989
1992	EBO	<b>Race conscious</b> – set asides and participation goals for African Americans and women; amended in 1993 to include Hispanic, Asian, and Native Americans	Challenged in 2002 by Utility Contractors Association of North Florida, Inc.
2002	SDBE/ SBE	<b>Hybrid race conscious/race neutral</b> – program enacted as settlement of 2002 lawsuit	One-year hybrid approach ended in 2004

2004	JSEB	<b>Race neutral</b> – several new race neutral elements to support small business growth, such as bonding assistance, access to capital, education/training, ombudsman services, prompt payment, etc.	Provisional sunset review, pending new administration and council approval
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## ACTIONS TAKEN

In 2003, the current administration came into office and expressed a desire for the creation of a “legally defensible” small business program. Pursuant to Executive Order 04-02, Mayor Peyton created the Commission on Small and Disadvantaged Businesses (the “commission”), which was designed to review and/or benchmark:

- Financial programs that provide operating and capital expenditures to small businesses;
- Bonding programs, as well as existing city and state requirements relating to bonding; and
- The city’s existing SDBE/SBE programs. The commission was staffed by Cindy Laquidara, Esq., Devin Reed, Esq. and his assistant, Renée Dawson

In 2004, the commission submitted its final report to the mayor and to City Council’s Special Council Committee on Small and Disadvantaged Business (the “Special Committee”), for review and legislative action. As part of its report, the commission proposed various recommendations that were primarily associated with transitioning from a race and gender conscious minority business program to a race neutral small business program. On Aug. 10, 2004, after a lengthy deliberative process the majority of the Commission’s recommendations were codified into City Ordinance 2004-602-E, Chapter 126, Parts 6A and 6B of which established the JSEB program.

The JSEB program is currently managed by the deputy director of the Central Operations Department who has streamlined the program. Since its inception, the JSEB program has resulted in many noteworthy accomplishments, including:

- JSEB awards in excess of \$255 million
- JSEB expenditures in excess of \$300 million
- JSEBs obtaining 82 payment and/or performance bonds for the first time in the city’s history
- JSEB Access to Capital loans in excess of \$2.4 million, from a revolving fund or loan pool in excess of \$1.2 million; loans that JSEBs used to pursue and secure nearly \$28 million in contracts and subcontracts
- Various educational programs being established with multiple institutions of higher education and small business advocates
- Over 300 non-performance and non-payment issues being resolved by the Office of the Ombudsman
- Despite legal challenges to similar programs nationwide, the JSEB program has not been challenged on constitutional grounds or otherwise since its inception in 2004

Consistent with the above-mentioned “sunset” provision, the city commissioned an independent analysis of the JSEB program. Recommendations include that the city conduct a disparity study due to the changes in the marketplace since the enactment of the JSEB program.

A disparity study is currently mandated by City Council pursuant to § 126.611(d), Jacksonville Ordinance Code. As such, the city issued a request for proposals from consultants with an interest and demonstrated experience in conducting disparity studies. Preliminary estimates indicate that disparity studies of the city’s size and scope cost a minimum of \$750,000 and take 18 to 24 months to complete. Upon the completion of the disparity study, the city will have to “consider legislation” regarding the future of the JSEB program. The legislative intent for requiring a disparity study as part of the program’s sunset review was generally to:

- Determine whether existing city efforts have eliminated any passive discrimination or lingering structural barriers to small and minority business success
- Analyze city procurement trends and practices during the period of the JSEB program’s implementation
- To obtain legally defensible recommendations regarding future program options and/or modifications

As previously stated, the “sunset” provision contemplates the continuation of the JSEB program “until the disparity study and analysis [are] completed.” As such, the Equal Business Opportunity and Contract Compliance Division (“EBO”) continues to:

- Accept applications for certification into the JSEB program
- Review and establish race neutral set-asides or JSEB participation percentage goals for city projects
- Check for JSEB contract compliance
- Manage JSEB training, mentoring, bonding assistance and access to capital efforts

## STATUS OF ACTIONS TAKEN

The city has competitively solicited proposal responses from consultants interested in conducting the disparity study. Three proposal responses were received on April 22, 2011 and are currently being evaluated for the purpose of entering into negotiations and executing a contract with the most qualified consultant. It is anticipated that the disparity study contract will be executed on or before June 30, 2011.

## NEXT STEPS

Because the JSEB program is currently undergoing a sunset review, the next administration and City Council will have to “consider legislation” regarding the future of the JSEB program (see § 126.611(d), Jacksonville Ordinance Code). Again, the various goals and elements of the JSEB program will continue in their current state until such time as legislation is enacted to modify, replace, or abolish the same.

