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CITY OF JACKSONVILLE  
CHARTER REVISION COMMISSION  
MEETING

Proceedings held on Thursday, July 16,  
2009, commencing at 9:00 a.m., City Hall, Council  
Chambers, 1st Floor, Jacksonville, Florida, before  
Diane M. Tropa, a Notary Public in and for the State  
of Florida at Large.

PRESENT:

- WYMAN DUGGAN, Chair.
- MARY O'BRIEN, Vice Chair.
- ED AUSTIN, Commission Member.
- MARTHA BARRETT, Commission Member.
- JIM CATLETT, Commission Member.
- WILLIAM CATLIN, Commission Member.
- TERESA EICHNER, Commission Member.
- ROBERT FLOWERS, SR., Commission Member.
- BEVERLY GARVIN, Commission Member.
- MECHELLE HERRINGTON, Commission Member.
- ALI KORMAN, Commission Member.
- GARY OLIVERAS, Commission Member.
- CURTIS THOMPSON, Commission Member.
- GEOFF YOUNGBLOOD, Commission Member.

ALSO PRESENT:

- STEVE ROHAN, Office of General Counsel.
- JEFF CLEMENTS, Research Division.

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1 P R O C E E D I N G S

2 July 16, 2009 9:00 a.m.

3 - - -

4 THE CHAIRMAN: Good morning. I officially  
5 call to order the July 16th, 2009, meeting of  
6 the Charter Revision Commission.

7 We do have a quorum. I know that  
8 Commissioner Miller had an unavoidable  
9 litigation conflict today on behalf of FCCJ, and  
10 it's my understanding she will not be able to  
11 attend. Commissioner Herrington has court this  
12 morning, but will be arriving as soon as she is  
13 able. I know that Commissioner Korman has to  
14 leave early to catch a flight to go out of  
15 town. So I just wanted to make those  
16 announcements for the record.

17 At this time, we will have the Pledge of  
18 Allegiance and a moment of silence.

19 (Recitation of the Pledge of Allegiance.)

20 THE CHAIRMAN: Thank you.

21 Just a brief housekeeping note, I would ask  
22 that everybody turn off their cell phones or put  
23 them on vibrate just as a matter of courtesy.

24 Jeff, to get started -- Jeff Clements, I  
25 would ask our council research staff to give us

1 a quick rundown of the material that you should  
2 all have at your places.

3 MR. CLEMENTS: Everyone should have an  
4 agenda and a resume of your first speaker,  
5 Jim Rinaman; Mr. Rinaman's outline of the  
6 history of consolidated government, which he  
7 will be talking about today.

8 You will all have a printout labeled at the  
9 top Comments Received on Charter Revision at  
10 coj.net. This is the public input e-mail  
11 address for the Charter Revision Commission, and  
12 I've printed out what has been received up  
13 through yesterday afternoon for your  
14 information.

15 You will have a copy of the verbatim  
16 transcript of the last meeting.

17 You will find a notice provided by Carla  
18 Miller from -- of a meeting of the legislative  
19 subcommittee of the Jacksonville Ethics  
20 Commission that will meet this afternoon at  
21 one o'clock if anyone is interested. They're  
22 going to be talking about items that they may  
23 wish to present to you for consideration by the  
24 Commission as it regards ethics, as it relates  
25 to the charter.

1           And then the final piece that you have is  
2 something that Mr. Oliveras provided, and I'll  
3 ask him to let you know what that is, the legal  
4 proceedings.

5           THE CHAIRMAN: Commissioner Oliveras.

6           MR. OLIVERAS: Thank you, Mr. Chairman.

7           What I provided the commissioners is a copy  
8 of a district court of appeal that --  
9 discussions and the input from the public.

10          Several people mentioned the possibility --  
11 or inquiring about a civilian review board for  
12 the sheriff's office, and this -- I provided  
13 this for the commissioners as a point of  
14 discussion because as -- basically, as a matter  
15 of law, I think that the issue has been settled,  
16 and we can discuss that more later on in depth.

17          THE CHAIRMAN: Thank you for that  
18 information.

19          Commissioners, I urge all of you to review  
20 that material and be prepared to discuss it at  
21 our next meeting.

22          I wanted to let you know that the mayor's  
23 office called me yesterday afternoon to  
24 apologize, but the mayor is not able to attend  
25 today.

1           Originally, my hope was that he would be  
2           one of the speakers today. He's very busy, as  
3           you might imagine, on the millage rate issue,  
4           but did want us to know that he does value our  
5           work and looks forward to our input. And  
6           Mr. Hollingsworth will be presenting us with  
7           some written information that I will disseminate  
8           when I receive it. So I just wanted to let you  
9           know that.

10           Also, Mr. Blaylock of the JTA was  
11           unavailable to attend today, but we will be  
12           hearing from the JEA, JAA, and JPA, and we will  
13           work to reschedule Mr. Blaylock at a future  
14           date.

15           So without further ado, I do want to get  
16           right into our agenda. We will be hearing first  
17           from Mr. Rinaman. You do have his resume. He  
18           is, as I hope you all know from, if nothing  
19           else, the research you should have been doing in  
20           preparation for this task, but probably also  
21           just because of his stature in the community,  
22           Mr. Rinaman is a giant in the figure of history  
23           of consolidated government in Jacksonville, and  
24           I have asked him to come speak to us to give us  
25           what I think is some important background on the

1 factors leading to consolidation and how he  
2 thinks it's been -- it's worked out.

3 So without further ado, Mr. Rinaman.

4 (Mr. Rinaman approaches the podium.)

5 MR. RINAMAN: I was accused of being a  
6 giant long before I ever got involved in  
7 consolidation.

8 I welcome this opportunity, and I want to  
9 congratulate all of you in volunteering to do  
10 this very arduous job. It's arduous in the  
11 sense that there's an awful lot of complicated  
12 problems and a lot of them are not easily  
13 solved. And it's arduous in the sense that if  
14 you haven't been involved in it, you've got a  
15 steep learning curve to become conversant with  
16 those issues and understand the background on  
17 it, and I hope I'll be able to contribute  
18 something to that part of the equation this  
19 morning.

20 We've had -- I guess we've had a Charter  
21 Revision Commission every ten years, but I think  
22 the first two were more meaningful than the two  
23 or three that have occurred since then probably  
24 partly because there wasn't that much that  
25 needed to be done, and I think maybe we've gone

1 along now a long time without doing any major  
2 changes and we've also encountered some very  
3 unexpected bumps in the road with the  
4 legislature unexpectedly invading our home rule  
5 on property taxes and -- and with the recession  
6 and with the ramifications of various other  
7 problems that have arisen that we hadn't  
8 anticipated, and perhaps that will also  
9 encourage us to try to look at some additional  
10 changes to the charter.

11 I'd like to also caution you to think in  
12 terms of a charter, a constitution. We don't  
13 want to put too much detail in the charter. We  
14 want to put the fundamental principles of our  
15 city and the things we want -- hold most dear,  
16 but don't be tempted to cure a problem that  
17 should be cured by the City Council by ordinance  
18 by putting it in the charter because there may  
19 come a time when that needs to be changed again  
20 and we have to go change the charter again, and  
21 the charter ought to be readable and it ought to  
22 be simple and it ought to be not convoluted with  
23 a lot of stuff that really ought to be done by  
24 the City Council.

25 And keep in mind that we have a

1           representative form of government, so we don't  
2           have to put into the charter everything that we  
3           want done. We depend on the mayor and the City  
4           Council to do those things for us, and they can  
5           respond better than every ten years we put stuff  
6           into the charter. So try to curb yourselves in  
7           that regard.

8                     Another point I think that's very  
9           important -- and there's nothing that I'm more  
10          proud of than the charter of our consolidated  
11          government, but structure is not important,  
12          people are important. And we've demonstrated  
13          that a number of times in our consolidated  
14          government that -- visionaries with the  
15          capability of making it happen are the ones who  
16          lead us best, and then here's one who just  
17          walked in here.

18                    And those who fall short of that -- it  
19          doesn't make any difference how great a charter  
20          and great a structure we've got for the  
21          consolidated government. We don't -- we just  
22          can't accomplish anything without those people.

23                    James Madison was a delegate to the  
24          U.S. Constitutional Convention in 1789. He  
25          said, "Paper marks the mode and the form" --



1 speaking of the Constitution -- "but people are  
2 the substance and must do the business," and I  
3 think that sums it up.

4 Consolidation is not such a new thing. I  
5 guess I haven't put it in here, but I suppose  
6 you could argue that Athens and Rome were  
7 consolidated governments in the sense that they  
8 had one single government over a large  
9 metropolitan area. But, more importantly, in  
10 our history, in 1805 in New Orleans, Boston in  
11 1822, Philadelphia in 1854, New York in 1874,  
12 and San Francisco in 1880, and Honolulu in 1907,  
13 they're all consolidated governments. You don't  
14 realize it anymore because they've become so big  
15 that the consolidated government is only in the  
16 heart of that huge metropolitan area. But still  
17 in all, the heart of those cities has no dual  
18 county/city government. They have one city  
19 government.

20 And then that -- there was a great pause  
21 there and the next one was in Baton Rouge in  
22 1949 and then Miami in 1956.

23 Now, this is a very important point: All  
24 of these consolidated governments that -- other  
25 than Jacksonville, are different than

1 Jacksonville. We probably have a more pure  
2 consolidated government, with the exception of  
3 the Beaches and Baldwin, than most of these.

4 And Miami is a classic example. Miami is  
5 in Metro Dade, but it has something like  
6 36 municipalities in it, and Metro Dade acts  
7 like they're a county. Well, you can see that  
8 that doesn't really accomplish what we have  
9 accomplished here.

10 And then we came along. And since then,  
11 there have been a number of others:  
12 Indianapolis and Carson City and Nashville and  
13 Juneau and Virginia Beach; Columbus, Georgia;  
14 Lexington, Kentucky.

15 Perhaps most importantly -- I've gone  
16 around maybe 30 or 40 different cities over the  
17 years making speeches about our consolidated  
18 government when -- to study commissions who were  
19 working on doing the same thing in their city,  
20 and I've always told them that, number one, if  
21 they want a consolidated government, they have  
22 to have discredited schools and half of the  
23 public officials indicted and put in jail and no  
24 tax base and no money to spend. If they got to  
25 that point, they could consolidate their

1 government, and that's what we did.

2 And I always said that Pensacola,  
3 Tallahassee, Gainesville, which are cities in  
4 the center of a large county with very few other  
5 cities, were better candidates than Jacksonville  
6 because they're smaller. And Jacksonville, at a  
7 million people, is probably getting close to the  
8 edge of how big consolidated government ought to  
9 get.

10 However, in 1998, the City of Toronto,  
11 Canada, was having a big fuss with two other  
12 cities in their province. One of -- Toronto was  
13 a million people and the other cities were  
14 300,00 and 200,000 respectively, and they  
15 couldn't decide on how to fund the schools.

16 Well, the Ontario parliament, unbeknownst  
17 to them, just decided to solve the problem by  
18 creating them as a consolidated government with  
19 two-and-a-half million people in five or six  
20 large cities and told them they had one year to  
21 get it put together.

22 Well, they were in a complete panic, and  
23 they didn't have a referendum or anything and  
24 they hadn't studied it. I went up and spoke to  
25 them for a half a day and reassured them that it

1 would work, and they settled down and got to  
2 work, and they have done a really good job.

3 So here's a two-and-a-half-million-person  
4 consolidated government that works, and so maybe  
5 I'm wrong about how big it can be.

6 As you see in my outline, there's -- up  
7 until 1977, there's been 135 attempts, and  
8 113 of them had failed, and that particularly  
9 included Tampa and Gainesville, Tallahassee,  
10 Pensacola, Palm Beach, and Daytona Beach, and  
11 they've always failed.

12 And how do they fail? They fail because  
13 the county commissioners and the sheriff and the  
14 other power brokers in the community come out to  
15 the people and say, "What's wrong with the job  
16 I'm doing? Why are you unhappy? Why would you  
17 want to change this?"

18 And why do they want to preserve the old  
19 government? Fear of change. They just don't --  
20 can't stand the idea of having to run for  
21 reelection as a city councilperson or a mayor or  
22 something in the consolidated government, and  
23 they persuade the people that everything's okay  
24 and we don't have to do anything.

25 Now, a little history on governmental forms

1 in Florida, which are typical of most states.  
2 To give you a little background, counties were  
3 created -- and, by the way, back in the 1800s  
4 there were only about four or five counties,  
5 Mosquito County -- I've forgotten the name of  
6 some of the others, but they were huge. They  
7 had what now are -- what now has six or eight  
8 counties in them, and they gradually were broken  
9 up as time went by.

10 But a county was created to do what? Law  
11 enforcement through the sheriff, judicial system  
12 through the sheriff and the courts, and roads --  
13 farmed market roads, if you will -- and collect  
14 taxes for that. That's all they're supposed to  
15 do. And they didn't have very broad power.  
16 They certainly didn't have municipal powers.  
17 And that, for years and years, has created  
18 problems.

19 Cities, on the other hand, have broad  
20 municipal powers and can provide services and  
21 create taxes and so forth. But both cities and  
22 counties, until 1968 in Florida, did not have  
23 home rule.

24 Now, home rule is a very simple  
25 proposition. Until 1968, cities -- and we

1        didn't have chartered counties in those days, so  
2        not counties -- could do whatever the  
3        legislature allowed them to do. The legislature  
4        would create a city charter and they would put  
5        in there the powers that they had. And if the  
6        legislature didn't give them the power, they had  
7        to go back to the legislature and get that power  
8        to do whatever it was.

9                In '68, probably mainly based on the  
10        consolidated government that we had created a  
11        year before -- and I helped to draft this  
12        documentation in the 1968 constitution -- we  
13        created home rule for municipalities and for  
14        chartered counties. Not all counties were  
15        chartered, but quite a few of them are now  
16        chartered and they're treated like  
17        municipalities. And that home rule simply means  
18        that they have all governmental powers that are  
19        not taken away from them by the legislature, and  
20        the legislature can take away their powers.

21                That's an interesting thing you're going to  
22        encounter. The question is, can the legislature  
23        take away the powers of the consolidated  
24        government which comes from our 1933  
25        constitutional amendment? And there are places

1           where we have conflicts about that, but  
2           basically we've got more home rule power than  
3           most because of that -- because of that  
4           provision.

5                     Then there also are special authorities,  
6           tax districts, and independent agencies. And to  
7           give you an idea about that, Disney World is the  
8           Reedy Creek Drainage District, and it has more  
9           home rule powers than any other organization in  
10          Florida.

11                    I helped the -- I was Jack Matthews' aide  
12          at the time, and I helped the Disney World  
13          lawyers draft up a charter -- this is before we  
14          had home rule in the constitution -- and our  
15          instructions were to make it so that Osceola  
16          County and Orange County could not control tax,  
17          regulate anything in the Reedy Creek Drainage  
18          District. And I guess we did a good job because  
19          they've been sued about five times by both  
20          counties and they've always won, and -- but that  
21          is a classic example of it's not a county, it's  
22          not a municipality, it's just a drainage  
23          district, but it has more powers than most  
24          municipalities.

25                    I think I've covered that home rule

1 business.

2 Now, let's talk about our charter. I like  
3 to think of it as a family corporation. The  
4 mayor is the CEO of the corporation, the City  
5 Council is the board of directors of the  
6 corporation, and the voters and the taxpayers  
7 are the stockholders.

8 And if you think of it that way, you could  
9 go one step further and say, if you were an  
10 owner of a billion-dollar family corporation  
11 with 20,000 employees, which of the members of  
12 the City Council and the school board would you  
13 have on that board of directors?

14 And given thought, you'll find that not all  
15 of them would qualify. And that's one of the  
16 problems we have, because of representative  
17 government, because we have people who run for  
18 office to make \$45,000 because they've never  
19 made it before in their lives, who offer to be  
20 full-time City Council people, which is the last  
21 thing in the world we want, and who manipulate  
22 and finagle with the administration and the  
23 government unnecessarily and improperly and  
24 create problems for us. But they're not all  
25 that way.



1           And the idea of having 19 City Council  
2           people is to make sure that they are  
3           influenced -- the bad ones are influenced by the  
4           good ones sufficiently so that we don't have any  
5           serious problems, and I think we've done fairly  
6           well with that. There were a few notable  
7           exceptions, but they were indicted and put in  
8           jail, and so that takes care of that.

9           This government is founded on the  
10          concept -- and I heard Jack Daniels say it a  
11          dozen times if I heard him say it once -- to  
12          pinpoint responsibility in the mayor for  
13          executive and administrative matters and in the  
14          City Council for legislative and budgetary  
15          matters, and that pinpointing today is really  
16          accountability.

17          So one of the things you want to do when  
18          you're looking at this charter is always have  
19          that in mind: Where is the responsibility and  
20          the accountability, and is it legislative and  
21          budgetary or is it executive and  
22          administrative? And so it should be the mayor;  
23          otherwise, it should be the council.

24          You have to understand that in the old  
25          government we had a Budget Commission, a County

1 Commission, a Civil Service Board, everybody was  
2 responsible for everything and nobody was  
3 responsible for anything. And so in the  
4 consolidated government, we've got this  
5 pinpointing of responsibility, but it's a  
6 precious thing that has to be guarded all the  
7 time because, just like in the Congress and the  
8 president, if the president allows a vacuum, the  
9 Congress will fill it; and if the Congress  
10 allows a vacuum, the president will fill it.

11 And we have the same thing going with the  
12 mayor and the City Council and the independent  
13 agencies, who all assert themselves. And that's  
14 good, but sometimes they overstep and get  
15 involved in somebody else's turf if that other  
16 person isn't defending it well.

17 I remember Jack Matthews told me one time  
18 he was having a big fight about some minor issue  
19 that had to do with the powers of the president  
20 of the Senate, and I said, "Is that really worth  
21 fighting for?" And he said, "My job here is to  
22 protect this office and make sure that this  
23 office" -- "the integrity of this office and the  
24 powers of this office are not diminished," and  
25 that's what the City Council should be doing,

1           that's what the mayor should be doing, and the  
2           independent agencies also.

3           Now, on the council -- oh, one of the  
4           things to know about on a strong mayor, he is  
5           the CEO. Now, when we talk about a strong  
6           mayor, we don't mean just a powerful person, we  
7           mean a person who has power to control the  
8           executive, the administrative functions of the  
9           City. And the alternative for him that's more  
10          common in the county is the city manager form of  
11          government, where the mayor is a member of the  
12          City Council and he's an honorary mayor who  
13          clips ribbons and things and maybe speaks for  
14          the City, but the city manager really runs  
15          things, and the department heads and division  
16          chiefs are under the city manager.

17          We put the mayor on top in that. That's  
18          the difference. That's the definition of a  
19          strong mayor.

20          But under the strong mayor, we put the  
21          chief administrative officer, CAO, who was, in  
22          effect, the city manager, and -- but he had to  
23          report to the mayor, and under that the  
24          department heads and division chiefs.

25          We also put into the charter that the

1 department heads and division chiefs -- and you  
2 should look at this and be sure that we're being  
3 true to this -- have certain minimum educational  
4 and experience and professional requirements to  
5 do the job that they're doing. And those were  
6 eroded tremendously during the 1980s but  
7 restored in the 1990s, and I think they're  
8 fairly good now. We don't put people in charge  
9 of the roads who aren't qualified engineers and  
10 so on and so forth, and -- but that's worth  
11 looking at to be sure that we're -- that our  
12 charter covers that completely because it has  
13 changed from time to time.

14 City Council -- one of the big issues in  
15 the City Council -- by the way, why did we end  
16 up with 19 City Council? Well, the charter  
17 Revision Commission, the study commission  
18 recommended 21. The beauty of that was simply  
19 that it was an odd number and so we couldn't  
20 have a tie vote, and the idea was it would be  
21 small districts.

22 Well, we got concerned about that and the  
23 legislature changed it to 14 districts.

24 Well, then the big worry was, well, with  
25 14 districts, they may be doing the Senatorial

1           courtesy stuff that the County Commission had  
2           been doing. County Commission had a neat little  
3           trick of -- there were five of them. And if  
4           there was zoning in one of them's district that  
5           the people didn't want, he would vote against  
6           it, but he'd get his other guys to vote for it  
7           and then it passed.

8                     And there's been some of that in our City  
9           Council, but not nearly as bad as it was in the  
10          old days.

11                    But the idea was if you had five at-large,  
12          then that would kind of balance the question  
13          of -- of the deals between the districts and so  
14          forth, and also give a broader 10,000-foot  
15          perspective of the whole community.

16                    And so that's what we ended up with. And  
17          we had -- I think there were about 30- or 40,000  
18          in each district to begin with. I would say --  
19          you ought to check this and see. I think we're  
20          now up to 75- to 100,000 people in each  
21          district, which is beginning to get a little bit  
22          difficult, although we created the CPACs, the  
23          neighborhood groups, and I would recommend  
24          that -- that was a good idea, and it ought to be  
25          strengthened and nurtured, and let's make those

1 CPACs work better so that we have better input  
2 from the community to the City Council and the  
3 mayor, and I think that would be a good thing to  
4 do.

5 We had a little controversy --  
6 interestingly enough, Earl Johnson, who had been  
7 on the study commission, ran for an at-large  
8 seat and won, and so we ended up -- we had made  
9 sure that there were going to be four black  
10 districts, and this gives us a fifth one.

11 And it stayed that way pretty much ever  
12 since, but there did come a time, 28 years ago  
13 or so ago, Harry Reagan and I were on a  
14 commission to look at the question of whether we  
15 should have at-large councilpeople, and we  
16 decided that, yes, we should, for the same  
17 reasons we had them in the first place, but what  
18 we might do, to make sure that we have good,  
19 broad representation, even though they run  
20 at-large, they have to live in their -- in one  
21 of those five districts, and so we ended up with  
22 a district that was -- I don't know how much,  
23 but 70 percent black, and that pretty much  
24 assured that -- an at-large councilman from the  
25 black section, and I think that's worked fairly

1 well.

2 And I would recommend that we not change  
3 that, but I would like to see a look at a  
4 redistribution of the county districts. They  
5 were supposed to do that after the census, but  
6 that's going to be a while before we get to the  
7 census. It will be, what, 2012 before we'll  
8 know what the census is.

9 We need to be thinking about revising the  
10 council districts to make them more equal. Some  
11 of them, I'm sure, are over 100,000, some of  
12 them are less than 75,000, so it's worth knowing  
13 about and thinking about and seeing whether  
14 something needs to be done about it.

15 Now, in this little family corporation that  
16 I'm talking about, where would the independent  
17 agencies fit? Well, to put that in perspective  
18 for your study, I would suggest that independent  
19 agencies should be like Cadillac and Chevrolet  
20 are to General Motors. They're divisions,  
21 they're separate, they design their own cars,  
22 they build their own cars, they sell their own  
23 cars, but they still are responsible to General  
24 Motors for their budgets and for their policy  
25 and for the things that they do.

1           And maybe that's not a very good analogy,  
2           but it's as good as I can think of.

3           And that is -- and I would say -- and I'm  
4           going to speak to this a little bit later. I  
5           think the independent agencies have -- because  
6           they have strong leadership and very capable  
7           people, have tended to become a little bit too  
8           independent. And we need to look at that and  
9           see how we can bring them back into a more warm  
10          relationship with the City and be a part of the  
11          City and contribute to the City, and we'll talk  
12          about that a little bit more later.

13          I understand I've got an hour and I'm going  
14          to use 30 minutes and have 30 minutes of  
15          questions, right?

16          THE CHAIRMAN: Yes, sir.

17          MR. RINAMAN: And I have used about 15 or  
18          20 minutes; is that right?

19          THE CHAIRMAN: Yes.

20          MR. RINAMAN: Thank you.

21          Another thing we worried about with the  
22          City Council was term limits. I was the chair  
23          of the JCCI study in 1988 that recommended  
24          nonpartisan elections and term limits. The  
25          study originally had recommended nonpartisan



1 elections.

2 We have always had partisan, and we did  
3 change -- with the referendum, we -- to  
4 unitary. Now, "unitary" means you can have a  
5 party label, but there won't be any party  
6 primary. You just -- all the Democrats,  
7 Republicans, and whoever else run. And whoever  
8 is in the runoff -- it doesn't matter what party  
9 they're in -- you'd have a runoff, and that's  
10 the end of that.

11 I think that pretty much solved the  
12 problem, but I would say to you that, as in  
13 1966, it is still true, that there is no place  
14 at all for partisan politics in the City Council  
15 or in the mayor's office. We don't do that kind  
16 of thing and we shouldn't do that kind of  
17 thing. It's injurious to us.

18 If we do do it and get famous for it and we  
19 get a governor from the other party, we're in  
20 deep trouble. And we don't have any partisan  
21 issues, no party issues. Occasionally we've had  
22 some, but it's because of the party leadership  
23 intruding upon us and trying to get us to do  
24 something that they want to do, and they don't  
25 even have anything to do with city government.

1           So I'd still like to see us go to  
2           nonpartisan, but I think unitary pretty much  
3           solves the problem, it might not be worth the  
4           effort. You'll be in a big fuss from the  
5           parties if you do.

6           There is a move or a suggestion that we try  
7           to have staggered terms. That was one of the  
8           recommendations. If we did term limits, we  
9           ought to have staggered terms.

10          Well, having said that, you have to sit  
11          down and think about it and figure out how in  
12          the heck you can do staggered terms. It's  
13          really hard to do.

14          And one thing that's been suggested is to  
15          move the elections to the regular elections in  
16          November of every two years or every four years  
17          and stagger terms that way, but I think it would  
18          not serve us well to have our City elections at  
19          the same time as state and national elections  
20          because it gets buried and we lose something  
21          there.

22          On the other hand, it can be argued that we  
23          have a lower turnout for City elections when the  
24          state and nationals are not on the ballot, so  
25          that's an interesting issue.

1           The suggestion that I like best is to move  
2           our elections to the fall, but not at the same  
3           time as the national elections and the state  
4           elections, and then stagger the terms.

5           Now, when you stagger the terms, you have  
6           to deal with this problem: Somebody is going to  
7           end up with a short term or a long term. Half  
8           the council is going to end up with either a  
9           short term or a long term. And it's your job,  
10          because you're not elected, to bite the bullet  
11          and say, "That's too bad; here's what we're  
12          going to do."

13          And if you do it, you'll have to encounter  
14          that problem. It will have to be done for the  
15          first round.

16          One of the little things that nags at me in  
17          the City Council is the Tourist Development  
18          Council. In the 1980s, the legislature, in its  
19          wisdom, passed a law that said that we're going  
20          to have a Tourist Development Council that was  
21          funded by a bed tax. And it was a large amount  
22          of revenue, and when it came to -- and it said  
23          that the County Commission would appoint the  
24          members.

25          Well, when it came down here, we had a

1           General Counsel who was on the low end of the  
2           capability scale, and he apparently recommended  
3           to Mayor Godbold that -- since it was the County  
4           Commission, that the Tourist Development Council  
5           ought to go to the City Council. And that's  
6           where it went, and the City Council has run it  
7           ever since.

8           Well, our charter says that all executive  
9           and administrative functions will be in [sic]  
10          the mayor of the County Commission and all  
11          legislative and budgetary functions of the  
12          County Commission will be in the City Council.  
13          So it's very clear that that shouldn't have  
14          happened.

15          Once it did happen, it became a little  
16          lollipop for the council. And some of them have  
17          abused it a bit by traveling all over the world  
18          on the bed tax, but the point is that it ought  
19          to be cleaned up and we ought to move the  
20          Tourist Development Council into -- be appointed  
21          by the mayor and be like an independent agency  
22          under the mayor, and the budget can be approved  
23          by the City Council.

24          Now, they do have members that are  
25          hoteliers and restaurateurs and so forth, which

1 are the kind of people we need, and -- but to  
2 clean up the council -- clean up the charter and  
3 be true to the concept of separation of powers,  
4 that ought to be moved.

5 And it won't be easy to move it. I've  
6 tried with some of my very best friends who were  
7 president of the City Council to convince them  
8 that they ought to do it, and they say, "Oh, no,  
9 we can't do it. Everybody likes it too much,"  
10 and so they haven't done it.

11 The other thing, along the same lines, is  
12 what the council likes to call lollipops.

13 In the 1980s, Jake Godbold was trying to  
14 get a bond issue passed. I think it was the one  
15 that was going to do the Riverwalk and that sort  
16 of thing -- it was a very laudatory thing -- and  
17 a lot of parks, and somebody in the City Council  
18 persuaded him that if they were going to vote  
19 for it that he should give them control -- each  
20 of them in each district should have control  
21 over a million dollars worth of that bond money  
22 for parks.

23 Well, that completely violates the charter  
24 and separation of powers and should not be done  
25 that way. But ever since then, every bond issue

1 we've had City Council has held up the mayor and  
2 said, you've got to give us our lollipop, and  
3 obviously they've gotten their lollipop and a  
4 million dollars to spend any way they want to  
5 for a particular subject or a particular matter.

6 And I don't know -- I think you have to --  
7 you don't have to put it in the charter because  
8 the charter already says they can't do that, but  
9 I would like to see us do something to prevent  
10 it from happening in the future, and it may take  
11 a little more language to do that.

12 It's not a council function to administer  
13 funds for development of parks or maintenance at  
14 parks and it just -- it distracts from the  
15 operation of the administrative departments to  
16 do that.

17 More importantly, it's been abused,  
18 predictably. We had one City Councilwoman who  
19 didn't spend her money for three years, which  
20 meant that the people weren't getting the parks  
21 that had been funded. And then when she did  
22 spend it, she spent it in another district,  
23 which wasn't her district, in order to get them  
24 to support her for the legislature, and that is  
25 corruption.

1           Corruption is not necessarily criminal  
2           conduct; it is conduct in which the city's needs  
3           are put below the personal needs of the  
4           politician, and that's true if they're getting  
5           support for an election or whether they're  
6           getting money for campaigns or whether they're  
7           getting bribes. It doesn't make any difference,  
8           it's still corruption if they're doing it for  
9           the wrong purpose, and that is personal gain.

10           So I think you should look at that and try  
11           to make sure that we prevent that from happening  
12           and -- the lollipops.

13           Salaries and aides. I have been on the  
14           warpath for years that the City Council should  
15           not be paid \$45,000.

16           The recommendation of the study commission  
17           was \$3,600, plus expenses. And the legislature,  
18           in its wisdom, gave them \$5,000, plus expenses.  
19           And the idea was that they would have more to do  
20           than the members of the independent agencies,  
21           but that they should not be paid very much  
22           because it was going to be a short-term public  
23           service. They might stay for two or three terms  
24           and not become career politicians or career  
25           City Councilmen anyway, and not become people

1           who depend on the government for their income.

2           And we've now reached the point where many  
3           of them are making more money as a City  
4           Councilperson than they ever made before in  
5           their lives, and I think that attracts people  
6           that we don't want to have on City Council. On  
7           the other hand, we are supposed to have  
8           representative government, and they certainly --  
9           many of them are representative of their  
10          constituents, and so maybe I'm wrong about  
11          that. Maybe I'm an elitist. I may very well be  
12          an elitist; I've been accused of that.

13          But, in any event, I have done a little  
14          research and I have to recant a little bit  
15          because I've discovered that the present value  
16          of \$5,000 in 1968 is \$32,000, and so they're not  
17          that far ahead of where they ought to be anyway,  
18          but it still is something that concerns me. And  
19          the same with the school board, as a matter of  
20          fact. I think we can do better with people who  
21          are willing to serve at some financial sacrifice  
22          than people who want to serve because the money  
23          is more than they can make otherwise.

24          The council also now has -- when we first  
25          started, the council had an aide for each



1 committee and they had a secretary, I think, for  
2 every two City Council. We're now to the point  
3 that everybody has got a secretary and everybody  
4 has got an aide.

5 I have argued this with a number of people,  
6 and generally people feel that the job has  
7 become so complex and so difficult that it's  
8 necessary, and so I'm not here to argue one way  
9 or the other about it. I just note that we have  
10 given the City Council a lot more help than they  
11 had the first 10 or 15, 20 years, and maybe that  
12 gets us down in the weeds too far.

13 Another thing that I would strongly  
14 recommend you look at is to create an office of  
15 ombudsman in the government. The problem being  
16 that the City Council gets a load of criticism  
17 from one of their constituents about a pothole  
18 or a drainage problem or whatever it may be.  
19 And depending on who that City Councilman is and  
20 how powerful they are, they may just pick up the  
21 phone and call the guy that's out there working  
22 on that part of the job and call the division  
23 chief or call the supervisor and tell him what  
24 to do, get out there and do this and do it  
25 first, put a priority on it, I want it done.

1           When you multiply that by dozens of such  
2           inquires for each City Councilperson, and 15 --  
3           or 19 City Councilmen, you end up with a lot of  
4           disruption.

5           The way it ought to happen, in my view, is  
6           that the City Councilperson would call perhaps  
7           the chief administrative officer or somebody in  
8           his office and ask them to handle it. The  
9           problem is that the multiplicity of problems is  
10          such that they don't get a huge, fast response.

11          So my idea is that -- and this is done in  
12          some communities -- if you have an office of  
13          ombudsman either equal to or under the chief  
14          administrative officer, and that ombudsman then  
15          had people in each department and division who  
16          were liaisons for ombudsman purposes with that  
17          person and the City Council was told, you can't  
18          call these administrative people, you have to  
19          call the ombudsman or the mayor or the CAO, I  
20          think that would solve the problem.

21          I don't think the City Council will like  
22          that, but I think it will help the government  
23          operate a lot better if we had some kind of  
24          system like that.

25          The General Counsel is another issue that

1           you'll be looking at. This was a very important  
2           idea that we came up with in the study  
3           commission, to have central legal services, also  
4           central purchasing and central data processing,  
5           central everything.

6           Some of the independent agencies have  
7           argued their way out of that, and maybe that's  
8           okay. The truth is that the great opportunity  
9           is to do a lot of that purchasing through the  
10          State because you get even more advantage by  
11          going through the State, and our purchasing  
12          people do that quite often.

13          But, in any event, as to legal services, in  
14          the old days, we had about 14 different law  
15          firms that represented 14 different public  
16          officials and bodies and boards, and they were  
17          all paid handsomely and they would take on any  
18          issue that their client wanted, or, for that  
19          matter, create an issue that they wanted their  
20          client to take on, and -- and they would go and  
21          fight with the other agency about it, go all the  
22          way to the Supreme Court and spend in those days  
23          what was 150-, \$200,000. In these days, it  
24          would be million, a million and a half dollars.  
25          And when they got through, somebody won. And

1 the loser would come back and get the  
2 legislature to change the law so that he won.

3 And so what we devised was this idea that  
4 everybody would use the General Counsel's Office  
5 and the General Counsel would assign lawyers to  
6 all the different agencies and officials and so  
7 forth, notably City Council, and that they -- if  
8 the -- if that agency or the City Council wasn't  
9 satisfied with that lawyer, they'd tell the  
10 General Counsel and he'd get them another  
11 lawyer, but it would always be in-house.

12 That created a situation where the General  
13 Counsel's Office became the nerve center of the  
14 City because lots and lots of issues out there  
15 in the hustings that this arm might not know  
16 about that happened over here would be  
17 discovered because it came through General  
18 Counsel's Office and General Counsel would  
19 recognize, well, this affects this other agency  
20 when you think about that.

21 And it also cut way down on the cost. We  
22 paid over half a million dollars in '66 for  
23 outside legal services and we paid about  
24 \$340,000 the first several years of the new  
25 consolidated government and we had a much more

1           efficient and comparable organization.

2           Now, the issue that comes up now is, is  
3           there a conflict of interest between the mayor  
4           and City Council or the independent agencies or  
5           whatever? And the question, then, is, how can  
6           there be a conflict of interest?

7           The General Counsel's job is to represent  
8           his client, which is the entire City of  
9           Jacksonville, and he does it by assigning  
10          lawyers to each of these organizations. And if  
11          they had a dispute, he gets the lawyers for the  
12          one agency and the lawyers for the one or two  
13          other agencies to brief it and argue it to him  
14          and then he drafts a binding advisory opinion,  
15          the same as a judge would do if you went to  
16          court, but you're not spending the money that  
17          you would if you went to court.

18          And that General Counsel's advisory  
19          opinion, then, is the law unless somebody is  
20          dissatisfied with it and wanted to go to the  
21          City Council or the legislature and change the  
22          law, just as they would if they lost in court.  
23          And we save all that money and we get all of  
24          that liaison and all that nerve center, and so I  
25          think that you will conclude that we're better

1 off with the system that we've got than to try  
2 to make any changes to it.

3 I do think that the General Counsel can be  
4 more careful to be sure that each of his clients  
5 are satisfied with the lawyer that they have,  
6 and I do think that it needs to be emphasized --  
7 and I've talked with Rick Mullaney about this  
8 and he says they're very true to this, but  
9 nobody really realizes it.

10 And I've suggested that he publish a policy  
11 statement for the General Counsel's Office in  
12 which it's clear that -- for example, if Steve  
13 Rohan is in here working with a City Council  
14 committee and they're talking about maybe we'll  
15 do this, something that maybe the mayor wouldn't  
16 like, that Steve doesn't run back and tell the  
17 mayor, and that there's confidentiality.

18 Lawyers have confidentiality for their  
19 clients, and that's a principle that should be  
20 adhered to and -- on the other hand, some of  
21 those who want to have their own outside lawyer,  
22 what they really want is a mouthpiece who will  
23 do what they say, and the whole purpose of the  
24 General Counsel's Office is to make sure various  
25 public officials follow the law and don't do

1           whatever they want to and risk getting sued  
2           about it.

3           So that's something I would be happy to  
4           discuss with you further, and I know you'll hear  
5           from Rick Mullaney about it and -- but you need  
6           to address that and reach a conclusion as to  
7           whether or not you think there has to be a  
8           change or whether there can be things done to  
9           prevent us from having to change this General  
10          Counsel system of government which has worked  
11          very, very well for all these 20-something  
12          years.

13          The constitutional officers. We have a  
14          sheriff, a supervisor of elections, a tax  
15          collector, a property appraiser, and clerk of  
16          the court. We have had lawsuits with the clerk  
17          of the court about four times in the last  
18          40 years, always won, but they resist being  
19          controlled by the City Council or the mayor or  
20          anybody else, and they claim to be  
21          constitutional officers.

22          Our charter allows us to abolish those  
23          offices or to make them appointed, and we do  
24          control their salaries, and -- and so we can do  
25          anything we want to.

1           The recommendation was that they should all  
2           be appointed. Why? Because the supervisor of  
3           elections, the tax collector, the property  
4           appraiser are all administrative professional  
5           people and they should be people who know how to  
6           do that job and they should be appointed with  
7           that capability, just like any other department  
8           head.

9           But as a political compromise, the  
10          legislature left them elected, and then that  
11          brings us to the sheriff. The sheriff was  
12          supposed to be appointed because why? He is the  
13          police chief under the mayor. The mayor doesn't  
14          really have control over the sheriff, as the  
15          sheriff, because the sheriff reports to the  
16          governor and can only be removed by the  
17          governor.

18          So if and when we ever had a big conflict,  
19          like we had with Ernie Mastroianni and the mayor  
20          some years ago, as a tax -- the property  
21          appraiser, if we had a conflict like that in the  
22          midst of a hurricane or a riot or an emergency  
23          of some kind, we'd have a mess because the mayor  
24          can't tell the sheriff what to do.

25          The council does have control over the



1           sheriff's budget, but -- but, fortunately, we've  
2           always had very, very good relations between the  
3           mayor and the sheriff and it's never been a  
4           problem.

5                     That is something that, as a purist, I  
6           would recommend that you do. But as a  
7           politician, I can tell you that it's almost  
8           impossible and it may not be worth the effort,  
9           particularly since we've gotten along fairly  
10          well without doing that. But, again, the  
11          charter should have had those people as  
12          appointed officials.

13                    Now, the independent agencies. These are  
14          supposed to be business enterprises that have  
15          their own revenues for the most part and are  
16          insulated from politics to some extent. They  
17          still have to get their budget approved by the  
18          City Council and they still have to relate in  
19          some way to the mayor, and the board members are  
20          appointed by the mayor and confirmed by the  
21          council, and we've had very good luck with  
22          that.

23                    I would say at least 80 percent of the  
24          board members have been extremely capable and  
25          responsible people over the years in the

1 different agencies, but for somehow or another  
2 when they get on that board, they become  
3 dedicated to the independence of that agency and  
4 they go overboard a little bit, and I'll discuss  
5 that a little bit.

6 First the JTA. Well, the JTA is different  
7 than all the rest. It is a State agency, and it  
8 has three members that are appointed by the  
9 governor, three by the mayor, and then it has  
10 the secretary of the DOT, who is an employee of  
11 the governor, who is to serve as a seventh  
12 member.

13 That was -- started out as the Expressway  
14 Authority, and we got our expressways built  
15 because of that, based on bridge tolls, years  
16 ahead of the interstate highway. So when the  
17 interstate highway was built, we were way ahead  
18 of all the other cities in Florida and the  
19 interstate highways were built on our  
20 expressways and used our bridges. And, as a  
21 result, the Fuller Warren Bridge was the only  
22 drawbridge in the entire interstate system  
23 because they didn't allow drawbridges on the  
24 interstate system, except when they used ours.

25 That was a very powerful organization.

1           Hans Tanzler, in 1971, asked me to get it  
2           transferred over so that it would be responsible  
3           for mass transit as well, the idea being that  
4           the Expressway Authority was so powerful that  
5           money for roads would always be spent for roads  
6           and never be spent for mass transit, and we had  
7           to somehow require them to be responsible for  
8           both. And we did, and it's worked very well.

9           I would like to see -- for years I would  
10          have liked to see the JTA become more under the  
11          City, where they don't use the General Counsel's  
12          Office because they're a State agency, and they  
13          can get by with that. They don't have any of  
14          their budget really approved by the City  
15          Council, but most of their money doesn't come  
16          from the City Council other than contractual  
17          work like the Better Jacksonville roads that  
18          they contracted with the City to do.

19          I've now changed my mind because it's  
20          apparent that we need to have a regional  
21          transportation authority, and that means we've  
22          got to incorporate two or three or four more  
23          counties into that, and that will make it more  
24          of a State agency than it ever has been.

25          And so I think we have to put our money on

1           expanding the JTA. And that's an issue also  
2           because the City of Jacksonville is afraid of  
3           the small counties, small counties are afraid of  
4           the City Jacksonville, and so I think the way we  
5           do that is the way you cook a frog; you keep the  
6           JTA, create the regional transportation  
7           authority -- and, by the way, legislation was  
8           just passed that allows that to happen -- and  
9           let the JTA continue to do its job and do  
10          interlocal agreements with the other counties to  
11          do DOT and county jobs in those counties and let  
12          them get to know each other and work together  
13          and fund projects jointly and particularly doing  
14          projects that cover two or three counties, like  
15          9B, and I think we'll finally end up with a  
16          full-fledged regional transportation authority,  
17          which is what we really need.

18                 The JEA. Before consolidation, the City  
19                 got 75 percent of its income, its revenue from  
20                 the JEA by taking 35 percent of the JEA's  
21                 revenue, which left the JEA without any money  
22                 for maintenance or replacement or new projects  
23                 or anything else. But the City fathers, in  
24                 those days, didn't want to raise property taxes,  
25                 and so they just let -- rode the JEA.

1           Well, in the charter we said, the JEA --  
2           you can't take more than 30 percent from the  
3           JEA. We encouraged them to take less. And  
4           with -- the idea is the JEA should contribute to  
5           the city what? They are a public utility, so  
6           they don't pay federal taxes, state taxes, local  
7           taxes, or property taxes, and they don't pay  
8           shareholder dividends. So, theoretically, the  
9           equivalent of that, which I would estimate is  
10          around 20 percent, ought to come into the  
11          revenues of the City rather than having them be  
12          a private company that paid that.

13                 What they have done is they allow, like,  
14          10 percent discounts on electric rates to the  
15          City, to the school board, and to the Navy, and  
16          that's a good move, but they have -- and I don't  
17          know how this happened and you need to ask  
18          somebody, but somehow they reached the agreement  
19          with the City Council not to take more than  
20          5 percent of their revenues for the City -- and  
21          I think that goes up a little bit each year --  
22          on a five-year contract. I think that's too  
23          low.

24                 And the other side of it is that the JEA  
25          has never contributed anything in lieu of

1 property taxes to the school board, and I think  
2 they should.

3 Now, the argument against it has to do with  
4 capital improvements. And the JEA certainly has  
5 to do a lot of capital improvements for water  
6 and sewer, electric, getting our electric lines  
7 underground, and all those kinds of things.

8 And the other argument is that, oh, well,  
9 we didn't -- we don't give the City more than  
10 5 percent of our revenues, but we give everybody  
11 15 percent or 20 percent less electric rates  
12 than other utilities around the state.

13 So what do you want? Do you want lower  
14 rates or do you want more revenue?

15 Well, the City needs more revenue now, bad,  
16 and I think that -- the same with the taxes.  
17 We're so low on taxes now that we just have to  
18 increase our taxes a little bit, and we'll still  
19 be, by far, the lowest in the state. And the  
20 same with the electric rates. Our electric  
21 rates could go up a little and we'd still be, by  
22 far, the lowest in the state.

23 And so that's an issue, and it really is  
24 something that the mayor and the City Council  
25 ought to be able to handle. And I don't know

1           that you want to make a change to the charter,  
2           but you might want to make a comment about the  
3           problem because it is a critical thing with  
4           regard to revenues.

5           The JCCI has just written a big, long  
6           report on City finances that includes all of  
7           this. You might want to read it.

8           The great thing that happened is the -- we  
9           didn't create the water and sewer authority we  
10          recommended in the first place, but in '92 or  
11          '94 or something like that, they moved the water  
12          and sewer to the JEA, and the JEA has done a  
13          wonderful job with that.

14          And, by the way, don't -- I don't want to  
15          criticize the JEA. They have been an  
16          outstanding business organization and they've  
17          done a wonderful job for us, and that's  
18          particularly true with the expansion of water  
19          and sewer.

20          Now, there -- don't be confused about the  
21          utility tax and the franchise fee.  
22          Mr. Dickinson would like you to think that the  
23          JEA is contributing that to the City, but it's  
24          not. It doesn't come out of JEA revenues. It's  
25          just a charge that the users pay to the City, a

1 franchise fee in the utility tax. So it's not  
2 an issue having to do with whether it's  
3 20 percent or 5 percent of revenues of the JEA.

4 Another problem we've encountered with the  
5 JEA I never have understood -- I haven't talked  
6 to anybody about it, so I guess I don't know  
7 what I'm talking about, but I know that the  
8 mayor had to create these new fees for solid  
9 waste and the storm water drainage and that sort  
10 of thing, and the utility tax and the franchise  
11 fees are on the JEA bill and they relate to JEA  
12 electrical service, but the JEA for some  
13 unaccountable reason has refused to put those  
14 other fees on their bill, which would be a very  
15 inexpensive and efficient way to bill the people  
16 for those things.

17 And they have said that it would cost an  
18 awful lot of money to do it, and I don't  
19 understand that either because it's not going to  
20 take very much to add a couple of lines to the  
21 bill.

22 But, in any event, that's an issue that  
23 probably hasn't got to do with the charter, but  
24 it needs to be resolved. It's an indication  
25 that the JEA has become a little bit too



1 independent. They ought to be more responsive  
2 to the mayor and the City Council in that, which  
3 is not to take away from their outstanding  
4 performance.

5 Another thing is underground lines. We  
6 have not been moving as fast as we would like to  
7 on underground lines, but most importantly  
8 because of the exigencies of the Better  
9 Jacksonville Plan and the pavement and so forth,  
10 we've got a number of incidences where we have  
11 put in two years' worth of new pavement on a  
12 road and a year later the JEA comes out and  
13 tears it up to put in water and sewer and  
14 underground lines. We need to coordinate that  
15 better.

16 And, again, my charge to you is to see if  
17 there's a way to put into the charter and into  
18 the independent agency -- JEA -- charter some  
19 higher level of coordination of responsibility  
20 between the mayor and the City Council,  
21 particularly the mayor and the JEA.

22 The JPA is almost entirely run on revenues  
23 of their enterprise, the ports, but it would be  
24 good if we had a little better coordination with  
25 them and a heads-up so that they and the mayor,

1           for example, could be on the same sheet of music  
2           on the cruise terminal or on the CSX sharing of  
3           rails to Blount Island or whether we're going to  
4           build roads for 10,000 trucks a day or 5,000  
5           trucks a day, depending on whether Norfolk and  
6           Southern is allowed to come into Blount Island  
7           on CSX tracks. And these are things that can  
8           only be accomplished if we have the power and  
9           glory over the City and the JPA working on it.  
10          Again, some way to get better coordination or  
11          require better coordination.

12                 The JAA is funded almost entirely from FAA  
13          funding, but they're also out here trying to  
14          develop Cecil Field, and the City's out here  
15          trying to develop Cecil Field, and we need to  
16          get them on the same sheet of music, which  
17          they're not, for some reason or another, in that  
18          development. Again, it's a matter of requiring  
19          better coordination between the independent  
20          agencies and the mayor's office.

21                 We have -- all of those have to have their  
22          budgets approved by the City Council, so I think  
23          the City Council, part of it is working all  
24          right.

25                 The school board. My senior partner,

1 Pat Conroy, who's now deceased, had an uncle  
2 named Pat Conroy who was the chairman of the  
3 Board of Trade -- it used to be -- it's now the  
4 Chamber of Commerce -- in 1910.

5 In 1910, we had a school crisis. We didn't  
6 have enough money to educate the children and to  
7 have enough teachers. The Chamber of Commerce  
8 went out and raised, I think, about \$50,000,  
9 which was a hell of a lot of money in those  
10 days, to try to help the schools.

11 We've had this happen time and time again.  
12 We are still.

13 In the 1950s, Pat Conroy was the chairman  
14 of the school board and he later became the  
15 pro bono lawyer for the Duval County taxpayers  
16 and went out and made just market value so that  
17 we could have 70,000 people in our community,  
18 who weren't paying taxes, start paying taxes. I  
19 think that was one of the things that helped to  
20 spur consolidation.

21 But we have never ever been able to get our  
22 schools straightened out. They were just  
23 accredited and they got them out of  
24 disaccreditation by getting a high-powered guy  
25 named Cecil Hardesty to come be the

1 superintendent. We got the superintendents to  
2 be appointed instead of elected. And Cecil did  
3 a great job, but it wasn't enough. And we've  
4 had two or three good superintendents since  
5 then, and we got a really great one now, who is  
6 fantastic, but we can't get out of the ditch,  
7 and I don't think we ever will get out of the  
8 ditch. And the -- and I think the problem is  
9 it's too big. I think 120,000 students and  
10 however many teachers and so forth and however  
11 many schools is just too much.

12 And we have a similar problem from time to  
13 time in the city -- in the school board with  
14 some members of the school board who tend to  
15 spend all of their time telling the principals  
16 how to do things, and they shouldn't be doing  
17 that, and -- and it's not true of all of them,  
18 but it comes up from time to time.

19 So my recommendation would be -- and we can  
20 do this legally, although some people will tell  
21 you that we can't. We can break our school  
22 board up into two or three or four districts and  
23 have separate appointed school board members for  
24 those districts, and we can still have an  
25 umbrella, administrative school superintendent

1           appointed over all of them to divide up the  
2           budget and to set policy and so forth, and we  
3           can make it more manageable than it is.

4                   And I don't know what else to do. You  
5           can't throw more money at it because it's never  
6           done any good to throw more money at it. And  
7           you can't solve it with better leaders because  
8           we've had very good leaders. And so my answer  
9           is divide and conquer, and I think there's a way  
10          to do that.

11                   It's probably bigger than anything you can  
12          address in your report, but you might consider  
13          recommending that a study be done and that  
14          something be done to save us from our school  
15          board because we are really hurting and I don't  
16          think we're going to get any better off than we  
17          are now without making some major change of some  
18          kind.

19                   I also think that in our consolidated  
20          government the mayor ought to have some  
21          responsibility for the schools, and maybe  
22          there's a way to do that. Again, this has to do  
23          with pinpointing responsibility.

24                   Right now the mayor can say, "I don't know  
25          anything about it; the school board will take

1 care of it," although our mayor has done a  
2 tremendous job and got involved with the  
3 Rally Jacksonville early education program,  
4 which is a step in the right direction.

5 The Ethics Commission. Interestingly  
6 enough, we had a very strong ethics code in the  
7 original charter, Section 20 -- Article 20.

8 In the 1980s, when a lot of things  
9 disappeared, it was abolished. And we didn't  
10 need ethics, and we demonstrated it by having  
11 about 11 or 12 public officials indicted and put  
12 in jail.

13 And so then in '92, we created an Ethics  
14 Commission, but the Ethics Commission is only a  
15 kind of advisory board. You go to the Ethics  
16 Commission and say, "This is what I want to do,  
17 can I do it," and they say whether you can do it  
18 or not.

19 And then we created in '97 an ethics  
20 officer, Carla Miller. You're going to hear  
21 from her. And she and Rick Mullaney drafted a  
22 new ethics code, which is in the City Council --  
23 in the City ordinance, it's a code.

24 I would like to see reestablishment of an  
25 ethics code in the charter, which is the bare

1 bones, the fundamentals of what we want in our  
2 ethics code, and see that -- and then have an  
3 ordinance code that fleshes it out. And so I  
4 think we should restore some sort of ethics code  
5 to the -- to the charter.

6 Here is some language that was in the  
7 original charter and is now in the ethics code  
8 which points out what I was trying to tell you  
9 earlier:

10 "Ethics is more than the avoidance of  
11 criminal behavior. It is a commitment for  
12 public service to take individual responsibility  
13 in creating a government that has the trust and  
14 respect of its citizens."

15 That's what ethics is all about, so that  
16 the people trust in the government officials.

17 "This needs to be a proactive approach in  
18 strengthening the emphasis on ethics guiding  
19 City officers and employees and upholding them  
20 and preserving the integrity of responsible  
21 government in its decision-making process."