While the JSEB program has room for improvement, it has been effective in building capacity and removing structural barriers to small and minority business success, which success can only be attributed to the “communal effort” approach used to design the various elements of the JSEB program. The “communal effort” approach to designing the JSEB program involved soliciting and receiving witness testimony and reviewing documents from historians, attorneys, public officials, leaders of local businesses, industry, bankers, insurance/surety professionals, the clergy, activists, and, most importantly, owners of small and minority businesses.

In an effort to perpetuate the benefits that have resulted from this “communal effort” approach, the process by which the JSEB program sunsets should replicate the process by which it was designed. In other words, the next administration should consider conducting a “communal” debriefing, whereby a commission – similar to the Commission or Special Committee referenced herein – is established in order to undertake the following activities:

- Participate in and evaluate the findings and recommendations from the disparity study of local procurement and contracting practices
- Review and compare the existing JSEB program with other successful small and/or minority business programs in an effort to identify possible areas of improvement
- Solicit and obtain information and guidance from representatives of the city’s Office of General Counsel, other city departments and local independent authorities regarding any legal, reporting, or practical concerns associated with the administration of the various elements of the JSEB program
- Solicit and obtain information and guidance from the local community regarding capacity building and any lingering impediments to small and minority businesses that the JSEB program may not have adequately addressed
- Issue findings and recommendations to the mayor and City Council regarding the past, present and future of small and minority businesses in Jacksonville, i.e., the extent to which the JSEB program or any other remedial program is legally appropriate and necessary to address local procurement and contracting disparities.



## ABOUT MAYOR JOHN PEYTON

John Peyton was sworn in as Jacksonville's mayor on July 1, 2003. During his tenure as mayor, he hosted the city's first Super Bowl, implemented extremely successful initiatives to advance literacy, reduce crime and improve the health of the St. Johns River and worked hand-in-hand with the Jacksonville Economic Development Commission (JEDC) and the Chamber of Commerce to cultivate both domestic and international business.

Because of collaborative efforts with the JEDC and Chamber to increase economic development in Duval County, Jacksonville made impressive gains in terms of job creation under Peyton. From 2003 to the end of Mayor Peyton's second term in 2011, 81 companies either relocated or expanded operations in Jacksonville. With these expansions and others, the city received commitments for more than 25,750 new jobs on the First Coast. Some of the major additions to Jacksonville's business community during this period have been SAFT, Fidelity Investments, Pilot Pen, Deutsche Bank, EverBank and Bridgestone-Firestone.

In addition to job creation and economic development, Mayor Peyton had several top priorities throughout his terms that emphasized improving the quality of life for Jacksonville's residents. Mayor Peyton helped to improve public safety through the creation and implementation of the citizen-led, anti-crime initiative *The Jacksonville Journey*; made great progress in cleaning up the St. Johns River with *The River Accord*, a 10-year, \$700 million program to continue restoring the health of the lower St. Johns River Basin; and laid the groundwork for a revitalized downtown district by coordinating multiple public access projects downtown, with concentrated efforts along the riverfront including renovations of Metropolitan Park, the Riverwalk and Friendship Fountain Park.

One cornerstone of Mayor Peyton's administration was his early literacy program, *RALLY Jacksonville!*. This cutting-edge initiative, aimed at growing the workforce of tomorrow, reached thousands of 4-year-olds and their families, and became a model for other cities to follow. Mayor Peyton's work in this crucial area earned him the 2005 James Patterson Pageturner Award in recognition of his "notable contributions to promoting books and reading," and led to Jacksonville being named one of the nation's Best 100 Communities for Young People by America's Promise, the Alliance for Youth founded by Gen. Colin Powell. In addition, President George W. Bush appointed Mayor Peyton to serve a six-year term on the board of trustees of the Harry S. Truman Scholarship Foundation.

Prior to his election, Mayor Peyton, a Jacksonville native, served as vice president of Gate Petroleum Company, one of the largest privately held corporations in Florida. He has been actively involved in community service for many years, serving on the transition team of former Mayor John Delaney and on the boards of a number of civic and charitable organizations. He is a former chairman of the Jacksonville Transportation Authority, the Jacksonville Symphony Association and Greenscape of Jacksonville.

Mayor Peyton is an alumnus of Mercer University and the Harvard Business School Executive Education Program, as well as a graduate of both Leadership Jacksonville and Leadership Florida. He and his wife, Jacksonville physician Kathryn Pearson Peyton, are members of St. John's Episcopal Cathedral. They are the proud parents of two sons, John Connor Peyton and Kent Thomas Peyton.

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