22 That's the concept, and that's where I get  
23 my point that it's not just bribery and larceny  
24 that's corruption, it's using public office for  
25 personal gain that's corruption, even if it's

1 just to get elected or reelected.

2 All right. The True Commission. The  
3 finance study by the JCCI --

4 THE CHAIRMAN: Mr. Rinaman, I just wanted  
5 to make you aware, you have spoken for about  
6 55 minutes --

7 MR. RINAMAN: Am I over?

8 THE CHAIRMAN: Well, I would like for  
9 commissioners to have a chance to ask you  
10 questions.

11 MR. RINAMAN: All right. Well, I'm just  
12 about through.

13 THE CHAIRMAN: Thank you.

14 MR. RINAMAN: I would recommend that you  
15 read the new JCCI finance study, and in it they  
16 point out that the True Commission, it is a  
17 very, very good operation for handling our  
18 taxes, but that it doesn't have enough staff and  
19 doesn't have enough authority and it needs to be  
20 beefed up a little bit.

21 And the last thing I was going to talk to  
22 you about was just ways to amend the charter,  
23 and I will dispense with that because you can  
24 ask Rick Mullaney about it and what you need to  
25 do. And Rick has already sent me a little white



1 paper on it.

2 Wyman, you need to get a little rundown on  
3 that so that everybody will understand the four  
4 or five different ways the charter can be  
5 amended and the ways that it can't be amended.

6 So, with that, I'm going to assume that  
7 you've read my little speech, which is something  
8 I've updated every year or so for the 40 years  
9 now and use it whenever I go and speak, not  
10 necessarily all of it, and so you've seen the  
11 factors favoring consolidation and what we need  
12 to do next and that sort of thing.

13 I'll be happy to answer any questions.

14 THE CHAIRMAN: Commissioners, as a  
15 reminder, if you would like to speak, please  
16 press the blue button and I'll recognize you in  
17 the order in which you click in.

18 While you're doing that, I have a question  
19 for Mr. Rohan, a follow-up on -- first of all,  
20 if General Counsel Mullaney has sent Mr. Rinaman  
21 a white paper about amending the charter, if we  
22 could get a copy of that, that would be helpful  
23 to us certainly.

24 And also I know you're working on a memo or  
25 a description of what authority exists in the

1 charter to amend certain aspects of it, is it  
2 just City Council, and I was just wondering what  
3 the status of that is.

4 MR. ROHAN: I was prepared to speak on it,  
5 however -- actually, I sent to Mr. Mullaney the  
6 comments that he sent to Mr. Rinaman, and we can  
7 formalize those in a memorandum and distribute  
8 it either at a meeting or separately if you'd  
9 like.

10 THE CHAIRMAN: I spoke yesterday with  
11 Mr. Mullaney. He's planning to speak to the  
12 Commission on the 30th, at our meeting on the  
13 30th. It would be helpful, I think, if you  
14 could circulate it in writing ahead of that  
15 meeting so we can review it and be prepared to  
16 discuss it.

17 MR. ROHAN: I will do that.

18 THE CHAIRMAN: Thank you.

19 Commissioner Oliveras.

20 MR. OLIVERAS: Thank you, Mr. Chairman.

21 Mr. Rinaman, first of all, thank you for  
22 being here. Your paper was -- it was time well  
23 spent reading it. I appreciate that.

24 With regard to the school board, your  
25 comments about breaking up into multiple

1 districts, would we incur significant overhead  
2 and infrastructure costs? Has anyone talked  
3 about that with -- what would the expense be?

4 MR. RINAMAN: I think it can be done  
5 without additional cost, but it needs to be  
6 planned and it needs a lot of work. It needs a  
7 study by some other group than you. The best  
8 you can do is to say, we need to make a change  
9 and it ought to be studied and it ought to be --  
10 it's going to take a major issue. It's going to  
11 be like this consolidation study commission  
12 was. We're going to have to really look at it.

13 And we're also going to have a terrible  
14 problem. Even if we get our own school board  
15 members to go along with the idea, when we go to  
16 the legislature to get it done, all the school  
17 boards in the whole state are going to oppose it  
18 and we're going to have a heck of a time, but we  
19 do have our charter as cover and we can say it  
20 can only happen here.

21 MR. OLIVERAS: Thank you.

22 THE CHAIRMAN: Commissioner Barrett.

23 MS. BARRETT: Thank you, Mr. Chairman.

24 Mr. Rinaman, you had mentioned -- and I  
25 think it was about 20 years ago when you came

1 before this commission, and I think it was  
2 recommended -- and you mentioned this. I think  
3 that that commission recommended to do away with  
4 the five at-large council folks and just have  
5 the 14. And, as I recall, you came here, as  
6 well as others who said that we need the five  
7 at-large district councilmen or women, no matter  
8 how they're elected, but that's a very important  
9 part of consolidation.

10 Do you agree with that?

11 MR. RINAMAN: Yes, I do. And I was on a  
12 committee with Harry Reagan either as a result  
13 of that or before that, around that time, in  
14 which we studied it with five or six other  
15 people and concluded that the solution was  
16 really to make sure that each person had to run  
17 in their own district and then run at-large.  
18 And that, I think, has worked very well.

19 MS. BARRETT: Thank you.

20 And just one other quick question about  
21 this ombudsman.

22 Now, when I was in the mayor's office, it  
23 was created, the mayor's complaint office, and  
24 Mr. Hazouri continued it, as did the other  
25 mayors. And I think now it's -- people call in,

1           like, 630-CITY or something if they have a  
2           complaint or a problem in their district.

3                    Is your -- I don't understand what the  
4           ombudsman would do compared to what they're  
5           doing now with the City.

6                    MR. RINAMAN:  What I'm told is that we have  
7           an awful lot of City Council members and their  
8           staff who are calling the lower layers of the  
9           operational departments to get things done.  And  
10          if that's true, then this would be designed to  
11          funnel that rather than having direct contact  
12          with the lower levels down through and do it  
13          efficiently and --

14                   The problem is that it's perceived that  
15          they don't get an adequate or timely response,  
16          and -- and part of the problem is that the  
17          public tends to call their City Councilperson  
18          rather than the number you're talking about.

19                   MS. BARRETT:  Okay.

20                   THE CHAIRMAN:  Commission Austin.

21                   MR. AUSTIN:  Mr. Rinaman, thank you for  
22          your presentation and also the paper -- thank  
23          you for your paper and for your enlightening  
24          testimony here this morning.

25                   I'd like to ask you a couple of questions,

1 first about the school board. The original  
2 charter -- the original recommendation, the  
3 blueprint for consolidation by the people who  
4 had the genius to figure all of this out  
5 40 years ago, they were nonsalaried, were they  
6 not?

7 MR. RINAMAN: They were supposed to be.  
8 They were recommended to be nonpartisan and  
9 nonsalaried. We --

10 MR. AUSTIN: But still elected?

11 MR. RINAMAN: Still elected.

12 I think the recommendation was that they be  
13 appointed. I've got it right here, but I -- I  
14 can't tell you for sure, but I will say this:  
15 It doesn't make too much difference what they  
16 recommended because it didn't happen.

17 "The board should be nonsalaried, but they  
18 would be elected, nonpartisan."

19 MR. AUSTIN: Okay. This is 40 years  
20 later. There's been some -- I don't know if you  
21 call it a trend, but I think there's some  
22 movement in some of the larger cities to appoint  
23 a school board. Are you familiar with any of  
24 that?

25 MR. RINAMAN: Yes, and it is a movement.

1           And I'll tell you, an anecdote -- I have a  
2           good friend in Kokomo, Indiana. Kokomo, Indiana  
3           is a county of about 130,000 people, and they  
4           have five school boards with appointed boards  
5           and they have a 100 percent graduate rate and a  
6           2 percent dropout rate and everybody goes to  
7           college.

8           Now, they have a little different  
9           demography than we do, but still in all that's a  
10          pretty good recommendation.

11          MR. AUSTIN: Thank you.

12          Can I keep -- stop me if I take too long.

13          I'd like to switch to the JEA. It's my  
14          understanding in what you said that the JEA does  
15          not pay sales tax on the equipment they buy,  
16          they do not pay corporate -- they don't pay  
17          ad valorem taxes locally, they don't pay the  
18          corporate -- I don't think the --

19          MR. RINAMAN: Income tax.

20          MR. AUSTIN: -- the state corporate income  
21          tax --

22          MR. RINAMAN: Or federal.

23          MR. AUSTIN: -- and they don't pay federal  
24          income tax, right?

25          MR. RINAMAN: Right.

1           MR. AUSTIN:  And don't they have a  
2           preferred system for when they buy their  
3           bonds -- when they sell their bonds rather?

4           MR. RINAMAN:  They do.

5           MR. AUSTIN:  What is that?

6           MR. RINAMAN:  Well, they have -- they have  
7           a bond rating, it's very high, because they do a  
8           very good job.  And I'm not sure if they get a  
9           special dispensation because they're a public  
10          corporation, maybe they do.

11          MR. AUSTIN:  And what -- their dividend  
12          would be whatever they contributed to the City  
13          of Jacksonville?

14          MR. RINAMAN:  Right.

15          Now, their dividend would be to the  
16          stockholders if they were a private corporation.

17          MR. AUSTIN:  I don't know if you know the  
18          answer to this, but I'm -- I assume Florida  
19          Power & Light would pay all of those taxes, plus  
20          a dividend?

21          MR. RINAMAN:  Right.

22          MR. AUSTIN:  And they -- the JEA was paying  
23          30 percent before consolidation and they're  
24          paying somewhere in the neighborhood of  
25          5 percent now?



1           MR. RINAMAN: It was 35 percent before  
2           consolidation. And in the charter we were  
3           afraid that -- make it too low because the City,  
4           at that time, depended on it for 75 percent of  
5           their income, so we just said 30 percent in the  
6           hope that they leveled it out, and they have  
7           leveled it out. And I think 30 percent is too  
8           much and maybe 20 percent is, but 5 percent is  
9           too low.

10          MR. AUSTIN: Okay. I have one more  
11          question, and I think you hit on it, but -- we  
12          have the relationship with the mayor, with the  
13          independent agencies. The theory of the  
14          independent agency is to be able to conduct  
15          business without political interference and run  
16          as a business enterprise, which I think we all  
17          acknowledge is proper, but is there any  
18          coordination or is there any way you can have  
19          coordination between those agencies and the  
20          mayor who should really, under this form of  
21          government, the leader of the government, as to  
22          policy and where you want to take the City and  
23          the philosophical and political things where you  
24          want to move the City in a certain direction?  
25          Is there any way they can work on a more -- work

1 together better?

2 MR. RINAMAN: Well, I would have to refer  
3 that to the only person I know who's been both  
4 the mayor and a member of an independent agency,  
5 and that would Ed Austin, but --

6 MR. AUSTIN: Well, if y'all bear with me,  
7 I'll get there.

8 MR. RINAMAN: What I would say, what I'm  
9 trying to put across here is that we want a  
10 consolidated government that is surmounted by  
11 the mayor and where accountability and  
12 responsibility goes. And if he's going to have  
13 responsibility and accountability, he should  
14 have authority, and I'd like to see a stronger  
15 level of coordination rather than just take a  
16 chance on voluntary submission between him and  
17 the independent agencies and the school board.

18 MR. AUSTIN: All these things (inaudible)  
19 with the people are we're all trying to do  
20 something to improve the service to the people.  
21 That should be, I guess --

22 MR. RINAMAN: We don't want the mayor, on  
23 the other hand, to be able to say -- when  
24 somebody gets mad about the cruise terminal,  
25 "Well, that's not my problem; that's the Port

1 Authority's problem." Okay? We want the mayor  
2 to be a part of that.

3 MR. AUSTIN: I read somewhere "shared  
4 responsibility" means no one's responsible. I  
5 think that's probably a pretty accurate  
6 statement.

7 MR. RINAMAN: That's a good quote.

8 MR. AUSTIN: Let me ask you one more  
9 question. The property appraiser is elected,  
10 the tax collector is elected, the supervisor of  
11 election, I guess that's really the main -- and  
12 the sheriff.

13 Now, the original drafters of the charter  
14 and the original writers of the blueprint  
15 recommended that all those officers be  
16 appointed, correct?

17 MR. RINAMAN: Appointed as department  
18 heads.

19 MR. AUSTIN: What's the reasoning that the  
20 property appraiser or the tax collector should  
21 be elected when the director of public works or  
22 the director of recreation shouldn't? What's  
23 the theory there?

24 MR. RINAMAN: Because since 1820 they've  
25 always been elected.

1           MR. AUSTIN: The way it's always been?  
2           But 40 years ago, they recommended we  
3           appoint them?

4           MR. RINAMAN: Yes.

5           MR. AUSTIN: And we didn't.

6           Do you think that was a mistake in not  
7           appointing --

8           MR. RINAMAN: Well, I -- we made four or  
9           five major compromises that are outlined in my  
10          paper, and one of those has not been resolved,  
11          and that's this one.

12          All of those compromises, as it turned out,  
13          probably could have been not done. We did them  
14          because we were afraid we couldn't get the damn  
15          thing passed, and it turned out it passed with  
16          65 percent. And I suspect we wouldn't have had  
17          to let the beaches opt out, we wouldn't have had  
18          to let the constitutional officers be elected,  
19          and a lot of other things.

20          We have cured the Civil Service Board,  
21          which was a terrible problem, but that's been  
22          cured. And there's one other. I've forgotten  
23          what it is.

24          But, in any event, it is -- we've got a  
25          fairly good operation going with our

1 constitutional officers continue to be elected,  
2 but I think it would be a lot better if we would  
3 go ahead and make them appointed because they  
4 are professional jobs and they shouldn't be  
5 doing something that somebody can run for that's  
6 never done it before in their lives.

7 We've had, in recent years, some really  
8 good guys who have become -- who took those jobs  
9 and don't know anything at all about the jobs.  
10 They just depend on the staff that's there to  
11 teach them how to do it.

12 MR. AUSTIN: Thank you, Mr. Chairman.

13 Thank you, Mr. Rinaman.

14 THE CHAIRMAN: Commissioner O'Brien.

15 MS. O'BRIEN: Sir, thank you.

16 I wanted to ask for a clarification. Did I  
17 hear you correctly in that you personally  
18 recommended that we move the election process to  
19 the fall for our City Council members and any  
20 constitutional officers, assuming there is no  
21 change, but that it remain separate from state  
22 and national office?

23 MR. RINAMAN: I think that we would be  
24 better served with staggered terms, although I  
25 must say that I think the people who have come

1 in and had to do a quick study have done a good  
2 job of doing that and we can get by with what we  
3 have, but keep in mind, the way we got it now,  
4 you get elected in May and you take office and  
5 you have two months to learn about the budget,  
6 and that's not good. So the idea is to get  
7 staggered terms.

8 The best idea I've heard for that is to  
9 move it to the fall and have staggered terms.  
10 That will give people time after they're elected  
11 to learn about the budget and so forth, and --  
12 and then try to keep it away from being  
13 submerged in the national and state elections.

14 THE CHAIRMAN: I have no other speakers in  
15 the queue.

16 Mr. Rinaman, thank you very much for taking  
17 the time to come down here today and educate  
18 us. We very much appreciate it. I'm sure we'll  
19 be benefiting from your guidance as we move  
20 through this process on some substantive  
21 issues. So we, I'm sure, will be seeing you  
22 again.

23 MR. RINAMAN: I want to congratulate all of  
24 you for undertaking this onerous task.

25 THE CHAIRMAN: Thank you. Have a good day.

1           Our next speaker will be the Jacksonville  
2 Port Authority.

3           (Mr. Ferrin approaches the podium.)

4           THE CHAIRMAN: Good morning, Mr. Ferrin.

5           MR. FERRIN: Good morning, Chairman Duggan  
6 and good morning to the members of the  
7 Commission.

8           First of all, thank you very much for  
9 giving me this opportunity to speak before you  
10 this morning. I promise I will keep this as  
11 brief as possible, but in a period of about 15  
12 to 20 minutes, I hope to give you a really good  
13 picture of the Jacksonville Port Authority, what  
14 we do today, and what the challenges are that we  
15 have in our future, what the incredible  
16 opportunities are that we have in our future.

17           I think we have a -- probably the brightest  
18 future of any port of the East Coast of the  
19 United States.

20           Chairman Duggan, what I have done this  
21 morning is I've also brought my senior staff  
22 with me, with the exception of Eric Green, who  
23 is in Washington today trying to get money for  
24 us, as usual, but I have sitting here, from your  
25 right to left, I have Chris Kauffmann, who is my

1 chief operating officer. I have Michael Poole,  
2 who is my chief financial officer. Roy  
3 Schleicher, whom I've many times referred to as  
4 my secret weapon in marketing, and he is our  
5 chief commercial officer. And Nancy Rubin, who  
6 many of you, of course, know. Nancy is our  
7 director of public relations and also corporate  
8 communications.

9 THE CHAIRMAN: Welcome.

10 MR. FERRIN: Chairman Duggan, if you'd --  
11 first of all, I would tell you --

12 THE CHAIRMAN: Mr. Ferrin.

13 MR. FERRIN: Yes.

14 THE CHAIRMAN: It's pronounced Duggan.

15 MR. FERRIN: Oh, I'm sorry.

16 Chairman Duggan, if I might first please  
17 tell you a little bit about the mission of the  
18 Port Authority and explain to you what it is  
19 that we do.

20 First of all, we're an economic engine and  
21 our real responsibility, I say, is to be an  
22 enabler of commerce. And so what we have  
23 printed on the back of our cards is the mission  
24 of the Port Authority. It says, "The mission of  
25 the JPA is to contribute to the economic growth



1 and vitality of Northeast Florida by fostering  
2 and stimulating commerce at the Port of  
3 Jacksonville. This mission will be accomplished  
4 through the effective and fiscally-responsible  
5 planning, development, management, and marketing  
6 of the port's assets and facilities."

7 That really sums up what we're all about.

8 Let me first tell you a little bit about  
9 the history. Mr. Rinaman talked a little bit  
10 about it, but in 1963, the state legislature  
11 established the Jacksonville Port Authority,  
12 established the Port Authority from what had  
13 been the City docks department. And, at that  
14 time, we were granted about 1.5 mills of  
15 ad valorem taxing authority.

16 Now, the state legislature, in 1965, about  
17 two years later, amended that millage and  
18 replaced it with an annual payment from the City  
19 of Jacksonville of \$800,000, and we receive that  
20 payment to this day.

21 In 1968, during consolidation, the  
22 Jacksonville Port Authority was combined with  
23 the airport, and we remained as what we call a  
24 bimodal agency until October 1st of 2001, when,  
25 once again, the state legislature, with a

1            recommendation of the City Council, split the  
2            airport from the seaport. What that did was it  
3            gave each of us a board that was solely focused  
4            in the growing -- in the growth and the future  
5            of our specific enterprises.

6            The Port Authority is governed by a board  
7            of directors, and that board of directors  
8            reflect both our being a regional asset as well  
9            as a city asset. Four of my directors -- or  
10           four of the members of the board of directors  
11           are appointed by the mayor and three are  
12           appointed by the governor. Of course, just the  
13           opposite applies to the Airport Authority.

14           These members of our board are appointed,  
15           they are nonsalaried, and can serve for a period  
16           of four years. Most of them do serve a full  
17           four-year term and many go on and serve a second  
18           four-year term, but they are limited to two  
19           consecutive four-year terms at the Port  
20           Authority.

21           My chairman is Bill Mason, my vice chairman  
22           is David Kulik, our secretary is Reginald  
23           Gaffney, and our treasurer is Buck Fowler. As  
24           you can see from those members, plus the others,  
25           that we have a very broad spectrum, a broad

1 variety of backgrounds on our board.

2 We also have Steve Busey from Smith  
3 Hulsey. We have Herschel Vinyard, who is a vice  
4 president at Atlantic Marine. And we have  
5 Ricardo Morales, who's now coming in -- whose  
6 final and eighth year on the board, from  
7 Morales Construction and Development.

8 So you can see we have a very broad variety  
9 of people, who come from varied backgrounds, who  
10 provide me with a tremendous spectrum of  
11 assistance and guidance as I am really  
12 responsible for the day-to-day mission and  
13 operation of the Port Authority.

14 We also have an interesting and a very --  
15 now, I would say a very effective relationship  
16 with the Office of General Counsel.

17 Mr. Rinaman pointed out, as one of the  
18 independent agencies we are dependent upon the  
19 Office of General Counsel for all of our legal  
20 support. We have a dedicated attorney. She is  
21 with us basically five days a week, eight to ten  
22 hours a day, and is heavily involved in all  
23 aspects of the operation of the port, especially  
24 our contracts with our tenants and with the many  
25 contractors and providers of service who assist

1 us at the Port Authority in the day-to-day  
2 operation and construction of the port.

3 I am the CEO of the Port Authority, and as  
4 such, I am the only employee at the Port  
5 Authority who has a contract. I have a contract  
6 with the board of directors. I'm basically an  
7 at-will employee. As the remainder of my  
8 employees, I have 165 at-will employees. We  
9 also have about 150 contract employees at the  
10 port.

11 The Jacksonville Port Authority, or Jaxport  
12 as we're called, is a landlord port, and what  
13 that means is, unlike other ports, which you'll  
14 see to the north, Savannah or Brunswick, which  
15 is the Georgia State Port Authority, which is  
16 truly our competition, or Charleston, which is  
17 the South Carolina State Port Authority, which  
18 is also our competition, I would point out that  
19 we really don't compete with the other ports in  
20 Florida because of the types of cargo that they  
21 handle and the destination to which that cargo  
22 is going or from which that cargo is coming.

23 But we are not an operating port. The  
24 other ports -- the other ports to the north  
25 are. That means that -- what we really do at

1 the Port Authority, we're responsible -- my  
2 staff and what we are responsible for is we're  
3 responsible for the acquisition of funding, the  
4 acquisition of properties, the design, the  
5 construction, and the maintenance of maritime  
6 facilities, and most important, the marketing of  
7 those maritime facilities.

8 We market those maritime facilities as an  
9 extension of the marketing effort of a -- of our  
10 existing tenants and clients, and also we market  
11 to new tenants and clients, and that seems to be  
12 fairly effective, as we have -- since the Port  
13 Authority split in 2001, our revenues have grown  
14 from about \$27 million a year to now nearly  
15 \$50 million a year, and that's really growth of  
16 existing tenants and clients and bringing in  
17 some new tenants and clients as well.

18 What is Jaxport today? Well, Jaxport  
19 today, we have three major marine terminals. We  
20 have the Talleyrand terminal downtown, which is  
21 about 20 miles in from the Atlantic entrance;  
22 and then moving north and towards the Atlantic  
23 entrance, we have the Dames Point terminal,  
24 which is about 12 miles, 13 miles in from the  
25 Atlantic entrance; and we have the Blount Island

1 terminal, which is about 11 miles in from the  
2 Atlantic entrance.

3 The Blount Island terminal is a 735-acre  
4 terminal, very substantial in size. The  
5 Dames Point is a terminal about 587 acres in  
6 size, but only about half of that is truly  
7 usable. The remainder will be preserved as  
8 wetlands. And then we have the Talleyrand  
9 terminal or the downtown terminal, which is the  
10 old workhorse. That's about 175 acres and very,  
11 very heavily utilized. We also operate the  
12 Mayport ferry or the St. Johns River Ferry, and  
13 we also have a cruise terminal as well.

14 One thing about Jaxport that does stand out  
15 is we handle a very broad variety of cargos.  
16 Most cargo ports or most ports in the United  
17 States will specialize in one or two types of  
18 cargo. They'll specialize in what we call  
19 Ro/Ro cargo or roll-on/roll-off cargo, which is  
20 predominantly automobiles and heavy equipment,  
21 or they will specialize in bulks, or they will  
22 specialize in break bulks, which are simply  
23 cargo that does not go in a container, or  
24 they'll specialize in containerized cargo.

25 I came from the Port of Oakland in Oakland,

1 California, about 12 years ago, and  
2 San Francisco Bay is a great example of exactly  
3 that. You have Oakland that does the  
4 containerized cargo; Venetia that does the  
5 roll-on/roll-off cargo; Richmond that does the  
6 liquid bulks, predominantly petroleum; Redwood  
7 City handles bulk cargos; and then you have  
8 San Francisco itself that handles -- all they  
9 really handle now is just cruise passengers. So  
10 it's all been split up.

11 What Jaxport has -- and one of the great  
12 things, one of the many great things about  
13 Jaxport is we have a long and a very successful  
14 history in handling all of the types of cargo.  
15 And today we do handle break bulk cargo, bulk  
16 cargo, containerized cargo, roll-on/roll-off  
17 cargo, and passengers at our cruise terminal.

18 This year we'll handle about 800- to  
19 850,000 TEUs or 20-foot-equivalent-unit  
20 containers. That ranks us about the 11th to  
21 12th largest or busiest container port in the  
22 United States. And, of course, that profile is  
23 about to change dramatically with the opening of  
24 the TraPac terminal, and then in late 2012 will  
25 be the opening of the Hanjin terminal. I'll

1 talk about that in just a moment.

2 We also handle break bulk cargos, and break  
3 bulk cargos are things that don't go into  
4 containers. Typical would be eucalyptus wood  
5 pulp, large rolls of paper, steel and other  
6 nonferrous metals, forest products like lumber  
7 and veneers and door skins and things like  
8 that.

9 We also handle about 300- to 400,000 tons  
10 of frozen chicken going to the former  
11 Soviet Union. And, interestingly enough, it's  
12 all dark meat and it all goes out on old Russian  
13 trawlers. And I'm supposed to be careful about  
14 how I say this, but we handle about one to two,  
15 maybe three chicken ships -- see, I did it  
16 right -- chicken ships every month. And those  
17 chicken ships go out at the Talleyrand terminal,  
18 each one carrying about 4- to 500 tractor  
19 trailer loads of chicken going to the former  
20 Soviet Union.

21 We also operate -- we operate two bulk  
22 terminals at the tip of Dames Point, one for  
23 Rinker and the other one is for Martin Marietta,  
24 handling things like aggregates, crushed  
25 lime rock, and crushed granite coming -- the



1 lime rock coming in from the bottom of a harbor  
2 in Freeport in the Bahamas, and the crushed  
3 granite coming in from the granite mines in  
4 Nova Scotia.

5 We handle a lot of roll-on/roll-off cargo.  
6 This has been really sort of a flagship  
7 enterprise for Jacksonville. Last year we  
8 handled 656,000 automobiles and pieces of heavy  
9 equipment handled by really our three major auto  
10 processors. One, Southeast Toyota, at the  
11 Talleyrand terminal; Amports and Wilhelmsen  
12 Wallenius [sic] Auto Logistics, both out at  
13 Blount Island.

14 With 656,000 automobiles, we rank second in  
15 the United States behind only New York,  
16 New Jersey for automobiles. I hate to tell you,  
17 but this year it looks like it's going to be  
18 down significantly. It will probably be on the  
19 order of about 500,000 automobiles and pieces of  
20 heavy equipment, but it still is a very viable  
21 business, and I can tell you it employs a  
22 tremendous number of people as well.

23 Our initiatives to diversify cargo and  
24 trade lanes. When I got here in 1997, I came  
25 from the Port of Oakland. Frankly, I expected

1 to stay in Jacksonville for about three years.  
2 I'd grown up in the San Francisco Bay area and I  
3 really wanted to go back and be the executive  
4 director at the Port of Oakland.

5 But when I came here, I saw a port and I  
6 found a port that had more potential than any  
7 port in the United States. And I'll tell you,  
8 in the last 12 years I have seen -- and I was  
9 correct in my perception of Jaxport in 1997, and  
10 it is living up to exactly that potential.

11 Jaxport is sitting at the cusp, I'll tell  
12 you today, of becoming the third largest port on  
13 the East Coast of the United States, and that is  
14 because of the initiatives that we've undertaken  
15 really since 1997.

16 What we did between 1997 and 2000, when  
17 Ed Austin was on our board, is we refurbished --  
18 we spent about 300- to \$400 million on the  
19 refurbishment of the existing facilities at the  
20 Talleyrand terminal.

21 When I first looked at the Talleyrand  
22 terminal, it looked like something out of  
23 World War II. It looked like an old theater of  
24 operations terminal of World War II, and today  
25 it may be old, but it is certainly functional

1           and we move a tremendous amount of cargo through  
2           a very functional and efficient terminal at  
3           Talleyrand.

4           We also completed a number of new  
5           facilities at the Blount Island terminal. If  
6           you've ever been on a marine terminal other than  
7           one of ours, I would ask you to come take a look  
8           at Blount Island. It is a picture-perfect  
9           terminal really. It's very neat, it's very  
10          efficient, and we move a tremendous amount of  
11          cargo and great cargo diversity as well.

12          We also, then, went into the immediate  
13          expansion of our South American services,  
14          establishing a very good north-south trade  
15          lane. We already had that.

16          When I got here what Jaxport was known for  
17          was trade with Puerto Rico and automobiles.  
18          About 75 percent of everything that went in or  
19          out of Puerto Rico moved through Jacksonville,  
20          so that was really what we had a lock on, that  
21          and automobiles.

22          We already were established in the  
23          north-south trade lane, so my first initiative  
24          was to expand the north-south trade lanes into  
25          South America, into tremendous markets that we

1 are currently in in Brazil, Venezuela, and  
2 Columbia. So I'm delighted to say that we have  
3 very strong South American connections today.

4 We also completed the acquisition of the  
5 587 acres at Dames Point when our chairman  
6 finally told us to purchase that property in the  
7 most cost effective manner possible. We  
8 purchased all of that acreage for a sum of about  
9 \$48 million, and we said, "Wow, that was a lot  
10 of money." A couple of years later we were  
11 saying, "That was a pretty good deal."

12 And it was because we had that property,  
13 because we had developable property on the  
14 federal channel that finally in 2005 we were  
15 able to attract TraPac and open the door to the  
16 east-west trade lanes, really putting us on the  
17 map as a global gateway.

18 What has happened from 2000 to the  
19 present? Well, in 2002, we began the deepening  
20 of the harbor to a depth of 41 feet, all the way  
21 to mile marker 14.7. And in about a month, we  
22 will begin the completion, the final phase of  
23 the deepening of the harbor all the way to  
24 Talleyrand. In other words, 20 miles from the  
25 Atlantic entrance, the whole harbor will be at

1           41 feet, which would allow Panamax vessels to  
2           call in Jacksonville at all of our terminals.

3           A Panamax vessel is a vessel that is just  
4           small enough to fit through the Panama Canal as  
5           the canal is configured today.

6           We also began with the hiring of Roy  
7           Schleicher -- in 2001, I began an intense effort  
8           to attract an Asian carrier to come to  
9           Jacksonville and open that east-west trade  
10          lane.

11          In 2003, we were notified by the cruise  
12          lines that they were going to deploy a vessel in  
13          Jacksonville because we were such a great  
14          drive-to port.

15          And, yes, we are blessed because we sit at  
16          a confluence of interstate highway systems; 95,  
17          I-10, and even I-75. You can reach a third of  
18          the country by truck in 24 hours from  
19          Jacksonville.

20          So while that worked beautifully for cargo  
21          and cargo distribution and inland intermodal  
22          reach, it also works because many of the people  
23          would rather drive their car to a cruise  
24          terminal and take a cruise.

25          So in 2003, we began as a great drive-to

1 port. We opened on the 23rd of October, 2003,  
2 at the temporary cruise line terminal at  
3 Dames Point, a 62,000-square-foot building that  
4 has served us very, very well. In four years  
5 running, we have been voted the most -- the most  
6 passenger-friendly terminal by the Carnival  
7 passengers, voting from all of the Carnival  
8 operations throughout the United States.

9 In 2005, we expanded the break bulk  
10 facilities at the Talleyrand terminal. You may  
11 remember we built a 552,000-square-foot  
12 warehouse right in the midst of the Super Bowl  
13 with three cruise liners docked right next door,  
14 so it gave -- it gave the passengers something  
15 to look at, that's for sure.

16 But we completed that warehouse, and now we  
17 move nearly 800,000 tons of rolled paper being  
18 imported from Finland through the facility and  
19 moving out to a number of users in the  
20 East Coast -- in the Eastern United States.

21 In 2005, we also signed a 30-year contract  
22 and development agreement with TraPac, which has  
23 culminated in the development of the TraPac or  
24 the Mitsui terminal at Dames Point, which opened  
25 this year in January. And that terminal has the

1           capability of handling nearly a million TEUs, or  
2           20-foot-equivalent units, on an annual basis.

3           In 2008, just last December, I signed a  
4           very similar agreement, a 30-year operating  
5           agreement and a development agreement with the  
6           Korean giant Hanjin, and Hanjin will begin  
7           operations here in Jacksonville sometime between  
8           December of 2012 and June of 2013.

9           And I will tell you also that we -- not  
10          only did we open the TraPac terminal in 2009,  
11          but what happened when we opened the TraPac  
12          terminal is that brought us not one new  
13          steamship line, but it brought their alliance  
14          partners. It brought CMA CGM, the French line.  
15          It brought Hyundai Merchant Marine. It brought  
16          APL. We used to call them American President  
17          Lines. They're actually owned by a company in  
18          Singapore. And it brought Mitsui lines.

19          When we open the Hanjin terminal, we will  
20          get Hanjin. We will get Yang Ming, which is a  
21          Taiwanese line. We'll get COSCO, not to be  
22          confused with Costco, but it's China Overseas  
23          Shipping Corporation [sic]. And, of course,  
24          we'll also get Hanjin.

25          So when that terminal opens, we'll have not

1 two new terminals or two new carriers, but we  
2 have eight new carriers that truly open us up to  
3 the east-west trade lanes and make us a global  
4 gateway to the Southeastern United States.

5 The economic impact of the port. Well, we  
6 have a report that's about to come out within  
7 the next month and it indicates that there are  
8 60,000 jobs in this region that are directly  
9 connected to the Port Authority or to the harbor  
10 activity, directly, indirectly, or induced by  
11 the activity at the Port Authority and in the  
12 harbor, and that translates to about  
13 \$5.7 billion a year in economic impact.

14 I think I just got that wrong. I think  
15 it's -- no, I got that -- no, it's \$3.7 billion  
16 a year in economic impact.

17 Now, something that is going to happen here  
18 in the very near future is that the Panama Canal  
19 is going to be expanded by the construction of  
20 new locks on the Pacific side and the Atlantic  
21 side.

22 When the Panama Canal opened in 1914, the  
23 locks were considered immense. The lock  
24 chambers were 1,000 feet long, 110 feet wide,  
25 and about 39 feet to 40 feet in depth. That all



1           depended on how much rainfall they had and how  
2           the water level was in Gatun Lake because it's  
3           all fresh water supplied.

4           And that remained perfect for us for the  
5           first 50 years of the existence of the Panama  
6           Canal, but for the last 50 years we've been  
7           designing and building ships just small enough  
8           to get through the canal. The large super  
9           carriers, the super container carriers cannot  
10          get through the Panama Canal and they're only  
11          calling on the West Coast of the United States.  
12          They call in Seattle, Tacoma; they call in  
13          Oakland; they call in Los Angeles, and Long  
14          Beach.

15          The new locks on the Panama Canal -- the  
16          Panamanians, through referendum, raised five and  
17          a quarter billion dollars. Those new locks will  
18          open for operation. They will open for  
19          operation in 2014, 100 years after the opening  
20          of the Panama Canal.

21          When those locks open, this completely  
22          changes the dynamic of trade. That means that  
23          those east -- that the Midwest markets and  
24          Denver and Kansas City and Chicago and Detroit,  
25          they can be reached through ports on the

1 East Coast of the United States. And the  
2 carriers are looking to the ports on the  
3 East Coast of the United States because they are  
4 cheaper, they are better, and they are faster.

5 (Ms. Herrington enters the proceedings.)

6 MR. FERRIN: So we live in a very, very  
7 capital-intensive business, a business that  
8 depends upon the availability of capital and our  
9 ability to build facilities, dredge the channel,  
10 and maintain those facilities.

11 Where does the money come for capital? The  
12 money comes -- our money comes from  
13 carry-forward funds that we might have after all  
14 our expenses are paid. Let me very quickly give  
15 you a picture of our budget.

16 The budget is about \$49 million in  
17 revenue. It costs about \$34 million a year to  
18 run the port and pay for all of our expenses,  
19 and that's everything. That's personnel, that's  
20 salaries and benefits and spare parts and gas,  
21 oil and lubricants, and the air-conditioning and  
22 the electric bill, and the remainder that we  
23 have is -- goes to debt service, and I'm sitting  
24 on top of about \$239 million worth of debt  
25 today.

1           We have a very good -- we have a very good  
2           debt service coverage ratio of slightly over  
3           2.0, and we have a bond rating of A, which is  
4           excellent for our industry, but the money that  
5           comes -- the money that we use to cover our  
6           capital budget, or what we call the CIP or the  
7           Capital Improvement Program, which next year  
8           will be about \$69 million, that money comes from  
9           funds that we might carry forward, money that we  
10          have left over after expenses.

11          It also comes from bonds, and we have  
12          special purpose facility bonds and revenue  
13          bonds. It can come from the State  
14          Infrastructure Bank, which is under the auspices  
15          of the Florida Department of Transportation and  
16          provides entities like the Port Authority with  
17          money for transportation infrastructure. We've  
18          already borrowed 50 million from them and we  
19          hope to borrow more from them in the future.

20          We also have money from private  
21          investments. That warehouse that I talked about  
22          at the Talleyrand terminal, that warehouse cost  
23          \$30 million. The port put in \$4 million. The  
24          operator of that warehouse put in the  
25          remainder. So we do get some significant

1 investment from operators and tenants at the  
2 port. And the tenants at the port, as I  
3 indicated before, are steamship lines, terminal  
4 operators, automobile processors, and -- and I  
5 think stevedoring companies, and they are  
6 willing now to invest in Jacksonville.

7 Jaxport of the future. Well, we really  
8 look at Jaxport of the future, and if all -- if  
9 things go well and we look at -- we look at the  
10 opening of the Panama Canal in 2014, and the  
11 last star that really needs to align is the  
12 dredging of our federal channel.

13 The federal channel, by the end of next  
14 year, will be at a depth of 41 feet all the way  
15 to the Talleyrand terminal to be able to  
16 accommodate the vessels that will now be able to  
17 transit the Panama Canal as the new locks will  
18 be -- allow for a 1,200-foot vessel that is,  
19 obviously, 1,200 feet long, 160 feet wide, and  
20 drawing 50 feet.

21 To be able to accommodate those vessels, we  
22 need to dredge our channel down to a depth of  
23 48 feet. And we are in the final stages of an  
24 accelerated feasibility study with the Army  
25 Corps of Engineers, which will then put us in

1 position for an authorization in 2012, hopefully  
2 an appropriation of funds in 2013/'14, and a  
3 commencement of work in 2014 to take our channel  
4 down to a depth that will accommodate  
5 post-Panamax vessels.

6 So if that all happens -- and we believe  
7 that we are in a great position for that to  
8 happen because of our extraordinary  
9 representation in Washington, the support that  
10 we've had from the Duval Delegation, the support  
11 that we've had from the City as well.

12 We think in a decade, with the opening of  
13 the Panama Canal and the opening of two  
14 post-Panamax-capable terminals at Dames Point,  
15 the Hanjin terminal and the TraPac terminal,  
16 both built to post-Panamax construction  
17 standards, that the Port Authority and the  
18 activity in the harbor will be responsible for  
19 between 75,000 and 100- regional jobs. And  
20 these are direct jobs, indirect jobs, and  
21 induced jobs. The impact of those jobs will be  
22 5- to \$6 billion a year, and we will be the  
23 third largest port on the East Coast of the  
24 United States.

25 To give you an example of just, very

1           quickly, what each one of those new terminals is  
2           responsible for, each one of the new  
3           terminals -- the TraPac terminal and the Hanjin  
4           terminal, each one creates about 1,000 new  
5           jobs -- excuse me -- creates about 5,700 new  
6           jobs. About 1,800 of those jobs are direct  
7           jobs.

8                     And with the creation of all that -- of  
9           those jobs -- and these are direct jobs, induced  
10          jobs, and indirect jobs -- the economic impact  
11          is nearly a billion dollars a year. And I  
12          always point out that that's about three  
13          Super Bowls every single year, with no backed-up  
14          toilets at Alltel Stadium, so this is a good  
15          thing.

16                    Now, this is all made possible, I believe,  
17          by the very unique relationship that we have  
18          with and the strong support that we have from  
19          the City of Jacksonville.

20                    The primary reason, as Jim Rinaman pointed  
21          out -- and also Ed Austin pointed out -- the  
22          primary reason for creating the Authority was to  
23          have the functions governed by separate boards  
24          and managed on sound business principles,  
25          removing them -- and removing the authorities

1 from political influences that might impair and  
2 reduce their positive economic impact and job  
3 creation potential.

4 Now, prior to their creation -- and  
5 specifically for the port -- the port suffered  
6 from a lack of capital investment because it was  
7 part of the City, and funds were directed to the  
8 needs -- other needs and pressing needs in the  
9 City's general fund.

10 The unique and highly-functional  
11 relationship that the port has with the City and  
12 with the State is critical to Jaxport's future  
13 and the realization of our incredible potential  
14 as what I think to be the region's most prolific  
15 economic engine. I really think that Jaxport  
16 has a tremendous role in the underpinning of the  
17 region's economic diversity and sustainability.

18 The future of Jaxport. The future of  
19 Jaxport, I think, is dependent upon this unique  
20 relationship that we're talking about today. It  
21 works, and it works so well that I think Jaxport  
22 of the future will be the third largest port on  
23 the East Coast of the United States behind only  
24 Savannah and New York, and I think we will truly  
25 be an enabler of commerce.

1           And as you look at Jacksonville -- I see  
2           Jacksonville as a center for transportation and  
3           logistics. We sit at a -- we sit, as I said,  
4           as a -- at the confluence of an interstate  
5           highway system. We have a magnificent port. We  
6           are ideally located so that when the Panama  
7           Canal opens in 2014 to post-Panamax vessels --  
8           and they're looking for points from which to  
9           access the markets in the Southeastern United  
10          States -- they need look no further than  
11          Jacksonville because it's Jacksonville that  
12          commands the southeastern corner of the  
13          United States.

14                 And, again, I thank you very much, and I'm  
15          here for any questions you might have. And, as  
16          I said, I brought my cast of experts here to  
17          help me along.

18                 THE CHAIRMAN: Thank you, Mr. Ferrin.  
19                 Commissioner Catlett.

20                 MR. CATLETT: Mr. Ferrin, what is the plan  
21          for the port upon the opening of Cuba? At some  
22          point we're going to reestablish full trade with  
23          Cuba. How does that tie into your plan?

24                 MR. FERRIN: Well, through the Chair to  
25          Mr. Jim Catlett -- Commissioner Catlett, we're



1           in good shape for handling Cuba, I think,  
2           because it appears to me, given the nature of  
3           the harbors in Cuba, when it opens up or when  
4           the embargo is lifted, most of the cargo will go  
5           to Cuba via barge.

6                   And, of course, we have Trailer Bridge, and  
7           they are fully capable of expanding their barge  
8           operations, which today cover San Juan, Puerto  
9           Rico and the Dominican Republic. They are very  
10          capable of expanding their services into Cuba,  
11          as well as Crowley. Crowley runs a barge  
12          service, as you know, to San Juan, Puerto Rico.

13                   So I think we have two carriers here in  
14          Jacksonville that will immediately capitalize  
15          upon those -- upon any opportunities should Cuba  
16          open up, and certainly our facilities are  
17          adequate to handle any cargo that may go to Cuba  
18          from the United States.

19                   THE CHAIRMAN: Commissioner Barrett.

20                   MS. BARRETT: Thank you, Mr. Chairman.

21                   Mr. Ferrin, congratulations really on what  
22          wonderful job you do and your staff does --

23                   MR. FERRIN: Thank you.

24                   MS. BARRETT: -- and your -- certainly the  
25          appointed Port Authority members.

1           Obviously, you traveled all over the  
2           country and -- do you find that the way that  
3           we're established here -- being that you're an  
4           independent agency of the City, isn't it a very  
5           unique kind of setup for a port? And I just  
6           would love your comments on that.

7           MR. FERRIN: It's -- every single port is  
8           different. The port in -- for instance, I came  
9           from Oakland, and all of the commissioners at  
10          the Port of Oakland were appointed by the mayor,  
11          and the relationship between the City and the  
12          port in Oakland was not nearly as good as the  
13          relationship that we have with the City in  
14          Jacksonville.

15          I think that the relationship and the  
16          functionality of that relationship is terrific.  
17          I meet with the mayor frequently, and I will  
18          make sure that he knows -- and I'm sure he does  
19          because I've heard him say it correctly -- the  
20          maximum number of trucks.

21          If we are fully operational at the  
22          Dames Point terminals and at Blount Island,  
23          we'll probably be somewhere in the neighborhood  
24          of about 6,000 trucks a day, if it were -- if  
25          all those trucks were coming off the island and

1 we were not moving any of the cargo by train.

2 We do -- as Mr. Rinaman and I have  
3 discussed, we've talked about the rail option as  
4 being probably the -- a critical element to  
5 handling our max capacity at the Dames Point  
6 terminals combined with our capacity at the  
7 Blount Island terminal.

8 But I think the relationship that we have  
9 with the City Council, the relationship that we  
10 have with the mayor's office is superb, it is  
11 unique.

12 As we look north -- as you look north to  
13 Savannah and to -- and Brunswick, which is the  
14 George State Port Authority, as you look at  
15 South Carolina, being the Port of Charleston,  
16 they are -- they're only children and they're  
17 controlled by the State. South Carolina is  
18 the -- excuse me -- Charleston is the South  
19 Carolina State Port Authority, and Savannah,  
20 Brunswick is the Georgia State Port Authority,  
21 so those --

22 The port directors and the port director,  
23 my counterpart, and the boards report directly  
24 to the governor and to the state legislature, so  
25 we're -- we're unique. We are chartered at the

1 state level. We're an independent agency of the  
2 City. I think it works very, very well.

3 THE CHAIRMAN: Commissioner Austin.

4 MR. AUSTIN: Thank you, Mr. Ferrin.

5 It really is a fantastic report.

6 Do you have any idea of what the total  
7 investment that the people of Jacksonville and  
8 this community have out there at the port?

9 I know -- I know it's been hundreds of  
10 millions of dollars in -- recently. What do you  
11 think -- does anybody got any idea of what  
12 that -- what the total -- how much the people  
13 own out -- what's the asset in dollars?

14 MR. FERRIN: It's approximately -- it's a  
15 little bit over a billion dollars.

16 MR. AUSTIN: A little over a billion?

17 MR. FERRIN: Yes.

18 That was -- I just turned to Mike Poole,  
19 but that was -- basically, what we have on our  
20 books is about a billion dollars worth of  
21 assets.

22 MR. AUSTIN: My point is this: It's not  
23 always that we have it as smooth as it is -- as  
24 it is. Sometimes you have different leadership  
25 that takes a different direction.

1           Is there a way to -- that's -- we can have  
2           a report that's somewhat of -- a financial  
3           report, something official that comes out of  
4           there that the mayor signs off on?

5           Is it -- am I reaching too far? Is it --  
6           do you know what I'm saying? You've got this --  
7           hundreds of millions of dollars invested.  
8           What's the return the people are getting on that  
9           investment?

10          MR. FERRIN: Let me --

11          MR. AUSTIN: I mean, the people own it.  
12          The mayor represents the people, you represent  
13          the people. They're entitled -- what do we --  
14          your objective is to be an economic engine --

15          MR. FERRIN: Yes.

16          MR. AUSTIN: -- and create as many jobs as  
17          possible?

18          MR. FERRIN: Right.

19          MR. AUSTIN: Is that accurate?

20          MR. FERRIN: That is correct.

21          MR. AUSTIN: I mean, is that what you  
22          strive for?

23          MR. FERRIN: That is the mission of the  
24          Port Authority, yes.

25          MR. AUSTIN: Okay. And how do you satisfy

1 the leaders of the community, the mayor, that  
2 you accomplish that mission? Do you do it just  
3 by meeting with him?

4 MR. FERRIN: By meeting with him and by --  
5 and, of course, remember that the mayor appoints  
6 four members of my seven-member board, and they  
7 periodically meet with the mayor as well.

8 MR. AUSTIN: But that's sort of a  
9 nonsystem, isn't it? I mean, is it --

10 MR. FERRIN: That is not exactly -- that is  
11 not a rigid system, but I meet with the mayor on  
12 a regular basis and I report to the mayor our  
13 cargo throughput, our economic generation, the  
14 number of jobs that are being created, the  
15 number of new jobs that are being created as we  
16 open up new terminals.

17 MR. AUSTIN: I'm not suggesting there's a  
18 problem. There has been problems out there, as  
19 you know.

20 MR. FERRIN: I do.

21 MR. AUSTIN: I just was looking --  
22 grasping, but thank you very much.

23 THE CHAIRMAN: Commissioner Korman.

24 MS. KORMAN: Mr. Ferrin, quick question for  
25 you, actually two.

1           The first one is, can you give us a  
2           breakdown of how much money you get from the  
3           City, State and federal, I mean, just  
4           percentagewise?

5           And the second question is, can you tell  
6           us, approximately, the economic development  
7           impact you have on the city, this past year?

8           MR. FERRIN: Well, I can hit the second  
9           question first because -- I don't know, as you  
10          look at the economic development of the city.

11          I can look at the terminals and I can look  
12          at the activity in the harbor and I can tell you  
13          that the activity in the harbor is responsible  
14          for about \$3.7 billion a year in economic impact  
15          on the region, so I think that's a partial  
16          answer because we're talking about regional  
17          impact as opposed to -- specifically to the  
18          city.

19          The second question you asked about is the  
20          amount of money that we get from the City and  
21          from the State and from the federal government.  
22          On an annual basis, what we receive from the  
23          City is we receive that \$800,000.

24          Remember, all the money that we get from  
25          the City, and I would say all of the money that

1 we get from the State and certainly all the  
2 money we get from the federal government, none  
3 of it is used for operations. It's all used for  
4 bricks and mortar. It's for capital funding.  
5 And, of course, the business -- the port  
6 business is extraordinarily capital intensive.

7 If you go to a port and it's not building  
8 something, it's dying, and that's -- that's  
9 absolutely the truth. If you're not expanding,  
10 you are -- there's no such thing in this  
11 industry as remaining constant. You're slipping  
12 backwards. And that's -- that's just simply an  
13 idiosyncrasy of this industry.

14 But from the City we get the \$800,000 that  
15 represents the 1.5 mills that we were granted  
16 back in 1963, and that was converted to a cash  
17 payment, an annual cash payment in 1965.

18 We also get a quarter mill from the JEA,  
19 and that's -- it goes right to debt service for  
20 bonds that we have taken to raise capital at the  
21 port, and that amounts to about \$3.2 million a  
22 year.

23 We also get what was once called the Beeper  
24 Tax. It is now called the Communication Service  
25 Tax, I think, and that's approximately



1           \$9-and-a-half million.

2                   So the total amount that we get from the  
3           City for capital investment and for bond and for  
4           debt service financing is about \$13.2 million a  
5           year.

6                   From the State we get about \$2 million a  
7           year, between 1.5- and 2- every year as well  
8           through what they call the -- we call this  
9           311 funding.

10                   In 1996 and again in 1999, there were two  
11           bond issues, both supported by the gas tax. And  
12           the two bonds issue raised approximately  
13           \$400 million, and that was divided up amongst  
14           the 14 deep water ports in Florida. We were  
15           very lucky. We got about 20 percent of it. We  
16           got \$80 million, and that \$80 million had to be  
17           matched by our own money, and it was with that  
18           money that we did the tremendous refurbishments  
19           at the Talleyrand terminal between 1997 and 2000  
20           and also finished up some considerable  
21           construction out at the Blount Island terminal  
22           as well.

23                   We haven't gotten any money like that from  
24           the State since 1999. We have been very hopeful  
25           that we would get some. There have been some --

1 we did get some small amounts because of  
2 refinancing those bond issues, but there has not  
3 been a new bond issue at the State level.

4 From the federal government, there are any  
5 number of different grants that are available.  
6 As far as stimulus money, we were very lucky.  
7 We got about \$25 million in stimulus money here  
8 just recently for the dredging, for that final  
9 phase of the 41 foot project from what we call  
10 the Chaseville turn, which is about five miles  
11 north of the Talleyrand terminal all the way  
12 down to the Talleyrand terminal.

13 So we had a project that was literally  
14 shovel-ready and we were able to get stimulus  
15 money for that, and that was great because there  
16 was a shortfall in the federal appropriation.  
17 So, in effect, the federal government stimulated  
18 themselves, which was -- which was great news  
19 and a great relief to us because we have  
20 customers and tenants who were screaming for  
21 that water depth.

22 We also have recently gotten \$3 million  
23 from the federal government through a Department  
24 of Transportation fund that has been made --  
25 made funding available for ferries, so we're

1 going to be able to rebuild the berthing  
2 mechanisms on both sides of the St. Johns River  
3 for the ferry, and those have been in -- really  
4 in operation and have not been changed much  
5 since 1948. So we'll be able to refurbish those  
6 systems because that was on our list of things  
7 that really had to be done as well.

8 We are looking right now at the dredging  
9 project to take the harbor down to a  
10 post-Panamax depth. That's an immense project.  
11 That's a half a billion dollar project.

12 So in 2013, we will be looking to the  
13 federal government for approximately 350,000 --  
14 or excuse me -- \$350 million. About  
15 \$150 million will be from the Port Authority  
16 from what we call the local sponsor and the  
17 remainder of the cost share comes from the  
18 federal government.

19 So it gives you, I guess, some idea of the  
20 magnitude of monies that we're talking about for  
21 our capital program.

22 THE CHAIRMAN: Commissioner Eichner.

23 MS. EICHNER: Through the Chair to Rick  
24 Ferrin. Rick, you should be -- you and your  
25 board should be commended on the work that you

1           guys have done at the port. I'm extremely  
2           pleased with what's happening there.

3                     And my question to you is, is there  
4           anything that this commission could consider or  
5           any recommendations that you would make to us  
6           that makes your job a little easier?

7                     MR. FERRIN: Well, if you had the authority  
8           to appropriate \$350 million, I would love to  
9           have that, but -- and I appreciate the concern  
10          and I certainly appreciate, you know, your vote  
11          of confidence.

12                    I really think that -- as Martha Barrett  
13          asked about the relationship, this relationship  
14          is really unique. It is the best  
15          relationship -- I mean, I know any number of  
16          other port directors who come to visit or I see  
17          them at things like the American Association of  
18          Port Authorities, and I explain the relationship  
19          that exists really among the City and the port  
20          and the City Council and the state legislature  
21          and our members in Washington, and they are  
22          just -- they are amazed. They say, you know,  
23          it's -- it's that relationship that has allowed  
24          you really to take Jaxport from being sort of a  
25          solid second-tier port doing Puerto Rico and

1 cars to really sitting at the cusp of becoming  
2 one of the major, major ports in this country,  
3 and I think that relationship really is the  
4 foundation and it really has worked very, very  
5 well.

6 One of the things that struck me when I  
7 came here is I found a city and I found a city  
8 government that wanted their port to succeed,  
9 and that's the most important thing, is to -- is  
10 to have the mayor and the City Council and the  
11 people of Jacksonville want their port to  
12 succeed and appreciate what the port does as an  
13 economic engine and an enabler of commerce.

14 THE CHAIRMAN: Commissioner Catlin.

15 MR. CATLIN: Mr. Ferrin, I was reading in  
16 the paper the other day there's a lawsuit coming  
17 up against y'all for some issues. What  
18 Mr. Rinaman was saying earlier is there are set  
19 General Counsel for each independent authority.

20 Do you foresee that your in-house counsel,  
21 per se, through the General Counsel's Office, is  
22 going to handle that suit or is that something  
23 that you foresee that you, the port, or the City  
24 is going to have to go through outside counsel?

25 MR. FERRIN: I will tell you that --

1 Commissioner Catlin, that I have discussed that  
2 in detail with Cindy Laquidara, and we are  
3 looking forward to handling that suit, she is,  
4 from the Office of General Counsel. I think we  
5 are in an extraordinarily strong position there.

6 I'm biting my tongue here because I'd love  
7 to tell you more about it, but I've been  
8 cautioned that I need to be somewhat reticent,  
9 but I believe we're in a very good position to  
10 very vigorously defend that and maybe even turn  
11 the tide a bit.

12 THE CHAIRMAN: Commissioner Austin.

13 MR. AUSTIN: Mr. Ferrin, you present your  
14 budget annually to the City Council -- to the  
15 mayor -- to the mayor first and then to the City  
16 Council?

17 MR. FERRIN: Mr. Austin, we -- Mayor, what  
18 we do is we report -- or we bring our budget --  
19 the budget first goes to the board of directors  
20 at the Port Authority for approval prior to the  
21 1st of July. On the 1st of July, we submit the  
22 budget to the City Council auditor's office for  
23 review. Then sometime during the summer,  
24 usually in August, we present the budget to the  
25 City Council's Finance Commission [sic], and

1 later I present the budget to the entire City  
2 Council. But I will, during that period of  
3 time, brief the mayor on the budget, yes.

4 MR. AUSTIN: Does the council have -- the  
5 council has -- there wouldn't be any point in  
6 presenting it, I guess, if the council didn't  
7 have the authority to change it?

8 MR. FERRIN: That is correct, they do.

9 MR. AUSTIN: Okay. Thank you.

10 THE CHAIRMAN: Commission Korman for the  
11 second time.

12 MS. KORMAN: This is a follow-up from the  
13 first time, so this should be pretty, hopefully,  
14 easy.

15 Based on the amount -- approximately  
16 13.2- that the City gives to the port, do you  
17 think you bring in, with jobs, economic  
18 development, close to that money back to the  
19 City, taxes, whatever?

20 MR. FERRIN: One of the statistics that we  
21 have in the port -- in the port industry is  
22 about every dollar -- every dollar that's  
23 invested pays back about six to seven times, so  
24 I think that the money that the City has  
25 invested in the port is -- is very, very well

1 returned many times over in the number of jobs  
2 that we create and the economic activity that we  
3 create as well. So I think it's a great  
4 investment.

5 THE CHAIRMAN: I have nobody else in the  
6 queue.

7 Thank you, Mr. Ferrin, very much and for  
8 your staff for coming down here today. We  
9 appreciate it very much.

10 MR. FERRIN: Chairman Duggan, thank you  
11 very much.

12 THE CHAIRMAN: The next speaker is the JEA,  
13 Mr. Dickinson.

14 MR. THOMPSON: Mr. Chairman, I would like  
15 to ask Mr. Ferrin one question.

16 THE CHAIRMAN: I'm sorry. Mr. Thompson,  
17 you didn't show up in the queue. I apologize.

18 MR. THOMPSON: One question, sir. I'm  
19 Commissioner Thompson, and I'd like to ask you a  
20 couple of questions.

21 I heard you make a statement that you  
22 wanted to get the -- dredge the channel down to  
23 41 foot and that the stimulus packages provide  
24 \$25 million for that, and you also going to go  
25 down 48 foot in the channel?



1 MR. FERRIN: Yes, sir.

2 MR. THOMPSON: Will you be waiting -- will  
3 you be relying on stimulus to (inaudible) --

4 MR. FERRIN: Well, through the Chair to  
5 Commissioner Thompson, actually probably not.

6 The federal government -- in a dredging  
7 project, the first thing that has to happen --  
8 of course, it has to be -- it has to be  
9 authorized by Congress. And once the project is  
10 authorized, it will compete with a number of  
11 other authorized projects in what they call a  
12 Water Resources Development Act.

13 And depending upon how high the benefit to  
14 cost ratio is determines whether or not it will  
15 get federal funding. And we believe that this  
16 project -- I call it the 48 foot project or the  
17 post-Panamax dredging of the channel -- and it's  
18 only up to mile marker 15, just past the  
19 Dames Point terminal.

20 We believe that that -- that that project  
21 is going to have a benefit to cost ratio close  
22 to 3.0, which is very strong. If we have a  
23 benefit to cost ratio of 3.0, then our  
24 probability of funding -- of appropriation from  
25 the federal government is high as well.

1           The cost share for these projects  
2           changes -- it goes from -- anything down to  
3           45 feet is cost shared at 25 percent to the  
4           local sponsor, the Port Authority, and  
5           75 percent is paid by the federal government.  
6           Then once you get deeper than 45 feet, it goes  
7           50/50.

8           So we figured out that the cost share will  
9           be about \$350 million, federal, approximately,  
10          and that's a federal appropriation, and then  
11          \$150 million is going to have to come from the  
12          port.

13          And we are looking to our own bonding  
14          capacity, we are looking to the State, and we  
15          are look- -- basically that's where we're  
16          looking for the money. We're looking to the  
17          State, and the State has indicated -- and the  
18          great thing is that in the state of Florida  
19          there are 14 deep water ports.

20          Now, albeit there are really only four big  
21          ones. You've got Jacksonville, Fort Lauderdale  
22          or Port Everglades, you've got Miami, and you've  
23          got Tampa. The great thing is we don't compete  
24          against one another. And all of the other ports  
25          in Florida have realized, have recognized, and

1           have said clearly that the one port in Florida  
2           that has the potential to become a post-Panamax  
3           gateway to the Southeastern United States and a  
4           really major player in the world of  
5           international business trade and transportation  
6           and logistics is Jacksonville, so we are well  
7           positioned. So should there be any State  
8           funding available, we would get the State  
9           funding as well.

10                 So what we're doing right now is I'm  
11           looking, number one, to Washington to fund their  
12           own piece of it, which is 350 million, and I'm  
13           looking to Tallahassee and I'm looking within  
14           myself to be able to fund the other 150 million  
15           that we're going to need as our match to their  
16           350-.

17                 MR. THOMPSON: Thank you very much.

18                 MR. FERRIN: Thank you.

19                 (Mr. Dickinson approaches the podium.)

20                 THE CHAIRMAN: Welcome, Mr. Dickinson.

21                 MR. DICKINSON: Good morning.

22                 THE CHAIRMAN: Good morning.

23                 MR. DICKINSON: Chairman and members of the  
24           Commission, it's my pleasure to be here.

25                 I thank you for the invitation, and also

1           wanted to let you know that I'm always ready to  
2           come back at any time during your -- I think  
3           roughly eight months you're going to be doing  
4           your work.  If there's -- any specific issues  
5           come up, please give me a call.  I'd be happy to  
6           come back and address any specific issues that  
7           may relate to JEA or to -- to our charter, but I  
8           also want to thank you for your public service,  
9           kind of welcome to our world a little bit, but  
10          it's a -- you know, for you to volunteer to do  
11          this and volunteer your time, it's very much  
12          appreciated by us who are -- who are in this  
13          business, so I appreciate your time very much.

14                 A little bit about my history.  I'm the --  
15          I've actually been with JEA since 1973, so I've  
16          been -- 36 years with JEA, so I've seen a lot  
17          happen over the years.  You know, consolidation  
18          happening in 1968, and I've actually known every  
19          one of the managing -- I'm the sixth managing  
20          director since consolidation, and we've had some  
21          great ones, so I've got some -- some big shoes  
22          to fill, you know, in this -- in this business.

23                 But I'd also like to recognize one of my  
24          board members that's here.  Most of you probably  
25          know him.  Jim Gilmore is one of our board

1 members, so I just -- I'm sure most of you  
2 probably know Jim, but I wanted to recognize  
3 that Jim is -- is here.

4 I wanted to started by -- I want to go  
5 back -- I've been doing some work with my board  
6 actually on all the things around why does JEA  
7 exist. We've actually gone back and studied  
8 consolidation a little bit and looked at some  
9 history. It's always good to know where you  
10 come from so you know where you want to go, and  
11 I had a -- I had a couple of quotes I wanted to  
12 read from [sic] you -- or a couple of paragraphs  
13 that frame some of the things, and I think  
14 they're -- they're apropos to what we're  
15 discussing here, so -- and one is from --  
16 actually from the Blueprint for Improvement, you  
17 know, local government study commission that was  
18 done in 1966 that really was the impetus for  
19 consolidation, and JEA did a -- did a --

20 We've had electricity in Jacksonville since  
21 19- -- since 1895. We put together a book  
22 and -- had somebody write a book for us in 1995  
23 about the hundred years of electricity in JEA,  
24 and this is one of the paragraphs out of that  
25 that talked about -- talked about that, and I

1 wanted to read it for you.

2 It says, "Reviewing the history of the  
3 electric utility and its meteoric growth and the  
4 dependence of local government on its  
5 ever-increasing annual contributions, the study  
6 commission recommended that the utility be  
7 removed from undue political influence and  
8 interference and reorganize along business lines  
9 as an independent and autonomous entity to be  
10 called the Jacksonville Electric Authority.

11 "The Authority members would act as a board  
12 of directors and set operational policy for  
13 electric functions with countywide jurisdiction  
14 and would do so in such a way to ensure that the  
15 electric revenues continue to produce a high  
16 surplus for general government purposes without  
17 impairing the quality of service."

18 So we kind of look at that as a little bit  
19 of our mission moving forward, but that was in  
20 the Blueprint for Improvement at consolidation.

21 A second paragraph is -- that I found from  
22 a study that the City of Los Angeles actually  
23 did -- the City of Los Angeles owns their own  
24 electric, water and sewer utility, just like  
25 JEA. We're the -- we're the eighth largest

1 municipally-owned electric utility in the  
2 nation. Los Angeles, I think, is the largest.  
3 There's others, so we're -- we're a fairly large  
4 municipal electric utility.

5 But they did a study a little while back,  
6 looking at how they might change their form of  
7 government over their electric utility, looking  
8 at others, what systems out there in terms of an  
9 electric utility that may just be a department  
10 of the City or a separate independent agency,  
11 like we are, and here's one of the -- a  
12 paragraph that they had in their -- in their  
13 study report.

14 It said, "The government systems in  
15 Jacksonville and Knoxville" -- Knoxville,  
16 Tennessee is very similar to Jacksonville.

17 It says, "They were designed to distance  
18 utility operations from City politics and they  
19 appear to work quite well.

20 "JEA and KUB are highly regarded both in  
21 their cities and by the U.S. public power  
22 community. Although JEA and KUB operate with  
23 considerable independence, in each case the  
24 board, CEO, and other top managers regularly  
25 stay in close touch with the mayor and City

1 Council. As one executive told us, 'We  
2 routinely tell the mayor and council what we're  
3 planning and how we're doing even though we're  
4 not legally obliged to do so. That's just good  
5 politics and that's good business.'

6 And that came from that report, so -- so  
7 the fact that in a -- in a separate study  
8 Jacksonville was kind of recognized as one of  
9 the best -- and I'm talking many, many municipal  
10 utilities over the nation in terms of their  
11 forms of government, kind of how they're  
12 controlled, and all of them look and admire to  
13 the situation that we have here with that, but  
14 it -- but it does bring you to the -- to the  
15 issue -- we've heard it discussed with others;  
16 Mr. Rinaman brought it up, but -- but the idea  
17 of independent and autonomous yet collaborative  
18 and supported, and so that's -- that's certainly  
19 what we seek to do.

20 We know we are an independent agency of the  
21 City, but we absolutely seek to be supportive  
22 and collaborative, and -- and as we look at -- I  
23 know that's one of the things that y'all may be  
24 looking at, is -- is the independence of the  
25 independent authorities, what -- what really is



1 working well there and what's not.

2 I could give you many, many examples of  
3 excellent collaboration between the City and  
4 JEA. Certainly I can get you examples -- and  
5 people know of them -- in terms of maybe things  
6 that haven't worked too well, but the idea of  
7 can you legislate collaboration, I think you've  
8 got to get good people in place and expect  
9 collaboration, you know, as you move forward.

10 So, you know, we were -- at JEA, we  
11 participated in the preservation projects, the  
12 helping of buying of land when Mayor Delaney was  
13 here, so we -- we actually contributed  
14 \$25 million, you know, from JEA, which was extra  
15 above -- above our contribution for buying  
16 lands, buffering our sites, and -- that are now  
17 in preservation and committed to preservation.

18 So examples like that -- joint projects.  
19 We probably have today, between the JTA, the  
20 City, JEA, and the Department of Transportation,  
21 probably the best collaborative effect of joint  
22 road projects and utility projects moving  
23 forward than we've had, so we take pride in the  
24 collaboration that we have to -- to move  
25 forward.

1           We also produce -- and I'm going to give  
2           you some information. I actually have a handout  
3           I'm going to give you in a few minutes, so -- I  
4           know it's probably an issue, is -- and you read  
5           through these paragraphs about producing a high  
6           surplus for city government, how much money  
7           actually comes to the city government from the  
8           JEA bill, and I'm going to give you that  
9           information and let you see that and talk a bit  
10          about how that's changed over time, and -- when  
11          I get to that part of it.

12          But, of course, you know, the challenge for  
13          us is providing good service, that's expected by  
14          our customers, at a very competitive rate, and  
15          supporting the City are the things we need to  
16          do, and the absolute -- the great thing about  
17          public power is that it's locally owned and  
18          locally controlled.

19          Really, when you get down to City Council,  
20          City Council basically holds control in that,  
21          and I'll talk a little bit about that, but our  
22          particular charter, which is a little bit  
23          different than the port or JTA, is totally  
24          controlled by City Council. It can be totally  
25          changed by City Council as long as it lives

1           within state law. They can't violate a state  
2           statute, but -- I'll talk about that.

3           We have a seven-member board that's  
4           appointed by the mayor, confirmed by City  
5           Council. Every one of our board members are  
6           appointed by the mayor as opposed to the other  
7           agencies where some are by the government --  
8           half of it by the governor and half by the City,  
9           and all are confirmed by City Council for a  
10          maximum of two four-year terms if they're  
11          reappointed.

12          And our board has very broad powers, you  
13          know, that are limited, though, to the electric,  
14          water, sewer, and district energy. We have a  
15          chilled water business as well. So our powers  
16          are limited to operate within those businesses,  
17          and we do have some pretty broad powers within  
18          that. In fact, our board has the rate-making  
19          authority.

20          One of the differences between public power  
21          and investor-owned utility, like Florida Power &  
22          Light, is Florida Power & Light must go to the  
23          Public Service Commission to get their rates  
24          established. If they want to do a rate case,  
25          they've got to go justify that before the

1 Public Service Commission. Actually, we take  
2 that to our board.

3 Our board is an appointed board, appointed  
4 by an elected official; therefore, they have the  
5 autonomy to set rates, you know, for that. And  
6 that's a good example of locally owned and  
7 locally controlled, so -- so they have those.

8 But, now, with City Council, we bring -- in  
9 terms of City council control over JEA, you  
10 know, City Council approves our annual budget.  
11 We must bring our annual budget. The board  
12 normally approves the budget in June. We must  
13 have our -- the charter says we must present our  
14 budget to City Council or give it to council  
15 auditors actually by July the 1st of every year  
16 for the next fiscal year, so we -- so we do --  
17 so they must -- we must present our budget to  
18 City Council and they must approve our budget.

19 It's an interesting -- you know, I've never  
20 had -- in fact, I had a councilmember ask me one  
21 time when we were talking about -- you know, we  
22 have the authority -- our board is -- has sole  
23 authority for a rate increase, but then the  
24 council has the ultimate authority to approve  
25 our budget.

1           You know, what if the -- what if the board  
2           were to approve a rate increase but the council  
3           didn't approve the budget? It's never happened,  
4           but -- and I can tell you I do not believe that  
5           council members want to set rates. I mean, I  
6           don't think they want to do that, so -- in the  
7           process. So our board has that -- you know, has  
8           that autonomy.

9           Also, the council has the authority of  
10          approving our maximum debt issue, not from the  
11          maximum amount of debt we have, but the  
12          cumulative amount of debt issue. So every debt  
13          issue that we do, you know, will mount up, and  
14          the council will pass a resolution that says  
15          that -- we'll go to them periodically and say,  
16          over the next four to five years, we expect to  
17          issue X amount of debt, we ask you to approve a  
18          resolution allowing us to issue that amount of  
19          debt.

20          So that's another thing we bring to  
21          council, and that helps with the council being  
22          aware and knowing where the debt structure is  
23          for JEA. Whether or not they seek to control  
24          that, that's -- that's their choice, but we must  
25          bring that resolution to them to do that.

1           Back on the charter, the council can change  
2           the JEA with two-thirds vote of the council to  
3           change anything in the charter, and 90 days --  
4           basically a 90-day time period to do that  
5           because they have to have a public hearing no  
6           later -- you know, no sooner than 30 days after  
7           they first announce what they're going to do.

8           So if we call it like a 90-day cooling off  
9           period to change up the charter -- and if the --  
10          but if the mayor doesn't -- and if the charter  
11          changes and if the mayor doesn't sign it, then  
12          they can go back and go above his veto, and it  
13          takes a three-fourths vote of the council.

14          The point there is that the council has the  
15          sole authority to modify and change the JEA  
16          charter. It doesn't have to go to the State or  
17          anything else. It's totally in the council's  
18          hands to do that.

19          I will say, in general, I think our charter  
20          is a good charter. We've been able to operate  
21          within the charter as a business. Certainly the  
22          electric business and then now the water and  
23          sewer business, which we took over from the City  
24          in 1997 -- and I'll talk about that in a second,  
25          but -- but that charter has changed over time

1 primarily because of business needs moving  
2 forward and -- and so forth.

3 A couple of examples over -- you know, we  
4 put in the '80s, we put a large coal plant on  
5 the Northside of town as a joint project between  
6 JEA and Florida Power & Light. We had to come  
7 to the council, we had to come to charter to  
8 actually get that -- council had to approve that  
9 joint project. It was a big project, so -- and  
10 those things, so we had to move that. We  
11 actually own a power plant up in Georgia.

12 You know, prior to consolidation, there was  
13 very little connectivity between other  
14 utilities, electric utilities. Now there's a  
15 massive network, you know, across the nation.  
16 So the business has changed, so -- we've been  
17 able to come to council and change the charter  
18 over time that really fits best into the best  
19 way to run a business moving forward, and the  
20 council has been receptive to that and it's  
21 worked well over time to -- to be able to do  
22 that.

23 You know, we put things in the charter at  
24 times, like -- like we -- we're able to  
25 actually, quote, advertise or do business

1 promotion, which is a controversial thing for  
2 JEA. Why do you advertise? Well, we actually  
3 put something in the charter in the '90s because  
4 of -- because of deregulation.

5 You know, in some states right now, the  
6 electric power industry is deregulated, which  
7 means you must go out and market who you're  
8 going to sell power to, so we put those changes  
9 in the charter to be able to do that marketing.

10 Now, Florida never accepted deregulation.  
11 It doesn't mean they might not in the future.  
12 It's mainly stopped primarily across the country  
13 where deregulation has come into place, has not  
14 been a good thing for residential customers.  
15 Some commercial customers have maybe fared  
16 better there, but typically it's caused rates to  
17 go up because it added cost on to the business.

18 Florida has never adopted that, and it  
19 doesn't mean they won't. But if they did, we  
20 would certainly have to have the ability to go  
21 market and advertise for our services, so -- but  
22 we simply do very little of that because --  
23 because that business is not here.

24 It was mentioned earlier that we took  
25 over -- we were -- we worked with the City and



1           took over the water/sewer business, which was a  
2           department of the City, you know, prior to 1997  
3           under Mayor John Delaney, and our -- the  
4           previous CEO and our board worked together for  
5           JEA to take that business over.

6           I think that's been a -- and even when -- I  
7           was here when Mr. Rinaman was talking about,  
8           I think JEA has done an excellent job. When  
9           that -- one of the reasons was because it was  
10          broken. I mean, it really -- it really needed  
11          work. It was under consent order with EPA, it  
12          was not being invested into.

13          Now, whether or not those were political  
14          decisions or why the reasons were, but I believe  
15          moving that business over to the independent  
16          authority of JEA has allowed the investment into  
17          utility. Integrated together with the electric  
18          business, this has worked very well over time to  
19          invest into the business, so I think it's a good  
20          example of -- the independent nature of JEA has  
21          just served that business much better in that  
22          prospect, so . . .

23          We also -- since we took over the  
24          water/sewer business -- we're actually broader  
25          than Duval County. We're broader than the city

1 limits of -- and we -- I don't say we wrestle at  
2 different times with the other counties, but we  
3 have to make sure, as we're working with other  
4 counties -- we serve, electrically, the northern  
5 third of St. Johns County, we serve a lot of  
6 water/sewer down in St. Johns County. We have  
7 the rights to serve everything west of the  
8 Intracoastal Waterway up in Nassau County as  
9 development happens there. We serve a little,  
10 small piece of Clay County.

11 So we're in broader -- so we have to manage  
12 those relationships very well, so we have  
13 interlocal relationships with the commissions in  
14 those counties to make sure to do that because  
15 we've got to make sure we manage that  
16 relationship of -- we don't want, you know, big  
17 brother City of Jacksonville telling us what to  
18 do or you're going to treat us just as well as  
19 you treat your other customers in those  
20 processes. We have to manage those  
21 relationships well, and I think we do a pretty  
22 good job of that.

23 Let me talk for a minute about  
24 contribution, and I've got some -- if I could  
25 hand this out, it would help you to look at --

1 to look at these.

2 As I said earlier in the paragraph I read  
3 for you was, you know, making substantial  
4 contributions to Jacksonville.

5 I think -- and I was here for some of the  
6 earlier discussion. I think we -- we do have to  
7 be a little bit careful when we're looking at  
8 percentages -- and I'm going to tell you why --  
9 about what we're doing, but I wanted you to  
10 see -- just, for instance, I've given you  
11 there -- on one side is a bar graph that  
12 shows -- ever since the 1990s, this would be --  
13 this would be every amount of dollars that are  
14 collected on the JEA bill. Some comes through  
15 contributions, some comes through a public  
16 service tax, some comes through a franchise fee  
17 now, and I'll talk about that a minute.

18 And it shows over time, you know, our --  
19 kind of our support, you know, for the general  
20 government of the City of Jacksonville.

21 And then on the other side, it shows also  
22 some gross receipts tax. It shows some specific  
23 numbers -- you know, the -- about -- you know,  
24 just between 2007 and 2009.

25 And, actually, I gave -- I gave all the

1           copies. I need to take a look at one.

2                   And hearing Mr. Rinaman talking -- it was  
3 true. Actually at consolidation, there was  
4 the -- it actually -- there was quite a bit of  
5 support from the electric utility, you know,  
6 going to -- you know, going to the general fund  
7 of the City of Jacksonville. And there was --  
8 at consolidation, that was limited to, say,  
9 30 percent -- 30 percent of the revenues, it  
10 would go there.

11                   If you go back into the 1968 time frame --  
12 in fact, it's interesting, if you go back into  
13 the '50s, before I was really in this business,  
14 you know, people were debating whether or not  
15 electricity really even needed to have meters  
16 because it was so cheap, you know, that -- that  
17 would be --- the cost of meters be worth it,  
18 so -- because electricity was so cheap, just  
19 flatly give it out of the flat rate to  
20 everybody.

21                   Of course, we know now that would have been  
22 dangerous, you know, to do that, but -- but  
23 metering is just a very, very small cost of our  
24 business, so --

25                   And then when you moved into -- so at

1 consolidation, if you want to look at a number  
2 around 30 percent, to be a -- to be a certain  
3 number, when you hit the hit '70s, and all of a  
4 sudden you hit the airborne embargo -- and our  
5 prices went through the roof, you know, because  
6 of -- because of the price of oil going up --  
7 you know, if that had stayed at 30 percent, it  
8 would have been -- it would have been a  
9 tremendous windfall for the City and a lot more  
10 expense, you know, to the customers because  
11 during that period of time -- and I was here  
12 between the late '70s and early '80s, where JEA  
13 rates actually doubled and tripled in a small  
14 amount of time because of the price of oil.

15 Fuel cost is a -- is a tremendous expense  
16 to our business even today. Today fuel cost  
17 alone for the electric business is 40 percent of  
18 our cost. So when you start -- and that can be  
19 var- -- that can fluctuate. The fuel cost for  
20 us in 2004 and 2005 and -- was roughly \$280  
21 million. Our budget for fuel this year is about  
22 \$680 million. So that's just -- in a four-year  
23 time frame fuel costs, for us, had gone over --  
24 over a \$400 million increase. So if you were  
25 looking at a percentage that had to go to the --

1           you know, to the City, then all of a sudden  
2           those numbers would swing a lot, so --

3                        So what happened sometime back was --  
4           rather than doing a percentage in the budget, it  
5           was changed to a -- we actually changed it to a  
6           millage rate per kilowatt hours sold, or a  
7           millage rate, you know, per cubic feet of water  
8           sold. And the thought there was that, you know,  
9           you'd look at that and you'd say -- you just  
10          multiply a certain millage rate times the amount  
11          of electricity you sold. And then, as growth  
12          happened in the city, that would go up. And  
13          then you'd negotiate with council over time  
14          about -- about every five years, you might  
15          increase that millage rate a little bit, you  
16          know, so it would step up, and that's what has  
17          happened, you know, over time.

18                       If you look at the side of the chart that's  
19          got just the three -- the four bar charts on it,  
20          you'll see that in -- in 2008, we introduced a  
21          franchise fee with the idea of -- and if you  
22          look at the contribution and say -- you can see  
23          the contribution is just growing slightly  
24          between 2007, 2008, 2009, 2010.

25                       Well, why did we introduce a franchise fee

1 as opposed to just simply introducing the  
2 contribution? We could have done that. And  
3 when you look at it, as far as the customer is  
4 concerned, the customer would be paying the same  
5 amount, whether they're going to pay a  
6 contribution -- that we count it contribution or  
7 we count it in franchise fees.

8 The reason that we were supportive of and  
9 went towards a franchise fee is because a  
10 franchise fee is collected as a revenue and then  
11 moves off the top. It doesn't end up in our net  
12 revenues.

13 The contribution is a portion of our net  
14 revenue. Bond rating agencies look at our net  
15 revenues. And inside of our net revenues, we  
16 pay our bonds off, we pay our contribution to  
17 the City, and investment back -- cash back into  
18 the business.

19 Bond rating agencies, in order to rate  
20 you -- and we've got a good bond rating, roughly  
21 in the double A category for both the water and  
22 sewer business -- double A minus right now,  
23 but -- but it's debt service coverage that  
24 they're looking at, and what that -- and the  
25 debt service coverage is -- you take your net

1 revenue, you know, divide your debt service into  
2 it, and they're looking for, in the electric  
3 business, you know, like a 2.25 or -- or  
4 Standard & Poor's looks for a 1.4 fixed charge  
5 coverage.

6 So if we were to increase, say,  
7 contribution by \$30 million, we would actually  
8 have to collect 1.4 times 30 million because  
9 we'd have to show that debt service coverage to  
10 do that, and I can come back and explain more to  
11 y'all later in terms of rating agencies and why  
12 that's important and so forth.

13 So we were supportive of -- let's say, why  
14 don't we do a franchise fee.

15 Now, it was interesting, when we did a  
16 franchise fee, is that -- you know, we are the  
17 only municipal utility in the state of Florida  
18 who pays a franchise fee. Nobody pays a  
19 franchise fee. I'm not sure why. All of the  
20 investor-owned -- the concept of the franchise  
21 fee is -- cities that -- cities can have -- by  
22 state law, cities can have their own utility,  
23 own and operate their own utility. They have  
24 that right. And incorporate it -- every  
25 incorporated city in the -- in Florida has the



1 right to have their own utility, and the --

2 There's actually been instances where  
3 someone like a Florida Power & Light would be  
4 serving a city and the city has moved over,  
5 bought that from Florida Power & Light, and then  
6 served themselves. So you can do that. That's  
7 a right in the state of Florida.

8 Or you can pay an investor-owned utility  
9 like Florida Power & Light to come in and  
10 service, and so -- and when you do that, you  
11 typically pay a franchise fee, just like the  
12 City gets a franchise fee from cable television  
13 or other -- or other utilities, so -- but the  
14 State limits that to 6 percent. You can collect  
15 no more than 6 percent.

16 We thought of -- that of a franchise fee --  
17 so when you start saying why -- so we worked  
18 through that with General Counsel in saying  
19 why -- so it -- because you've got the concept  
20 of, well, if the City can have its own utility,  
21 which it does, then why are you charging JEA a  
22 franchise fee?

23 Because a franchise fee simply gives you --  
24 all it really does is it gives you the exclusive  
25 right to serve that area. That's what it

1 does -- that's what it does for the utility. It  
2 says you have the exclusive right to serve this  
3 area.

4 What it does for the -- and then the  
5 utility comes in and has the right to use public  
6 right-of-ways to run their lines. They don't  
7 have to buy right-of-way and so forth, so the  
8 benefit to the utility is they get to serve the  
9 area, plus use the rights-of-ways and those  
10 types of things, so --

11 So we actually work together and found --  
12 would it be legal to have -- for JEA and the  
13 City to have a franchise fee, even though no  
14 other municipal or no other city was doing it.  
15 We felt like, from a JEA standpoint, it was  
16 better to do the franchise fee than it was to do  
17 more contribution because of the -- because it  
18 would affect our financials on a -- on a rating  
19 side, so --

20 But the danger of doing that is now people  
21 just looking at the contribution and focusing on  
22 that and saying, well, you know, the franchise  
23 fee has passed through, it's a -- it's like a  
24 tax, that's not really out of your rate, so --  
25 that is the danger of putting a franchise fee in

1 place if you don't know why you do it, so --  
2 So that's why we did it, because it was  
3 better for JEA in the process of doing that.  
4 And the City actually has the right, by  
5 charter -- the charter was changed, and has --  
6 and we put a franchise agreement in place, and  
7 the City has the right to increase that to  
8 6 percent without any other input from JEA, but  
9 the council has to have a two-thirds vote in  
10 order to do that, so -- so that's what we've  
11 done, so --

12 And we did that -- when you look at the  
13 time frame, that was done at the time when the  
14 State was putting tremendous issues on the City  
15 and -- and moving forward.

16 You look at all of these numbers, if you --  
17 there is some State money. We do pay some gross  
18 receipts tax to the State. Actually that line,  
19 that's gross receipts tax, that -- for next  
20 year, 2010, is about \$32 million. That goes --  
21 gross receipts tax goes to the State, and that  
22 takes -- that tax is almost exclusively used for  
23 capital school buildings, so -- and that's --  
24 but all your -- all electric utilities pay  
25 that -- you know, pay that tax, so that's just a

1 tax that we pay because we're -- because we're  
2 tax exempt doesn't mean -- we still have to pay  
3 that tax and we still have to pay certain state  
4 sales taxes on our bill that our customers have  
5 to pay. It's this -- this is what our customers  
6 pay. It's not -- and then we pass it -- we  
7 collect it for -- for the state, is what -- that  
8 happens.

9 But that just shows you -- from a customer  
10 standpoint, they write the bill out to JEA, and  
11 then we collect that and send it forward. So  
12 roughly -- this coming fiscal year, \$277 million  
13 will be collected by JEA that doesn't stay with  
14 us on roughly a \$1.8 billion business.

15 If you subtract it out, the State money,  
16 the -- the City money is about 217 million  
17 for -- and that will -- that will go up about  
18 9 million as we go into the next fiscal year, so  
19 the JEA will be \$217 million off the JEA bill  
20 from contribution, other taxes, and franchise  
21 fee going to the City and -- and their  
22 ad valorem revenue is only about 430 million, so  
23 we're roughly half of the -- of the ad valorem  
24 revenue, you know, that the City gets, and  
25 we're -- we're the one thing that's going to

1           increase, you know, for this city as opposed to  
2           some others that will decrease, depending on  
3           what they do with the millage rate.

4           So you can see from a -- from a JEA  
5           standpoint, with the State and with the City,  
6           over the last -- over a three-year time period,  
7           this has increased almost 43 percent, so -- and  
8           we've done that -- we -- and primary is because  
9           the franchise fee, because we knew the City was  
10          in a bind, we worked through and said the best  
11          way to do this is in the franchise fee, not  
12          through a contribution to -- to move forward.

13          So it is true, that if you looked at our  
14          contribution today, that that 5 -- roughly  
15          5-and-a-half percent of our -- out of our  
16          rates -- out of our net revenue, 5-and-a-half  
17          percent of our gross receipts are going to the  
18          City. It's about 7 percent on our water and  
19          sewer business.

20          Another piece is that -- when we took over  
21          the water and sewer business in 1997, none of  
22          the water -- to the best of my knowledge, none  
23          of the water/sewer rate money, when the City had  
24          it as a department, was going to other parts of  
25          the City.

1           When we took it over, we committed to a  
2           \$10 million contribution at that time, and  
3           it -- and then we put the formula in place. So  
4           today the City gets \$20 million off of the  
5           water/sewer business that they weren't, you  
6           know, getting back in 1997.

7           So JEA took it over, you know, tried to  
8           drive some costs that we didn't inc- -- didn't  
9           improve -- didn't increase rates for an  
10          eight-year period. Now, we had to do that  
11          moving forward with the pressures on the  
12          business, but also it provides a contribution to  
13          the City moving -- moving forward.

14          And while I'm -- while I'm here, I'll just  
15          mention a couple other issues that I'd be happy  
16          to -- I really need to come back if you're  
17          interested in it from the standpoint [sic].

18          We've also done an analysis on, what if  
19          Florida Power & Light was here, you know, not  
20          JEA, would they be paying more? You know,  
21          we're -- we've done an analysis on that, and I  
22          can show you that they wouldn't be. They'd  
23          actually be paying less. The City would get  
24          less than what they're getting out of JEA, and  
25          we can -- I'd be happy to show you our analysis

1 on that, but I just wanted to -- didn't want to  
2 use that time if you're interested, you know, at  
3 that -- at that point in time, and -- and we'd  
4 be happy to come back and talk to you more about  
5 why JEA doesn't pay any contribution to the  
6 school board, but it -- but the real reason is  
7 our charter doesn't allow it. Our charter does  
8 not allow -- JEA just can't make a decision that  
9 we're going to give a contribution to the school  
10 board. The charter does not allow it.

11 We've also checked with every municipal  
12 utility in the state of Florida. None of them  
13 give any type of a contribution to the school  
14 board. The issue of -- the issue of, well, if  
15 you were -- if you were Florida Power & Light,  
16 an investor-owned utility, you'd pay tax and the  
17 City would get a school board -- well, there's a  
18 lot of folks here who don't pay tax -- I mean,  
19 they're tax exempt in that process.

20 And when the -- if we were -- JEA was  
21 formed out of a department from the City, just  
22 like the water and sewer business -- would there  
23 be an issue with the water/sewer business back  
24 in 1996 when it was a part of the City,  
25 directly, as a department? Would anyone ever

1           have come to them and said, "You need to be  
2           paying some type of a contribution to the school  
3           board"? But once you take it out and all of a  
4           sudden move it over to the independent  
5           authority, then it becomes an issue.

6                     So there's -- and I'm not -- I mean -- and  
7           our board, we know that that issue is not really  
8           just a JEA issue. That's a community issue.  
9           It's a community issue on how we want to fund.

10                    If there's money that should come and ought  
11           to come from JEA toward the school board or  
12           education and this community decides that's the  
13           right thing to do, we would support that, you  
14           know, we would work that out, whether that  
15           needed to be a fee on the bill or whatever,  
16           so --

17                    But that's a community decision, and  
18           everybody just would need to realize that you  
19           wouldn't be able to come over to take money from  
20           JEA and put it over here without increasing  
21           costs to our customers because we're a nonprofit  
22           business, so -- but we're not -- I mean, from  
23           the standpoint of -- we're not sitting over here  
24           blocking, you know, those.

25                    We -- right now it's a fact, though, the



1 charter just simply doesn't allow it. But if  
2 that's something you want to address, you want  
3 to spend more time talking about that, we'd be  
4 happy to come and -- you know, come and do  
5 that.

6 I mentioned other examples of how the  
7 charter has changed over time. I will say  
8 also -- as well as we have had rate increases  
9 over the last few years. We're not the lowest  
10 in the state anymore. We were for a while.  
11 We're like the third lowest in the state on the  
12 electric rates, and we're in -- we're in the  
13 middle of the pack.

14 There's about 32 electric utilities in the  
15 state of Florida. We're about the third  
16 lowest. A lot of our customers think we're  
17 the highest just because we've increased rates  
18 and -- got to show them comparisons and so  
19 forth, but -- and on the water/sewer business,  
20 we're about the middle of the pack. There's  
21 some -- lots of little water/sewer utilities  
22 across the state. We're pretty much right in  
23 the middle of the pack on competition.

24 The -- just a couple of other comments.  
25 I'll say that -- one of the things that you may

1           be addressing or may be thinking about is --  
2           when you look at the independent agencies in the  
3           City, you may be considering consolidation of  
4           certain services, could there be savings to be  
5           able to do that.

6           I'll tell you that when JEA was formed --  
7           because it was formed -- JEA, remember, was a  
8           department of the City back in 1968, and the  
9           next day it was an independent agency. So it  
10          was put into the charter that the City -- you  
11          know, that JEA shall use the City services at  
12          that time, but -- was put into the charter that  
13          says -- you know, the reason we're putting that  
14          in is because we always want you to use City  
15          services, or was it put in there because if we  
16          did -- if we had said that, then you would have  
17          to -- you've got to have something right away  
18          when you're formed because you've got something  
19          to do that.

20          We have worked with the council over time  
21          and modified some of that, and I'll give you a  
22          couple of for inst- -- you could look at things  
23          like personnel, motor pool, purchasing,  
24          communication, IT information services, and we  
25          would be happy to work with anyone who wanted to

1 look at -- we do some shared things together,  
2 and there may be a few shared things that could  
3 be done better there.

4 For instance, right now, we do not --  
5 however, for instance, we do not use the City  
6 motor pool. You know, we used to use the City  
7 motor pool. What we did was we -- we actually  
8 have privatized that. And we actually, at the  
9 time, were -- we needed some additional  
10 services, we needed night fueling, we needed  
11 several things that the City was unwilling to do  
12 at the time to increase our crew's productivity,  
13 and we actually -- then we actually bid that  
14 out, and we allowed the City to bid it, just  
15 like a private entity. And in some cases the  
16 City just chose not to bid it through their  
17 motor pool services, and then some cases they  
18 did, but we just -- we just simply competed that  
19 and -- in order to get the service that we felt  
20 like we needed to be as efficient as we could  
21 moving forward.

22 We also -- in purchasing, we actually -- we  
23 actually have formed a joint purchasing company  
24 with other municipal electric, water and sewer  
25 utilities. We actually joint own a company.

1 I'm on the board with some -- like Orlando,  
2 Gainesville's in it, and some other utilities  
3 across the southeast that actually do joint  
4 purchasing on electric and water/sewer  
5 business. It gives us scale.

6 When you look at a company like Florida  
7 Power & Light that's ten times the size of JEA,  
8 when they go out there to buy things in the  
9 electric business, they get a better rate  
10 because they're just buying more.

11 So we've actually found a way to  
12 collaborate and work together with other  
13 municipal electric, water and sewer utilities.  
14 We've just recently done a huge transformer  
15 purchase. So we get the benefit of scale and we  
16 get a discount because we're partnering with  
17 these other utilities to work together.

18 So that's what we've done on our purchasing  
19 side that's really helped us drive some cost out  
20 of the business.

21 We also own a joint electric marketing  
22 company where we market, buy and sell power all  
23 the time that's -- it's located right here in  
24 Jacksonville. I'm on the board. It's called  
25 the Energy Authority. Some of you may know

1           about it, but it's -- it's owned by five  
2           municipal utilities, and -- and we're the  
3           foremost public power electric marketing,  
4           trading company in the nation, and it's called  
5           the Energy Authority and it's located in the  
6           AT&T building on the 26th floor down there.

7           If you ever want to go see it, I'd love to  
8           tour you. If you want to see what a trading  
9           floor looks like, 24 hours a day, buying and  
10          selling power, you know, across the nation,  
11          so -- and that's been a very successful business  
12          for us as we move forward. That's how the  
13          business has changed.

14          So being able to have the right -- the  
15          charter changes -- to own those kinds of  
16          businesses and put them together -- we've made  
17          those changes over time that have served us --  
18          served the business really well, but -- but,  
19          again, I would be very happy -- if you wanted to  
20          talk about any consolidation, we would be very  
21          happy to be involved in that if you think that  
22          may be helpful moving forward.

23                 THE CHAIRMAN: Mr. Dickinson.

24                 MR. DICKINSON: Yes.

25                 THE CHAIRMAN: Forgive me for interrupting

1           you. It's 11:45. We're scheduled to go until  
2           12 o'clock. I want the representatives of the  
3           JEA -- JAA to know, it's my intent to stay and  
4           hear you, unless you have a schedule conflict.  
5           I apologize that we're behind schedule, so I  
6           just wanted you to know so you can plan  
7           accordingly, and the same to the commissioners  
8           as well.

9           MR. DICKINSON: I've got -- and I've got  
10          one minute, and then I'll be happy for  
11          questions, so -- because I just wanted to end up  
12          with saying -- I did look to say -- I said  
13          before that -- that in terms of any major  
14          changes to charter -- I think our charter works  
15          well. I think -- I really did -- have worked  
16          with council over time to do those things, has  
17          worked well.

18          If someone would come to me and say, Jim,  
19          what would you change and -- in looking at that,  
20          the one thing that I -- if I could, I would  
21          change it. It's probably a more controversial  
22          thing to change. I would love to see the JEA  
23          board, you know, have the -- have the ability to  
24          be the final legislative body for our labor  
25          negotiations. I know that's a controversial

1 issue.

2 We have actually seen -- right now, we -- I  
3 mentioned our joint power park with SJRPP, with  
4 Florida Power & Light. Those employees that are  
5 a -- that's kind of a separate company. Even  
6 though they're JEA employees, they're a separate  
7 class of JEA employees because it's jointly  
8 owned by Florida Power & Light and JEA, so those  
9 employees -- we have a separate bargaining unit,  
10 IBW bargaining unit for those.

11 Our board is the legislative body for that  
12 because the agreement with Florida Power &  
13 Light -- and council had to agree to it at the  
14 time because Florida Power & Light would not  
15 get -- would not work a deal, would not get into  
16 a joint ownership if those employees were going  
17 to be civil service and also were going to be --  
18 the final bargaining piece was going to be the  
19 City Council.

20 So we do have those employees that our  
21 board is the final legislative body for that,  
22 but on all of our other five bargaining units  
23 the -- the City Council is the final  
24 legislat- -- which means that we negotiate with  
25 our labor unions.

1           Our board -- we work with our board. Our  
2 board approves that, and then we must bring it  
3 to City Council for them to approve that and  
4 negotiate it in the labor union things. It's a  
5 little cumbersome in the process, and it -- I've  
6 only had one instance while I've been here that  
7 that -- we've had an impasse go to council, and  
8 it was -- and my personal view of it was council  
9 really doesn't want to do it. They didn't want  
10 to be in that position, but also -- because it  
11 took them nine months to schedule an impasse  
12 hearing, and they had a real hard time getting a  
13 quorum to do that.

14           It's a -- I -- we can continue to operate  
15 under the situation we are. That's one thing  
16 that -- that it could be looked at, but -- that  
17 I think would serve us better because I think  
18 our board, you know, could really look in terms  
19 of -- what we need to do is make sure our folks  
20 are competitive to the electric, water and sewer  
21 industry, which is what we do, and make sure we  
22 can have a good -- good, competitive employees  
23 moving forward as we go.

24           And then the other small thing I would  
25 change would be -- I mentioned the resolution



1           that comes to council on the -- the debt issue  
2           that's done, which is the maximum amount of  
3           resolution.

4           Currently, the charter says even refundings  
5           have to come there. You know, when we do a bond  
6           refunding -- we put a lot of bonds out and we  
7           have a call provision on it, and if those bonds  
8           age -- we're always looking at them to say, can  
9           we call those bonds back and refund it, not  
10          extend the time, but just simply refund it to  
11          save us money. So a -- a refunding can be done  
12          within certain parameters without having to be  
13          in that -- in that resolution with council,  
14          which would just help in that -- but those are  
15          not types of things it's very difficult to  
16          operate within. Those are just some small  
17          changes, you know, I would make. Probably the  
18          labor unions is the biggest one.

19          Moving forward with our business, the --  
20          the big challenges we have -- in fact, the --  
21          next week we're going to have a board meeting  
22          and we're going to talk about climate change.  
23          You know, renewable electricity, standard and  
24          climate change, with the new House bill that was  
25          just done is going to have a tremendous impact

1 on our business moving forward, and we'll be  
2 announcing and showing some of that cost -- big  
3 cost, you know, moving forward.

4 So that's the big issue on the electric --  
5 on the water -- on the electric business.

6 The water business, it's -- the management  
7 district is now looking at limiting water  
8 supply, you know, in north -- in the northern  
9 area of their district. So we're working with  
10 them now on -- on where are we going to get our  
11 water, you know, in the future. They're going  
12 to limit that, so that's a -- that will be a big  
13 cost if we have to go to some other kind of  
14 treatment rather than an aquifer treatment.

15 And on our sewer business, it's --  
16 continues to be the health of the St. Johns  
17 River. We've done a very good job improving  
18 that, lowering our nitrog- -- our discharge  
19 content of, you know, chemicals that are in the  
20 process when it goes back into the river.

21 We're doing a lot more reclaimed water, but  
22 just -- I mentioned those three areas in -- the  
23 electric business, the water business, and the  
24 sewer business all have huge challenges on the  
25 environmental side moving forward as additional

1 environmental regulations goes down, which means  
2 additional cost to customers moving forward.

3 So -- one of the things Mr. Rinaman  
4 mentioned was -- was about why JEA doesn't bill  
5 the City fees, and -- and it's not because we  
6 necessarily want to say, you can't make us do  
7 it. You know, we would never do that. We have  
8 talked quite a bit with the mayor's office.  
9 We've actually done a study --

10 When I mention these other things about  
11 cost is that you've got to be careful, how much  
12 cost do you want to put on a bill that's for an  
13 essential service that is somewhat regressive in  
14 terms of where those things get played  
15 because -- because all people have to pay, you  
16 know, that -- the electric, water, and sewer  
17 based on consumption, not based on income or  
18 whatever else, and you can't exempt them, you  
19 know, from those things, but we have done --

20 We've done a very detailed study of where  
21 those fees ought to be billed. We have  
22 worked -- and that was done with JEA and with  
23 the City -- with the City folks. There's a  
24 couple of big issues on why that bill cannot be  
25 put on -- at this point we haven't solved, which

1 is -- there's a legal issue on the storm water  
2 fee going on the JEA bill because the City and  
3 JEA are two separate bonding entities, and  
4 the -- we've got an opinion from OGC and from  
5 our bond counsel that says that -- that if you  
6 put those on the bill, then we cannot turn  
7 somebody's power off if they don't pay that part  
8 of the bill.

9 So it's a big issue there, in the process  
10 of that, so -- so -- and then that totally  
11 disrupts our system, which would have to totally  
12 be redone because our system says when you don't  
13 pay us, you get turned off. And you -- and  
14 having things on your bill that doesn't fit  
15 with -- so there's a -- I'll just say we spent  
16 considerable time trying to collaborate and to  
17 look at that and so forth, but -- so that's --  
18 that's moving forward.

19 There's a big legal issue that's there, you  
20 know, in the process, so -- but that's -- I'll  
21 stop there and see if y'all have any questions  
22 and . . .

23 THE CHAIRMAN: Thank you very much.

24 Commissioners.

25 Commissioner Oliveras.

1 MR. OLIVERAS: Thank you, Mr. Chairman.

2 Thank you for being here, Mr. Dickinson,  
3 and your staff.

4 I have a couple of questions for you.

5 Regarding your going outside City fleet  
6 management for your vehicle maintenance, what  
7 kind of percentage -- or is there a dollar  
8 amount that you came up with that you saved?

9 MR. DICKINSON: I don't know that off the  
10 top of my head, but I'd be happy to provide that  
11 to you, so --

12 MR. OLIVERAS: If you could, that would be  
13 great. I just have a lot of issues with that.

14 And back to taxes, I understand what you  
15 said about the charter not allowing for the  
16 property taxes for the school board.

17 Hypothetically, if that were amended and  
18 there was a dollar amount that the JEA was  
19 taxed, whatever that tax value would be, do you  
20 have a mechanism for absorbing that cost or  
21 would that actually, dollar for dollar, go back  
22 on the customers?

23 MR. DICKINSON: Well, let me -- well, first  
24 off, everything that comes from -- every cost  
25 that -- we're a nonprofit group. Every -- you

1 know, I can only -- I continue to look at  
2 efficiencies and putting -- and doing things as  
3 low cost as we can.

4 And I'll answer your -- I'll add a little  
5 bit to your question and move forward. If --  
6 we've done a study that says if we simply paid  
7 property taxes -- let's just -- because that's  
8 the issue that comes up a lot.

9 If we simply paid property taxes, what  
10 would we paying the City, what would we be  
11 paying the school board? If you look on the  
12 sheet and you see our contribution to the City  
13 is about 99 million next year --

14 We believe if we simply paid property  
15 taxes, our contribution to the City would be  
16 somewhere in the 45 to 50 million range. I  
17 mean, our taxes -- our property tax would be  
18 about 45 to 50 million. Our taxes -- our  
19 property tax to the school board would be about  
20 40 -- about 35 to 40 million.

21 So if you look at those numbers, that  
22 means -- from the study we've done, we're now  
23 paying the City what we would be paying the  
24 school board and the City, so -- in the process,  
25 so you'd have to say, would we --

1           If it was worked out where it said, let's  
2           just go back and JEA simply pay property tax  
3           value -- but the issue of how you come up with  
4           that number, the -- when I mention those kind of  
5           numbers, like the JEA would be paying roughly  
6           \$50 million in property taxes, the next highest  
7           property taxpayer -- I believe I still know this  
8           number, which is old BellSouth/AT&T here in  
9           town, and that's about 8- to \$9 million, so it's  
10          about the highest property taxpayer in the city  
11          right now is AT&T because they have all that  
12          infrastructure out there.

13           What traditionally happens -- I think you'd  
14          see -- like if Florida Power & Light came in to  
15          look at this -- and we've seen this because we  
16          own a plant in the -- up in Georgia, is that --  
17          rarely does a utility come in and look at the  
18          same -- because you look at value, and what's  
19          the value of your system, and -- is how you  
20          calculate the property tax.

21           Well, the value of our system is about  
22          \$7-and-a-half billion. That's our -- that's our  
23          asset value on the books, which is this cost  
24          less depreciation. We depreciate not like we  
25          are -- in other words, we would probably run

1           that business different because we would -- you  
2           know, we would depreciate faster because we're  
3           paying taxes.

4                     Right now we depreciate on a straight line,  
5           roughly, the life of the unit, which may be  
6           30 years. You know, we would depreciate much  
7           faster and cause that, so you would -- and also,  
8           utilities, because they have so much  
9           infrastructure and so much value there,  
10          typically negotiate with the tax entity to say  
11          this is what we believe the taxes ought to be  
12          because -- when you look at that cost.

13                    That would be a tremendous tax cost, so --  
14          so you'd really have to -- but we've looked at  
15          those numbers and we've done an analysis. As I  
16          mentioned earlier, we've done an analysis on --  
17          on if FP&L came here, you know, what -- what  
18          that would be -- what they would -- what they  
19          would pay and all the differences, and we can  
20          provide that to you as well, but -- but that's  
21          what --

22                    So the question would be, if it was a -- if  
23          it was -- if we were just paying property taxes,  
24          then our contrib- -- nothing would change much  
25          for JEA, just who it would be going to.



1           But if you want to say keep paying the City  
2           the 99 million and then add on roughly 35- or  
3           40 million for the school board, I don't have,  
4           you know, 35- or 40 million. I mean, I can --  
5           frankly, I mean, I can -- well, I don't have it  
6           because I would lose my bond rating if -- unless  
7           I -- because all I could bring out would be out  
8           of my net revenues and so forth in order to keep  
9           that bond rating up, then that would become  
10          another fixed charge that I'd have to collect  
11          more than just that to keep my bond rating up  
12          and my debt service coverage up to.

13           MR. OLIVERAS: So that cost would be passed  
14          on to the individual customers, then?

15           MR. DICKINSON: Absolutely.

16           MR. OLIVERAS: Thank you.

17           THE CHAIRMAN: Mr. Dickinson, if I could  
18          ask you to send that analysis that you did to  
19          Mr. Clements here, who is our staff for this  
20          commission, and he can disseminate it to all of  
21          us.

22           MR. DICKINSON: Okay.

23           THE CHAIRMAN: Thank you.

24           Vice Chairman O'Brien.

25           MS. O'BRIEN: Are there any entities that

1 are fully exempt from paying electric, water or  
2 sewer bills?

3 MR. DICKINSON: No, ma'am, not even -- not  
4 even JEA. I mean, we charge the water business  
5 electricity and the electric business water.

6 Our charter doesn't allow -- and even  
7 the -- the charter specifically says in the City  
8 that, you know, they must pay for the rates and  
9 so forth.

10 It was mention earlier, we have a  
11 10 percent discount for the City, for the Navy,  
12 and for the school board. We did that -- those  
13 are government entities, but we did it primarily  
14 because they're huge accounts. They fit into  
15 our large account -- they signed a ten-year  
16 contract with the JEA to get that 10 percent  
17 discount, but they -- but they have to be an  
18 entity that has a load greater than  
19 25 megawatts.

20 So really any entity -- if a big business  
21 came in here that wanted to sign that contract  
22 and they were a business that was more than  
23 25 megawatts, they would be eligible for that  
24 rate, for that particular rate, so . . .

25 But I will tell you, looking around and

1           doing the school board and everything else -- I  
2           said we weren't the lowest in the state, you  
3           know, now on -- and other places, but the rate  
4           that the City pays and the school board pays, we  
5           have not found a rate any cheaper in the state  
6           of Florida than what they're paying right now.

7           THE CHAIRMAN: Commissioner Austin.

8           MR. AUSTIN: Thank you, Mr. Dickinson,  
9           Mr. Chairman.

10           Do you have a mission statement in your  
11           organization?

12           MR. DICKINSON: Do I have a mission  
13           statement? We have kind of a mission purpose  
14           statement.

15           MR. AUSTIN: I'm sorry?

16           Yeah, a mission statement for the whole  
17           operation?

18           MR. DICKINSON: Yes, we do. We have core  
19           values and -- and a mission statement.

20           MR. AUSTIN: You have a simple --

21           MR. DICKINSON: Yeah. I can tell it to  
22           you.

23           MR. AUSTIN: Can we get a copy of that?

24           MR. DICKINSON: Okay.

25           MR. AUSTIN: Appreciate it.

1           I just want to review -- and I know that  
2           there's all kinds of different taxes here and  
3           everything, but I'd like to review what I asked  
4           Mr. Rinaman earlier, if I could.

5           You do not pay a sales tax to the State of  
6           Florida on the materials you purchase; is that  
7           correct?

8           MR. DICKINSON: Correct. We're -- we would  
9           have a sales tax exemption.

10          MR. AUSTIN: All right. And you don't pay  
11          local --

12          MR. DICKINSON: My CFO is over here.

13          On most things -- what we have to be  
14          careful -- there's certain things in terms of  
15          how we use them. I think if we're using them  
16          for -- if we're using them for the production of  
17          electricity and so forth, but --

18          But what if we're buying chairs and desks  
19          and so forth?

20          AUDIENCE MEMBER: Sales tax.

21          MR. DICKINSON: Yeah, we have to be --

22          MR. AUSTIN: Generally exempt, but there  
23          are some things you pay. That's not a big  
24          ticket item, I don't think.

25          And you don't pay ad valorem. We talked

1 about that.

2 MR. DICKINSON: Uh-huh.

3 MR. AUSTIN: Do you pay the state corporate  
4 income tax?

5 MR. DICKINSON: We don't pay a state  
6 corporate income tax.

7 MR. AUSTIN: Do you pay federal income tax?

8 MR. DICKINSON: We don't pay a federal  
9 income tax.

10 MR. AUSTIN: And you have the City  
11 bonding -- you borrow your money at the -- with  
12 the municipal -- with the benefit of the  
13 municipal rate as opposed to the open corporate  
14 rate?

15 MR. DICKINSON: Yeah, we can -- we borrow  
16 money on a tax-exempt -- in other words, when  
17 our bonds go out and somebody -- somebody buys  
18 our bonds, they don't have to pay taxes on those  
19 bond- -- on that interest, from the bond  
20 interest, so, therefore, it's -- we -- it goes  
21 out as a lower rate, so we have a lower -- we  
22 can borrow money at a lower rate because those  
23 that borrow it are not paying a tax on that.

24 Other than -- there's specific -- some  
25 issues we have to issue tax-exempt debt. It all

1 depends on how we use it, but for the most  
2 part -- 90-plus percent is tax-exempt debt.

3 MR. AUSTIN: Okay. Basically, ballpark --  
4 and I know you don't have it down, but basically  
5 ballpark -- you've got a City service tax,  
6 franchise. Do you know what percentage of your  
7 gross you're paying to the City? That's an  
8 off-the-wall question, I know.

9 MR. DICKINSON: Well, no. It's like --  
10 it's -- \$217 million kind of goes to the City  
11 out of roughly -- I think that's out of,  
12 roughly, a 1.7 --

13 AUDIENCE MEMBER: (Inaudible.)

14 MR. DICKINSON: -- out of a \$1.5 billion  
15 business. So it would be 217 million out of  
16 1.5 billion, which would be -- in my head --  
17 it's probably in the 15 percent range --

18 MR. AUSTIN: Okay.

19 MR. DICKINSON: -- of our revenue -- of  
20 what we take in goes to the City.

21 MR. AUSTIN: I got here -- I think it's  
22 just -- we're looking at the original charter  
23 and seeing what -- over the last 40 years, if we  
24 need to make any changes, recommend any changes  
25 to the City Council or to whomever the lawyer

1 tells us to recommend them to, but I think  
2 that's generally our mission.

3 And then the -- basically -- I read the --  
4 this blueprint for consolidation, and the way I  
5 read it, it basically says your obligation is to  
6 maximize your -- the high electric revenue  
7 margin, which is -- can be used by the City for  
8 general governmental purposes and to generate  
9 and sell electricity at competitive rates. Is  
10 that generally what you see as your mission?

11 MR. DICKINSON: Yes, I think it is.

12 MR. AUSTIN: Thank you.

13 THE CHAIRMAN: Commissioner Catlin.

14 MR. CATLIN: Thank you, Mr. Dickinson.

15 I've got a question, kind of coattails on  
16 Mr. Oliveras' question.

17 If in the future a group decided that  
18 you-all needed to contribute to the school  
19 board, by any chance -- this is just dreamland.

20 I want to verify something you said. If  
21 y'all were to do it and you had your rates --  
22 your rates had to go up, your board decides --  
23 because you -- obviously, y'all are the  
24 experts. Your board decides the rates go up.  
25 That's the bottom line, right? Didn't you say

1           that that does not have to come through City  
2           Council?

3                   And I know, obviously, the mayor appointed  
4           your board, but just -- is that true, that if  
5           they decided that your rates go up, that's the  
6           end?

7                   MR. DICKINSON: Well, the board sets the  
8           rates. So the board would do a rate increase  
9           that would be in a budget -- that we would  
10          submit to the City Council. What City Council,  
11          I guess, could do was -- was not approve the  
12          budget and send it back and say, "You've got to  
13          cut this out of your budget." We'd say, "Well  
14          how do we do that? What do we do?"

15                   And then, you know, we set our revenues  
16          based on what our rates will produce. We  
17          project what sales we're going to have. And,  
18          you know, in these tough times it gets tough  
19          because how much are people going to conserve,  
20          how's the economy working? We're actually  
21          producing less revenue now than we were --  
22          thought we would in the beginning of the year.

23                   But, right, we would have to -- the  
24          council, all they could do was -- they couldn't  
25          come back and say, "Go change your rates." They



1 would simply say -- they'd have the power to  
2 say, you know, "Your budget has got to be  
3 lower," and -- and then we'd have to figure out  
4 how to -- but then if we kept the rates up and  
5 the budget was lower, then we'd end up with  
6 extra money, and what would we do with the extra  
7 money?

8 MR. CATLIN: I guess my question -- if  
9 there was an emergency and you had to raise the  
10 rates, your board says it's done and it's done,  
11 correct?

12 MR. DICKINSON: Exactly.

13 MR. CATLIN: Thank you.

14 MR. DICKINSON: Well, even when we do that  
15 and we -- and we do that -- if that shows that  
16 we're going to -- which typically if you raise  
17 the rates during the middle of a year -- we like  
18 to do that at the beginning of a fiscal year,  
19 but we've had times -- like we had a fuel rate  
20 crisis last year and had to increase rates in  
21 the middle of the year, just the fuel rate.

22 We had to submit to the council an amended  
23 budget, you know, to appropriate those revenues,  
24 and it -- it went through, but, yeah, we still  
25 have to -- we'd still have to run that back

1           because a rate increase is going to affect  
2           revenues, so we have to run back through council  
3           the revenue -- a resolution.

4           THE CHAIRMAN: Commissioner Catlett.

5           MR. CATLETT: Mr. Dickinson, we talked  
6           mostly about the revenue side. What types of  
7           things has the JEA done to tighten its belt in  
8           these tough times?

9           MR. DICKINSON: Actually, we -- we took  
10          some action -- first off, just talking about  
11          these tough times, I mentioned -- we're always  
12          looking at ways to cut cost out of the business  
13          side. You know, we're a Six Sigma company.  
14          We're a lean manufacturing company. We're doing  
15          all those quality processes throughout the  
16          company.

17          Last September and October we actually laid  
18          off 223 people -- first time I'd ever had to do  
19          that -- which were all -- they were contract and  
20          temporary. Some of them had worked for us for  
21          four and five years by contract, but we laid  
22          them off. And, at the time -- you know, of  
23          course, we got a little bit criticized because  
24          everybody didn't quite realize yet what was  
25          going to happen in the economy. I think we were

1 proactive in what we did, and it's helped us  
2 because it helped us save that amount of money  
3 throughout the whole year to be where we are  
4 today, and it's still tight because --

5 The changes we made in the budget in early  
6 October of last year -- you know, actually, we  
7 needed that savings because revenue is down,  
8 so -- and we had an issue because we weren't  
9 really -- if you remember back in mid September  
10 you had Secretary Paulson -- I mean, there was a  
11 question whether or not we were going to even be  
12 able to go out to the capital market and borrow  
13 money, and we had to -- we had a \$700 million  
14 capital project planned. We were going to -- we  
15 planned to borrow 500 million throughout the  
16 year. We've had to cut that back and we've only  
17 borrowed about 200 million. We've been able to  
18 do that.

19 It's been much, much harder and the  
20 interest rates and cost has gone up, but we  
21 have -- we laid people off, we're in a hiring  
22 freeze. None of my managers -- I've got a --  
23 I've got roughly 250, 300 appointed folks in the  
24 2,300 employees at JEA. None of my managers --  
25 none of those 300 folks got an increase last

1           October.

2                     My bargaining unit folks got an increase  
3           because we were in the third year of the  
4           bargaining process.  Now, we're going into a new  
5           bargaining contract, things are different,  
6           but -- but last year none of my management team  
7           got an increase.

8                     And then coming in this year, it looks like  
9           nobody is -- none of my management team --  
10          nothing is in the budget this year for it --  
11          coming up in October for an increase, so  
12          we've -- and we've done a hiring freeze.  We've  
13          only hired very critical positions, and -- so we  
14          have attrited.

15                    You know, I -- as I said, we have -- we  
16          have well over 200 less people working at JEA  
17          today than we had working last September, so  
18          we're trying to watch that real closely.

19                    (Vice Chairwoman O'Brien assumes the  
20          Chair.)

21                    MS. O'BRIEN:  Commissioner Eichner, I know  
22          you had a question.

23                    MS. EICHNER:  When the charter was amended  
24          to add the advertising, based on deregulation,  
25          what did that add to the budget on an annual

1 basis? What kind of impact did that have?

2 And, then, secondly, the franchise fee you  
3 talked about, amending the charter for that as  
4 well, can you explain a little bit about that  
5 process?

6 MR. DICKINSON: The business promotion part  
7 that was put into the charter back in the -- in  
8 the mid '90s, kind of late '90s, that we  
9 could -- it started off at .5 percent of our  
10 gross revenues could be used for business  
11 promotion, and that would be what you'd think --  
12 and actually that was increased later to  
13 1.5 percent of gross revenues could be used for  
14 business promotion. And you think of anything  
15 that would be -- whether or not that is -- you  
16 want to call it advertising, you know, normal  
17 business promotion type things.

18 Prior to that, we did very, very little of  
19 that. We didn't really -- we didn't even have a  
20 marketing department, a marketing (inaudible),  
21 but we have never been at 1.5 percent of gross  
22 revenues in that part of the business. That's  
23 a -- if you want to look at what that is -- for  
24 instance, we probably -- in terms of what could  
25 be called business promotion type things, we

1           probably spend now -- because we've cut some of  
2           that back, we're probably in the 1- to  
3           \$1-and-a-half million out of a \$1.5 billion  
4           budget. So a very, very small percentage is --  
5           is in there. We've never used that -- the  
6           amount that's in the charter to be able to do  
7           that.

8                     Now, if we went -- if deregulation actually  
9           happened and we really did have to compete, that  
10          would be a different story.

11                    The second one was about the franchise  
12          fee? You're asking -- what we did was -- there  
13          was no franchise fee. What we did -- what we  
14          did with the City is we worked with the City --  
15          we just had to go into the charter, and the City  
16          basically -- we produced legislation that the  
17          council approved -- OGC drew it up -- that said  
18          that we would pay a franchise fee up to -- at  
19          3 percent, and that gave us the -- it gave us  
20          the ability to pass that through to our  
21          customers. In other words, it didn't have to  
22          come out of a net revenue. So it was a charter  
23          amendment, at that time, about a year and a half  
24          ago, that put that in place.

25                    And then also we negotiated and put in

1 place a separate franchise agreement that  
2 says -- typically the things in a franchise  
3 agreement, that you have the rights to use City  
4 rights-of-ways and --

5 For us, one of the benefits -- on the  
6 electric business, it wasn't all that  
7 important. On the water/sewer business, a  
8 franchise fee does give you the exclusive right  
9 to serve a territory. On the water/sewer  
10 business -- a little different.

11 On the electric business -- everybody has  
12 electricity. The whole state of Florida is  
13 divided up into a territory. There's no square  
14 inch in Florida that's not -- is not some  
15 utility's territory.

16 The water/sewer business, that's not the  
17 case. You've got a lot of wells and septic  
18 tanks and a lot of rural folks because you don't  
19 have water and sewer lines out there.

20 As development moves out, a developer could  
21 go and place -- in the outskirts of Duval County  
22 and put a development in place and actually  
23 say -- he could come to us and say, "Will you  
24 serve us?" And we'll say, "We will, but for  
25 this cost," and so forth. And he can say,

1 "Well, I don't want to do that. I want to have  
2 my own little utility here." And the developer  
3 can go to the Public Service Commission and get  
4 the rights to have his own little utility.

5 Well, with our franchise agreement now that  
6 we have with the City of Jacksonville, we have  
7 the exclusive rights to serve the city of  
8 Jacksonville. So the one benefit to us on the  
9 franchise fee was a developer not coming in and  
10 being able to operate -- and what really happens  
11 over time -- it happened way back in the past as  
12 the city expanded, the -- the City did not run  
13 lines out and -- when you get into rural areas,  
14 it gets tough. It's real expensive to run lines  
15 out and how you do that.

16 So development would come in -- and then at  
17 times you ended up with a lot of little  
18 utilities around the city on the outskirts, and  
19 then over time those end up getting bought back  
20 by the utility as it expands out there, so -- so  
21 it just put us a little more in the driver's  
22 seat to be able to control that because when you  
23 get out there in the future and try to buy them  
24 back, they want to charge you an arm and a leg  
25 for them.



1           Did that answer your question about the  
2 franchise?

3           MS. EICHNER: It did. Thank you.

4           And then I just have one other question too  
5 that's for -- in your comments.

6           Do you guys pay towards the storm water  
7 fee? And, if so, what's that payment to the  
8 City? And is it included in your City  
9 contribution here?

10          MR. DICKINSON: It's not included in the  
11 City contribution. We do pay the storm water  
12 fees, and I believe -- I'll have to get with  
13 that. I think we probably pay somewhat upwards  
14 to \$400,000, in that neighborhood. So, yeah,  
15 that's a fee that we must pay.

16          (Chairman Duggan resumes the Chair.)

17          THE CHAIRMAN: Any other speakers?

18          Commissioner Barrett.

19          MS. BARRETT: Thank you.

20          Mr. Dickinson, just real quickly, you  
21 mentioned about the council had the -- with a  
22 two-thirds vote from the council, a  
23 three-quarter vote, they can amend -- you can  
24 amend the JEA charter. Has that happened many  
25 times?

1 MR. DICKINSON: Yes, ma'am, it has.

2 Actually, it's amended -- like it amended  
3 to do the water and sewer, when we took over  
4 water/sewer. It's amended sometimes when --  
5 when things would change over time and we would  
6 be renegotiating the contribution and -- and it  
7 would go up, then there would be some things  
8 that JEA would ask to change in the charter, so  
9 during those contribution changes and  
10 contributions increasing, that formula --

11 MS. BARRETT: So that's not an unusual  
12 thing for you?

13 MR. DICKINSON: It's not unusual to do  
14 that, no.

15 MS. BARRETT: My second question is just at  
16 the end here, when you were talking about the  
17 bargaining unit, if we had anything -- if we  
18 were going to be doing anything with JEA with  
19 this body, that this is something you might  
20 appreciate us doing, with regard to the  
21 bargaining units and giving it to -- the impasse  
22 and so on -- and I recall that story several  
23 years ago. I know it took a long time.

24 So you're saying that it could be done,  
25 where we could suggest that your board is the

1 group that would be dealing with the bargaining  
2 units; is that correct?

3 MR. DICKINSON: Yeah. You could do that,  
4 if you wanted to spend some time thinking about  
5 is that a -- what are the pros and cons of  
6 that. It's just one piece of business that I'd  
7 say would, I think, help my business, but -- I  
8 mean, I can operate with the system. Certainly  
9 I can operate within the system now. It just  
10 gets cumbersome at times, but -- but, yeah, you  
11 could suggest that.

12 THE CHAIRMAN: Commissioners, anyone else?

13 COMMISSION MEMBERS: (No response.)

14 THE CHAIRMAN: Thank you, Mr. Dickinson.

15 MR. DICKINSON: Okay. Thank you.

16 THE CHAIRMAN: And now we will hear from  
17 the JAA.

18 (Ms. Moody-Robinson approaches the podium.)

19 MS. MOODY-ROBINSON: Good afternoon.

20 Mr. Ferrin briefly talked about the time  
21 when Jacksonville Aviation Authority was a part  
22 of the Port Authority and gave that history, so  
23 the creation of JAA in 2001 as an independent  
24 authority is what I wanted to spend some time  
25 talking with you about today.

1           So JAA's role as an independent authority,  
2           as part of consolidated government, I look to  
3           the City's charter and Jacksonville Aviation's  
4           charter, and both charters have checks and  
5           balances that keep JAA from totally acting as an  
6           independent authority.

7           As part of consolidated government,  
8           authorities were primarily created to manage  
9           their critical infrastructures based on sound  
10          business principles and practices. So some of  
11          those checks and balances that JAA is in  
12          alignment with regarding consolidated  
13          government, and that helps us to be an effective  
14          and efficient operation is to track that.

15          Our board is -- according to the charter,  
16          we have seven members of our board, four are  
17          appointed by the governor, approved by the  
18          Senate, and three are appointed by the mayor,  
19          approved by the City Council. And as business  
20          leaders that are not paid -- they're business  
21          leaders in the community -- our board provides  
22          policy and direction, which ensures that the  
23          city, the community's assets are for airport  
24          infrastructure, we're running our business  
25          efficiently and effectively, and that was the

1 intent of the charter.

2 Other checks and balances within the  
3 charter: The charter requires the independent  
4 authority to utilize General Counsel for all  
5 legal services. And Jacksonville Aviation  
6 Authority, we enjoy our relationship with  
7 General Counsel. We use them for a plethora of  
8 services. They're -- have one located in our  
9 office.

10 We also utilize their array of other skills  
11 and knowledge and abilities that they have at  
12 General Counsel's Office. And only through  
13 permission do we ever utilize outside counsel,  
14 and that's based on a referral from General  
15 Counsel. And typically -- an example would be  
16 for labor. Because our union labor negotiations  
17 sometimes can be drawn out, they allow us to use  
18 a labor attorney, and that's typically the same  
19 attorney that the Port Authority uses because  
20 our contract with our unions are pretty  
21 similar.

22 And also we are supported by the General  
23 Counsel to use and seek bond covenant counsel.  
24 And so, again, that's another check and  
25 balance.

1           Also, check and balance to charter requires  
2           our budget to be submitted and approved to the  
3           City Council. The City Council has the right to  
4           increase or decrease our budget on a total basis  
5           or a line by line basis.

6           We submit our budget to the City annually,  
7           but also monthly they get our financial  
8           statements, and we're always available for any  
9           questions they may have about our budget.

10          Since the inception of JAA in 2001, I want  
11          to mention, we have never received any funding  
12          from the City to help us maintain and run our  
13          operation. We pay the City for services, such  
14          as General Counsel service, and we typically  
15          utilize, again, not just one attorney but  
16          several attorneys.

17          We also pay, based on the charter, for our  
18          fire/rescue services that is provided for the  
19          airport system. We pay storm water fees also to  
20          the City.

21          I want to talk about some unique things  
22          about the Aviation Authority because not only  
23          does the City Council get to look at our budget,  
24          but as a landlord and tenant -- and we lease our  
25          facilities -- the airlines also have to approve

1 and they have input in our budget because our  
2 operating costs of doing business gets to be  
3 passed on to the airlines. So if our cost is  
4 being passed on to them, they have input and  
5 want to look at our budget, and -- so that helps  
6 us to run our organization efficiently, but also  
7 it helps us to keep our costs down so it's not  
8 passed on to the airlines so that it won't  
9 affect the quality of air carrier service that  
10 we all love and enjoy in our community.

11 (Mr. Thompson exits the proceedings.)

12 MS. MOODY-ROBINSON: Another thing I want  
13 to share that's a little unique about the  
14 Aviation Authority regarding how our funding  
15 comes from our capital projects for all of our  
16 infrastructure -- it takes millions of dollars  
17 to maintain and to run an airport operation.  
18 And, as I said, we don't seek or pursue any  
19 funding from the City.

20 Through user fees -- the FAA, federal  
21 aviation division, and the FDOT, through user  
22 fees, through fuel taxes, ticket taxes, cargo,  
23 there's funding available, and all the airports  
24 in the United States get to compete for that  
25 funding. And based on the FAA and the FDOT

1 approving our application and approving our  
2 capital projects, we get in line and seek  
3 support from the users -- user fees that provide  
4 support for the system, and so that's another  
5 source of revenue. So, again, we have the FAA  
6 looking at our budget, and they also audit our  
7 budget.

8 Another unique thing that I think is  
9 different from all the authorities that I need  
10 to share with you -- there's a term that's  
11 called revenue diversion. Based on us receiving  
12 that support from FAA and FDOT to maintain our  
13 critical infrastructures, they come with grant  
14 assurances, which means our revenue cannot be  
15 diverted outside our four airport  
16 infrastructures. All the money we make,  
17 aviation and nonaviation revenue must go back  
18 into maintaining our infrastructure.

19 The FDOT, in receiving their money, their  
20 grants must be matched, so we need to get  
21 50 percent of our funding to receive their  
22 funding, so that -- you can imagine the amount  
23 of money it takes to repair, to maintain the  
24 quality of infrastructure that we have.

25 We have to run our organization like a



1 business. We have to look for ways to be  
2 creative and generate nonaviation revenues so  
3 that money can go into maintaining our system.  
4 So that's something that's just strictly  
5 unique. And it's, again, not just that way for  
6 an independent authority or an authority, but  
7 all airports in the United States, whether  
8 they're part of a city or county, that  
9 mechanism, as far as the grant covenants and  
10 assurance, are a part of the makeup of the  
11 aviation industry.

12 The thing that I want to share with you is,  
13 being an independent authority and the way it  
14 works and -- I think it fulfills the original  
15 intent of consolidated government. It allows us  
16 to quickly and effectively react and respond  
17 locally, nationally, and internationally to the  
18 events in aviation as well as in our community  
19 and the economy. The tragic events of 9/11, we  
20 were able to quickly respond and adhere to all  
21 the mandates of Homeland Security.

22 One of the things that we are aware of is  
23 when security screening had changed, and all the  
24 airports, we had to screen all the luggage, and  
25 everybody put the big CTX machines into the

1 airports. Well, we were one of the first  
2 airports, thinking of our vision for this  
3 community, for our airport, we were able, in the  
4 midst of our terminal expansion, strategically  
5 get together and make some key business  
6 decisions, and we were one of the first airports  
7 in the -- we were the first airport in the U.S.  
8 that had inline baggage screening that wasn't in  
9 the middle of our airport. There are airports  
10 today, based on funding, that still have that  
11 screening equipment in the airport.

12 So, again, running like a business,  
13 thinking about what this infrastructure means to  
14 the community is what our focus -- and being an  
15 independent authority, working within  
16 consolidated government, we feel that model  
17 works.

18 Another thing that I wanted to talk about  
19 in reacting to local events is, just having the  
20 opportunity of having the Super Bowl, how, as an  
21 independent authority, we were able to get  
22 together but also work with the consolidated  
23 government, work with the -- Visit Jacksonville,  
24 work with the City and the Cornerstone and just  
25 really plan to make sure that we, being one of

1 the first airports to be the -- the size that we  
2 are, the smallest airport, to host a  
3 Super Bowl. And we did an excellent job in  
4 that, and that's through the consolidated  
5 relationships in the community.

6 When the -- the turn in the economy, when  
7 the market started crashing, and looking at our  
8 strategic accomplishments and mission, we have  
9 a -- our policy, and even our mission and vision  
10 is to be the best airport system and to position  
11 ourself to be self-sufficient while providing a  
12 safe and secure airport.

13 And seeing what was going on in the  
14 industry, we were able to get rid of all of our  
15 veritable [sic] rate bonds and convert them all  
16 over to fixed rate, saving us millions of  
17 dollars in interest rate. And that strategic  
18 accomplishment means just more money to go back  
19 in the system and make sure that we can maintain  
20 the quality infrastructure that's needed for air  
21 carrier service in the community.

22 We have a strategic agenda. When we were  
23 created in 2001, we had to get our organization  
24 structure, get our policies.

25 And in 2005, we created a five-year

1           strategic plan. The strategic plan really  
2           focused on our critical mission of making sure  
3           the infrastructure -- and I keep repeating  
4           this -- meet the needs of those who use it, but  
5           in -- I want to say in 2006 and 2007, those were  
6           one of our best years. As some of you remember,  
7           that's when the market was great, everybody was  
8           traveling, and really people was traveling off  
9           of those home equity loans. You had all the  
10          low-cost carriers. In 2007, that was one of our  
11          years of our highest revenue generators.

12                 But our strategic plan, 2007, we didn't add  
13          more positions, we didn't go out and procure  
14          more items. We looked at our contracts, we  
15          looked at how we were managing our business, we  
16          renegotiated our contracts, and we got our costs  
17          down in times when they were good. And I always  
18          tell my team, we believe in repairing the roof  
19          before the storm. And now the storm has hit the  
20          economy and the world.

21                 In 2008/2009, our revenue has been down for  
22          14 consistent months. I shouldn't say our  
23          revenue. Our enplanement, passenger traffic has  
24          been down for 14 months, but our cost -- based  
25          on the work that we have done several years ago,

1           our cost is down over 1.4 million, but our  
2           expenses are still up a couple million because  
3           you've got your electricity, your insurance, and  
4           your other expenses that all the companies and  
5           businesses are facing with, but our strategic  
6           agenda is in alignment with consolidated  
7           government.

8                     And being an independent authority with a  
9           board that's committed to this community and I  
10          believe doing the intent of what they was hired  
11          and -- not "hired" because they work free, so --  
12          doing the intent of what they was asked to do by  
13          the governor and mayor is -- is ensuring that  
14          this community have quality service.

15                    And, as you may recall or remember, in  
16          2008, part of our goal was to be the best  
17          airport system, and a couple of years ago we  
18          were getting complaints about taking too long to  
19          get bags, maybe the facility is not clean.

20                    Well, in 2008, based on some strategic  
21          planning and working with the community and  
22          receiving their feedback, your airport, the  
23          community's airport was rated the top -- one of  
24          the top five airports in the world, and that's  
25          compared to some of the international airports

1 through an ACI, which is Airports Council  
2 International, survey.

3 And we have surveys -- surveyors in our  
4 terminal that are constantly walking the  
5 terminal and they're taking surveys, and we have  
6 online surveys to get the feedback from the  
7 travelers that utilize our facility to make sure  
8 that we're providing a quality infrastructure.

9 I want to give you a little bit of updates  
10 about what are we doing with some of our airport  
11 systems. You-all, I'm sure, have been at our  
12 international terminal, and hopefully you're  
13 enjoying those facilities.

14 I want to talk a little bit about Cecil.  
15 Cecil was deeded to us in 1999, and some of the  
16 things that we have done, thinking of our role  
17 and responsibility to this community --  
18 Cecil Field, over \$75 million have been invested  
19 to bring that up to a civilian airport.  
20 \$45 million was obtained through grants through  
21 the FAA and the FDOT, and we have a team that  
22 just spends a lot of time making sure that our  
23 paperwork is in order and that we're in  
24 compliance with federal and state law so that  
25 we're eligible for those grants.

1           At the Cecil Field, we have all of our  
2           available hangars and office buildings  
3           completely leased out. That covers 1.4 million  
4           in square feet. We have two hangars under  
5           construction. We have a great relationship with  
6           all of our tenants. We did a partnership with  
7           FCCJ to build a training facility, a paint and  
8           coating facility, so you should be hearing more  
9           information about that. We're still in line and  
10          waiting and praying that the defense budget  
11          works out and the C-27 Alenia gets to come to  
12          town and generate more jobs.

13           Cecil Field employs over 3,000 individuals  
14          in this community, and that's direct jobs. The  
15          aviation system as a whole employs over 6,000  
16          people and creates jobs. And when you look at  
17          the international airport, those are a lot of  
18          small business leaders that are working in the  
19          airport.

20           Again, the way we're operating, we believe  
21          that the independent authorities, as it's  
22          designed under consolidated government, it's  
23          working. We think the forefathers that had the  
24          passion to pursue that -- we appreciate your  
25          time that you're giving to help make sure that

1 the authorities -- the charter is working and  
2 meeting the needs of those that depend on and  
3 use all the infrastructures, especially the --  
4 the Electric Authority, the Port Authority, and  
5 eventually you'll be talking to the  
6 Transportation Authority.

7 But I thought that I would pretty much sum  
8 up my information for you today as far as what's  
9 working. And as far as what's not working,  
10 that's not how we operate. We look at what we  
11 need to do to adjust and flex and just -- and  
12 provide you the services that you asked us to  
13 provide.

14 So that pretty much is going to wrap up my  
15 information.

16 I do have my CFO with me. And if you have  
17 any specific financial questions that you have  
18 asked some of the other CEOs, we'll be happy to  
19 address them, or if you have any specific  
20 questions for me regarding anything that I've  
21 shared or that you need to know that I didn't  
22 share, I'll be happy to discuss that with you as  
23 well.

24 THE CHAIRMAN: Thank you, Ms. Robinson.

25 Again, I apologize that we ran long today.



1 Thank you for the succinctness of your remarks.  
2 I know we appreciate that.

3 If I had known you were going to be so  
4 succinct, I would have put you first. You  
5 wouldn't have had to sit through all that other  
6 stuff. I appreciate that.

7 Commissioners, any questions?

8 MS. O'BRIEN: Just so I have a clear idea,  
9 are you saying that you receive no Duval County,  
10 City of Jacksonville funds at all for the JAA?

11 MS. MOODY-ROBINSON: That's correct. We  
12 don't receive any money from the City.

13 MS. O'BRIEN: Okay. And if there were to  
14 be a procurement of property, let's just say for  
15 an expansion at any of the four airports that  
16 you-all oversee, that would all go through FAA  
17 funding that you would secure that or would you,  
18 at that point, have to come to the local  
19 government or the City for funding?

20 MS. MOODY-ROBINSON: No. What we do is --  
21 we have a 20-year master plan and we have a  
22 five-year capital project plan, and everything  
23 in our airport and everything that we need, we  
24 plan it out. And so most of our projects, we  
25 use JAA cash. And if they're eligible, we will

1           apply for FAA or FDOT funding based on what  
2           those activities are.

3                     We also have available to us passenger  
4           facility charges, and those are charges that are  
5           passed on to the airlines based on the airline  
6           tickets, but we have to apply for that as well.

7                     So we have several funding sources. There  
8           could be the tax increment bonds, there could be  
9           revenue bonds, so it just depends on what that  
10          item was, if it was a capital purchase or if it  
11          was needed to maintain our infrastructure.

12                    But, no, we don't come to the City, and we  
13          include those procurement purchases in our  
14          budget. And the budget that we just submitted  
15          to the City July 1 included our five-year  
16          capital purchases even though it was only a  
17          budget for one year, so we are able to plan out  
18          the needs of the infrastructure.

19                    MS. O'BRIEN: Thank you.

20                    THE CHAIRMAN: Mr. Catlett.

21                    MR. CATLETT: Well, I know about as much  
22          about airports as I do the JEA and the other  
23          agencies, but I will tell you that as a  
24          customer, the level of customer service and the  
25          experience of flying has changed dramatically

1 over the last five years.

2 I have been to airports all over the place  
3 and nobody gets you through as fast, without any  
4 hassle at all, like JAA does, so -- I don't know  
5 what we could recommend to improve that because,  
6 from a customer's perspective, it's the best  
7 I've seen, and I've seen -- if you get caught in  
8 Laguardia, you see the other extreme. And if  
9 you've been to Laguardia, you understand what  
10 customer service is not. In fact, I would  
11 encourage all of you to go through Laguardia so  
12 you appreciate our local airport.

13 MS. MOODY-ROBINSON: Well, thank you for  
14 those comments. Our team works really hard at  
15 that, and I'll pass those on.

16 Thank you.

17 THE CHAIRMAN: Commissioner Eichner, did  
18 you want to --

19 MS. EICHNER: No.

20 THE CHAIRMAN: Commissioner Austin.

21 MR. AUSTIN: The airport Authority  
22 operates -- owns, literally, and operates the  
23 airport section of Cecil field, correct?

24 MS. MOODY-ROBINSON: Yes.

25 MR. AUSTIN: Is that being managed and --

1 and the City owns the outer part of the project,  
2 the other 20,000 acres, isn't that --

3 MS. MOODY-ROBINSON: Yes.

4 MR. AUSTIN: Does that relationship -- how  
5 is that functioning? Is that working well?

6 MS. MOODY-ROBINSON: I believe it's working  
7 well. I'll admit we had some hiccups over  
8 concurrency, but Councilman Fussell had put a  
9 team together with the port and seaport,  
10 engaging some of the council members so that we  
11 can come forward and share some of the issues,  
12 and also Councilman Daniel Davis participates in  
13 the stakeholder Cecil Field meeting, and we have  
14 the mayor's staff, we have a representative from  
15 Congresswoman Brown's office, JEDC, the  
16 Cornerstone, some of the community leaders that  
17 are impacted, Alberta Hipps.

18 And so to move past some of the friction  
19 that we had in the past, we now have a Cecil  
20 Field stakeholder meeting that's held every  
21 month. And every stakeholder, regardless of the  
22 property owner, gets together and let's talk  
23 about planning as a community. And so we are  
24 working through some issues of the past. And,  
25 in my opinion, yes, it is working well.

1           We have a master plan that we plan out for  
2           20 years for the development of Cecil. And I  
3           know the City is interested in selling their  
4           property, and one of the developers -- or a  
5           couple of the developers that bidded on their  
6           property also looked at our master plan.

7           So our goal and intent is to work along  
8           with anyone that the City eventually sells their  
9           property to, but continue to be community  
10          stakeholders to work through any concerns that  
11          we have.

12          MR. AUSTIN: Thank you very much.

13          THE CHAIRMAN: Commissioners, any other  
14          questions?

15          COMMISSION MEMBERS: (No response.)

16          THE CHAIRMAN: Thank you very much,  
17          Ms. Moody-Robinson. We appreciate it.

18          MS. MOODY-ROBINSON: Thank you.

19          THE CHAIRMAN: Is there anybody here who  
20          would like to make a comment from the public?

21          (Audience member approaches the podium.)

22          THE CHAIRMAN: Welcome.

23          Please state your name and address for the  
24          record.

25          AUDIENCE MEMBER: My name is Tony Bates,

1 5044 Andrew Street.

2 Thank you, Chairman Duggan, for the  
3 opportunity.

4 I know you have gone past the point of  
5 hearing anymore. If you will give me a minute  
6 or so after you adjourn, I just want to  
7 understand the procedure about what's going to  
8 happen in the future and how concerned taxpayers  
9 could present some of our views.

10 And I don't need to take up the time to --  
11 I'm interested in whether you're going to take  
12 up the issues that are presented by the public,  
13 whether you're going to go line by line item  
14 through the budget itself or just attack the  
15 special interests and the lobbyist interests and  
16 the changes, and how we can have participation  
17 and input to all the issues that Mr. Rinaman  
18 raised, and I just -- I can get that from you.

19 And I don't think they can pass more than  
20 two-and-a-half hours, Mr. Chairman.

21 Thanks for your endurance.

22 THE CHAIRMAN: My pleasure. Thank you.

23 I'll be happy to meet with you afterwards.

24 You bring up a good point that I want to  
25 raise with the Commission. As we talked about

1 before, it was my intention to begin with  
2 listening to the governmental stakeholders. I  
3 still think that's worthwhile, but I'm concerned  
4 that we're going to run out of time with -- and  
5 I'm not trying to be flip, but I think we  
6 have -- on our current meeting schedule of every  
7 two weeks, I think we only have 14 meetings  
8 because I'm assuming -- and that's not counting  
9 the -- the second meeting in November would fall  
10 on Thanksgiving. The second meeting in December  
11 would fall on Christmas Eve, if we went by the  
12 Thursday after council. So we could reschedule  
13 for the second meetings for November and  
14 December. That still only gives us 16  
15 meetings.

16 So my question to you is, do we want to  
17 meet every week or do we want to dispense going  
18 forward with listening to everybody first and  
19 move right into coming up with our issues list  
20 and start tackling issues?

21 And to the extent that those issues affect  
22 any governmental stakeholders, obviously we'd  
23 want to hear from them, but I know with the time  
24 frame that we have and with the scheduling  
25 issues, getting representatives of the

1 government here -- for example, General Counsel  
2 Mullaney was supposed to address us today. When  
3 the meeting was originally on the 14th, that  
4 worked for his schedule. When it moved to the  
5 16th, it did not.

6 I contacted a couple of other  
7 constitutional officers about filling in.  
8 Fortunately, as it turned out, they were  
9 unavailable, because we wouldn't have been able  
10 to stay within the time frame as it was.

11 So I'd be interested in your thoughts on  
12 how we move forward. More meetings or right  
13 into issues?

14 Commissioner Youngblood.

15 MR. YOUNGBLOOD: Can we receive a greater,  
16 condensed amount of information and continue on  
17 with the meetings so we have a better  
18 understanding of each of the agencies and  
19 departments that we have to hear from, but maybe  
20 reduce the amount of time?

21 THE CHAIRMAN: Are you suggesting that we  
22 just simply ask them to submit information that  
23 they want us to have in writing --

24 MR. YOUNGBLOOD: Absolutely.

25 THE CHAIRMAN: -- without coming down and



1 talking to us?

2 MR. YOUNGBLOOD: Absol- -- now, if they'd  
3 still like to come down, then obviously make  
4 that request and we'll hear them out.

5 THE CHAIRMAN: What's the sense of the  
6 Commission on that approach?

7 Commissioner Catlin.

8 MR. CATLIN: I think it all depends,  
9 Chairman Duggan, on how many more people you  
10 want us to hear.

11 I know you expressed the General Counsel,  
12 but, I mean, if it keeps on going to, you know,  
13 the sheriff, the property appraiser, that's  
14 going to fill up a ton of our time.

15 So I agree with Commissioner Youngblood,  
16 that if we hear from everyone, it's -- just not  
17 going to have time for us to do our true job, so  
18 if there was any way to hear a condensed version  
19 or to give a time limit -- I mean, this was very  
20 insightful, very -- I mean, what all I'm sure we  
21 all learned. But if we hear from everybody,  
22 we're just not going to have any time for us to  
23 do our business.

24 I'm totally against meeting every week, but  
25 I think if we condensed, gave a smaller time

1 frame, then we can get to our job at hand.

2 THE CHAIRMAN: Commissioner O'Brien.

3 MS. O'BRIEN: I would like there to be an  
4 opportunity for all the commissioners to submit  
5 to the chair what they're -- whether one, two or  
6 three is the right number, but what their top  
7 issues are that they see this committee  
8 addressing, and then see what kind of consensus  
9 there is among the commissioners of their -- I'm  
10 just going to say top three issues, because I  
11 think that will help focus us on some of what we  
12 see as a commission, our full priorities of what  
13 we want to address.

14 There's lots out there. We know,  
15 realistically, we're not going to be able to  
16 address every issue that's brought before us  
17 from the public or from the administration or  
18 from many different sources, but more so what  
19 are we seeing as a council as our top issues and  
20 then focusing on those and bringing in experts  
21 on what emerges as our top priorities.

22 THE CHAIRMAN: Commissioner Youngblood.

23 MR. YOUNGBLOOD: Thank you, Commissioner  
24 O'Brien.

25 It's something that I also -- I think

1 constitutional officers are something that was  
2 brought up many times in these past two meetings  
3 that I think is something -- we need to address  
4 them personally because those are elected  
5 officials and we need to provide them that  
6 time. So the constitutional officers would be  
7 top of the list of those we need to hear from  
8 still before we jump straight into the agenda or  
9 the topics.

10 THE CHAIRMAN: Commissioner Catlett.

11 MR. CATLETT: Well, I would like to hear  
12 from JTA since we made these poor people suffer  
13 with us for hours here on the other three major  
14 authorities. I don't want to leave JE- -- I  
15 mean JTA out.

16 But I agree, I don't know what all I need  
17 to know about the tax collector, but I'm sure  
18 they can write down enough for me to figure it  
19 out without a major presentation. It can't be  
20 that exciting.

21 THE CHAIRMAN: Commissioner Eichner.

22 MS. EICHNER: The only thing -- the only  
23 other thing that I'd like to see us have is a  
24 public comment section in the agenda in each of  
25 our meetings so that if there are members of the

1 public here, they -- that we can address and  
2 consider their concerns as well.

3 THE CHAIRMAN: That's certainly my intent  
4 for every meeting. That's part of the reason  
5 why I asked the question of Mr. Bates. Your  
6 question was very timely.

7 It's Bates, correct? That's your name?

8 MR. BATES: Yes.

9 THE CHAIRMAN: Thank you.

10 Getting back to Commissioner Youngblood's  
11 comment, the other agencies that I was hoping --  
12 I'm sorry, Commissioner Flowers.

13 MR. FLOWERS: I just was -- wanted to know,  
14 would HUD be one of the relationship that we  
15 look at through the charter revision?

16 THE CHAIRMAN: Housing and Urban  
17 Development?

18 MR. FLOWERS: Yes.

19 THE CHAIRMAN: Well, that's -- certainly  
20 that's an issue that you can put on the list of  
21 issues we should look at.

22 MR. FLOWERS: Thank you.

23 THE CHAIRMAN: Commissioner Youngblood,  
24 getting back to your observation about hearing  
25 from the constitutional officers, the people

1           that -- the agencies that I was hoping to hear  
2           from in person would include the JTA, as we've  
3           mentioned.

4           General Counsel Mullaney would like to make  
5           a presentation to us. I do think we're going to  
6           be addressing some issues regarding the General  
7           Counsel, and we can either wait to hear from him  
8           when we take that substantive issue up or we can  
9           hear from him first.

10          I also think we should hear from the school  
11          board, given the number of comments that have  
12          been made about education reform. I think we  
13          should hear from the sheriff because comments  
14          have been made about his role.

15          So I tend to agree with Commissioner  
16          Catlett. I'm not sure that we need to hear in  
17          person from the supervisor, the tax collector,  
18          property appraiser, or the clerk. And perhaps  
19          we could ask them to submit their information,  
20          whatever information they would like to submit.

21          What's the sense of the Commission on  
22          perhaps asking the sheriff, the school board to  
23          come and make presentations, and then -- I've  
24          already told General Counsel Mullaney that he  
25          will be on the agenda for the 30th, so we will

1           hear from him in person and then have the rest  
2           of them submit --

3                   Commissioner Catlett, do you feel strongly  
4           about the JTA coming?

5                   MR. CATLETT: I do feel strongly about -- I  
6           do feel that the JTA and the regional  
7           relationships is something we need to talk about  
8           in that we're all talking about looking at a  
9           regional transportation authority.

10                   THE CHAIRMAN: Okay. Well, if no one  
11           objects to that, then we will extend -- reextend  
12           our invitation to JTA to come in person, the  
13           school board, and the sheriff. And then Counsel  
14           Mullaney will be --

15                   MR. AUSTIN: (Inaudible.)

16                   THE CHAIRMAN: No, I don't think we need  
17           to, not in person. I will reach out to them.  
18           If they would like to come and make a  
19           presentation, if they feel strongly about coming  
20           in person, then I will accommodate that request,  
21           but I suspect that --

22                   I had a conversation with Property  
23           Appraiser Overton earlier this week because we  
24           had some openings on the agenda and I, frankly,  
25           thought we could slide him in. And we had a

1 fruitful conversation, he made some good  
2 arguments to me personally about why he would  
3 not feel that moving the property appraiser as a  
4 reporting officer to the mayor would be a good  
5 idea, but he did not indicate that he thought it  
6 was imperative that he come down and address us  
7 in person, so I don't think he feels that need.

8 I can contact the tax collector and  
9 Supervisor Holland and ask them, but my sense of  
10 the Commission is -- as we sit here, is that  
11 these are the people we want to hear from in  
12 person: JTA, school board, and the sheriff.

13 Is that accurate?

14 COMMISSION MEMBERS: (Nod heads.)

15 THE CHAIRMAN: Okay. Thank you.

16 And continue our every-two-week meeting  
17 schedule?

18 COMMISSION MEMBERS: (Nod heads.)

19 THE CHAIRMAN: Jeff, I know, has, I  
20 believe, circulated a list of those meeting  
21 dates, or has an outline ready to go here so  
22 that you can make sure those are on your  
23 calendars.

24 What is the sense of the Commission on two  
25 meetings in November and December? As you'll

1 see, as I said, one would otherwise be on  
2 Thanksgiving and one will be on Christmas Eve.  
3 I'm sure we don't want to meet those dates. We  
4 could meet the third Thursday, keep it on a  
5 Thursday, just meet that third Thursday, rather  
6 than the fourth. Does that work?

7 MS. O'BRIEN: (Inaudible.)

8 THE CHAIRMAN: So that would be on  
9 November 19th?

10 MS. O'BRIEN: November 19th and  
11 December 17th.

12 THE CHAIRMAN: Any discussion on those  
13 dates? Do they work for everybody as far as  
14 they know?

15 COMMISSION MEMBERS: (Nod heads.)

16 THE CHAIRMAN: Okay. Jeff, would you make  
17 sure that these dates, this full list of dates  
18 gets put on the Charter Revision web page?

19 MR. CLEMENTS: Yes.

20 THE CHAIRMAN: Thank you.

21 Commissioner Catlett.

22 MR. CATLETT: On our list, were we going to  
23 hear from the mayor, the administration?

24 THE CHAIRMAN: I spoke with Adam  
25 Hollingsworth yesterday. The mayor was invited



1 to speak today and was busy with the millage  
2 issue right now, and Adam committed to sending  
3 me in writing a list of comments that I will  
4 make sure get disseminated to the commission.

5 Commissioner Flowers, did you -- are you in  
6 the queue?

7 MR. FLOWERS: No.

8 THE CHAIRMAN: I must not have cleared that  
9 earlier. I apologize.

10 Commissioner Catlin.

11 MR. CATLIN: Chairman Duggan, I would  
12 recommend that we would put some kind of a  
13 timetable to rate the issues we think we should  
14 tackle as a group so we don't -- and then I  
15 guess we're -- supposed to be a consensus, then  
16 we'd decide the consensus, here are the ones  
17 we're going to take.

18 If we get in the war of who has what  
19 special interest, it's going to, once again, bog  
20 us down. So I'd recommend that you put a  
21 timetable and -- to all of us saying here are  
22 the issues. I would say the top five instead of  
23 top three, just -- seeing if we could handle  
24 five issue, hopefully, and not be three.

25 THE CHAIRMAN: I think that's a great idea.

1           My question to you now is, since we are  
2           still waiting to hear from these other  
3           entities -- hopefully we can schedule them for  
4           the next meeting -- do you want to wait to hear  
5           from them before we put our list together?

6           MR. CATLIN: I would say so, yes, but at  
7           least give a timetable after that where it's --  
8           we can immediately tackle what issues we have --

9           THE CHAIRMAN: Well, that would be the  
10          August -- I would suggest that would be the  
11          August -- in advance of the August 13th meeting,  
12          so that we would hopefully hear from these other  
13          entities on the 30th -- excuse me -- on the  
14          30th, and then thereafter each of us would  
15          submit -- submit them to me, and I will collate  
16          them -- or, actually, perhaps send them to Jeff  
17          and he can then distribute them to all of the  
18          commissioners, the entire list.

19          Do you want to have your issues  
20          disseminated by name? In other words,  
21          Commissioner Duggan's five issues are one, two,  
22          three, four, five; Commissioner Catlett's are  
23          one, two, three, four, five? Or should it --  
24          would you prefer that to be just a list of  
25          everybody's comments?

1           MR. CATLIN: I would -- I guess that's a  
2 question for Mr. Rohan, if that's a Sunshine Law  
3 that we have to say what our priorities are.

4           MR. ROHAN: It would be no violation of the  
5 Sunshine Law for you to provide a written  
6 documentation of your priorities to the Chair.  
7 Those will be public records and will not  
8 constitute a violation of the Sunshine Law.

9           MR. CATLIN: I understand that.

10           I was curious to know -- I mean, I guess  
11 the question was if our names should be on  
12 them. If we're going to submit our priorities,  
13 they would have our names on them as public  
14 record, correct?

15           MR. ROHAN: In order to be proper public  
16 records, you should have your names on them,  
17 yes.

18           MR. CATLIN: Thank you.

19           THE CHAIRMAN: Okay. Well, then, I think,  
20 Jeff, the direction to you is, when you get each  
21 commissioner's list, compile a master list and  
22 distribute it, but note by name each  
23 commissioner's top five items.

24           I should have done this at the beginning of  
25 the meeting. I want to introduce everybody to

1 Diane Tropa, our court reporter. She covers --  
2 she's the City's court reporter for the Planning  
3 Commission public hearings and the Land Use and  
4 Zoning Committee public hearings. She does a  
5 great job.

6 I'm sorry we went so long today. I know  
7 you haven't had a break.

8 Also, I wanted to make everybody aware that  
9 somebody in the audience, Devin Stewart --

10 Devin, please stand up.

11 MS. STEWART: (Complies.)

12 THE CHAIRMAN: She is working on a  
13 documentary on the 40th anniversary of  
14 consolidation and is hopeful that at some point  
15 she will have raised sufficient funds to come  
16 and perhaps film some of our proceedings.

17 So if -- I hope that she is successful. If  
18 anybody is interested in being a sponsor, please  
19 contact her. But if you see camera crews in  
20 here as we proceed, that is in connection with  
21 her documentary. So I wanted everybody to  
22 understand where that was coming from.

23 Any other comments, questions, matters for  
24 the good of the order?

25 Mr. Youngblood.

1           MR. YOUNGBLOOD: Mr. Chairman, I failed to  
2 ask earlier and I wrote notes of it, on JEA,  
3 your franchise fees, is that franchise fee  
4 bondable for JEA or is it a bondable fee for the  
5 City of Jacksonville, something that can be  
6 borrowed against into the future?

7           THE CHAIRMAN: I would have to defer to JEA  
8 on that answer.

9           MR. GILMORE: (Inaudible.)

10          THE CHAIRMAN: Jim, come on down so we can  
11 get that on the record.

12          (Mr. Gilmore approaches the podium.)

13          THE CHAIRMAN: You're the next contestant  
14 on the Charter Revision Commission.

15          MR. YOUNGBLOOD: Sorry for the delay, but  
16 I'd love to hear.

17          Thanks, Jim.

18          MR. GILMORE: Jim Gilmore, 1506 Prudential  
19 Drive, JEA board member.

20          Mr. Commissioner, through the Chair, the  
21 City has -- that money goes to the City for them  
22 to use for bonding purposes, not JEA.

23          THE CHAIRMAN: Anything else?

24          COMMISSION MEMBERS: (No response.)

25          THE CHAIRMAN: All right. Thank you all

1           very much. I appreciate it.

2                   We're adjourned.

3                   (The above proceedings were adjourned at  
4           12:50 p.m.)

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C E R T I F I C A T E

STATE OF FLORIDA:  
COUNTY OF DUVAL :

I, Diane M. Tropa, certify that I was authorized to and did stenographically report the foregoing proceedings and that the transcript is a true and complete record of my stenographic notes.

Dated this 26th day of July, 2009.

Diane M. Tropa