



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

Bruce Glassman, Chair
Tom Crabtree, Vice Chair

Meeting Minutes

June 21, 2005

4:00 p.m.

Attendance: Bruce Glassman (Chair), Dick Berry, Tony Bates, Marcella Lowe, Louvenia Tippins, Mike Meroney, Lou Myers, Charles Curley, Charles Magee, Mark Roesser, Elaine Burnett, Randy Deen,

Excused: Lee Martin, John Palombi

Absent: Tom Crabtree

The meeting convened at 4:04 p.m. with a quorum present.

Minutes

The minutes of the May 17, 2005 meeting were previously distributed.

◆ The minutes were **approved as distributed**.

Committee Reports

Cash Management: Commissioner Lowe reported that the Mayor's executive order on the subject was still in process and that there would be no further committee action until the order is issued, if needed.

Special Events Division Audit: Commissioner Lowe reminded the group that Theresa O'Donnell Price, Chief of the Special Events Division, had been invited previously but had not gotten the opportunity to address the commission. Ms. Price reported that her division had implemented all of the recommendations contained in the audit. The division staff has nearly doubled in recent years. All tickets for ticketed events are now counted before and after the event for reconciliation purposes. Police officers escort all cash carriers and are present at all points of sale. All cash is deposited either in a bank account or with the Tax Collector within 48 hours of collection. Kim Hopkins, the division's accountant has been a great asset in helping to improve the cash handling and accounting procedures; she has a background in accounting and has observed and tweaked all of the divisional processes to improve them. All employees undergo training on proper procedures and City regulations and requirements. All contracts with vendors, performers, suppliers, etc. are reviewed by the Office of General Counsel before being executed.

Audit #589 – JEA Pipe Bursting Contract: In the absence of committee chair Lee Martin, Chairman Glassman read the committee’s report into the record. The report stated that the committee had received information from private investigator David Hodges alleging several violations of local and state procurement regulations and policies by the JEA in connection with its contract several years ago for sewer pipe replacement by the pipe bursting method. The committee understood that the FBI, the State Attorney’s Office and the Florida Department of Business and Professional Regulation were all informed of the alleged improprieties and that to date none had taken any enforcement action regarding the allegations. The committee recommended that Mr. Hodges or his client pursue further challenges regarding violations of state or local procurement regulations in the courts, and recommended that the Commission accept Audit #589 pending post-audit review.

Motion: The Chair determined that the committee report took the form of a motion by the committee (seconded by Commissioner Berry) and opened the floor for discussion.

Commissioner Deen briefly explained that pipe bursting in the context of the audit is a means to replace old and defective sewer pipe without the need to dig trenches in streets by means of a technology that uses a high-pressure inflatable liner to burst the old pipe, then inserts a new flexible liner into the old pipe cavity and hardens it in place. He noted that no protest of the original contract award was made during the established protest period and questioned Mr. Hodges’ allegation that the JEA had chosen an outmoded methodology for the project – from the committee’s perspective that did not seem to be true. The committee did understand that the JEA had in fact contracted with a joint venture that did not hold a valid state license, but also learned that both of the companies making up the joint venture were individually licensed and that the State Department of Business and Professional Regulation considered this a minor technical violation which it helped to correct by issuing the joint venture the needed license.

Loree French, the Assistant General Counsel assigned as the JEA’s attorney, noted that both companies comprising the joint venture had signed the contract and were both jointly and severally liable in case there had been any trouble, meaning that both companies were fully liable for all damages arising under the contract.

Commissioner Bates asked if the Council Auditor’s Office stood by its findings that the JEA had complied with its own contracting regulations and procedures and Council Auditor Richard Wallace replied that he did. He explained that the question of whether or not those regulations and procedures matched state law was not one of the objectives of the audit so was not examined. Greg Perani of the JEA stated that pipe bursting as a methodology is much cheaper than the alternative of “cut and cover” (digging trenches to remove and replace old pipes) and saved money over the old method. He stated that only two companies bid on the original pipe bursting contract, and then became a joint venture. Subsequently more companies entered the pipe bursting field and JEA decided to re-bid portions of the work. They received better prices for the work during that round of bids because of greater competition in the marketplace and the introduction of improved technology.

David Hodges, a private investigator who first raised the JEA compliance issues with the commission, made several points for the commission to consider: 1) The JEA bid specifications had a local experience requirement that effectively excluded from bidding many companies that had not previously worked in Jacksonville; 2) JEA specifically excluded non-U.S. pipe bursting experience; 3) Nobody thought to look at the joint venture’s qualifications because the JEA pre-qualified the bidders, but that pre-qualification was faulty; 4) All of the bids should have been disqualified from the start and no award should ever have been made.

Motion: Commissioner Berry moved to call the question. The motion was **approved** by a vote of 11-1.
♦ The original motion to approve the committee report as presented was **approved**.

Commissioner Bates urged that the commission report to the GPATE Committee point out the issues raised by Mr. Hodges but which have not been, to Mr. Bates' mind, satisfactorily addressed.

Nominating Committee: Commissioner Myers, Chair of the Nominating Committee, reported that his committee had met last week and proposed the following slate of officers for 2005-06:

Chair – Marcella Lowe; Vice-Chair – John Palombi; Secretary – Mark Roeser

Chairman Glassman called for nominations from the floor; none were proposed.

◆ The Nominating Commission's proposed slate of officers was **approved** unanimously.

Audit #595 – Public Parking Division: Commissioner Meroney reported that the committee had a very productive meeting last week with Chief of Public Parking Bob Carle. He had just received a written response from the division chief to questions raised at the meeting, so the committee would need to meet one more time to consider those responses and produce its final report.

CityLink Committee: Commissioner Bates reported that he had heard from Councilwoman Gwen Yates that she would be scheduling a meeting during the 3rd or 4th week of July with representatives of the Neighborhoods Department to discuss CityLink's operations, and that TRUE representatives would be invited to attend.

Audit #600 – Sheriff's Investigative Fund: Commissioner Lowe distributed copies of the committee's report. She reported that the committee had met in May to discuss both this year's audit and the status of recommendations made from last year's audit. Procedures have been changed at the Sheriff's Office in ways suggested by the TRUE Commission. No one under the rank of lieutenant now handles cash in the office, and the JSO's internal auditor now makes unannounced "drop-in" cash count inspections. Chief Bowen indicated that he is supportive of the idea of issuing credit cards to undercover officers, and that he was appreciative of the Auditor's and TRUE Commission's participation and suggestions.

Motion: Commissioner Lowe moved that the commission accept Audit #600 without comment.

◆ The motion was **approved**.

Commissioner Bates wondered why the JSO's internal auditor had not noticed the faulty procedures that the Council Auditor identified in his audit. Commissioner Burnett expressed satisfaction that the TRUE Commission seemed to be having a positive influence on the JSO, and that the commission seemed to be getting a better reception from the new chief in charge of that office. Commissioner Deen echoed the sentiment that the turnaround seemed to be extremely positive. Richard Wallace explained that it often takes considerable time to get good processes into place and to change both regulations and attitudes. He noted that the JSO's internal auditor, Maxine Person, is improving processes and controls bit by bit as she moves from section to section within the Sheriff's Office. Commissioner Bates suggested that the report to the GPATE Committee emphasize the improvement aspect rather than simply make no comment.

Auditor's Report

Council Auditor Richard Wallace reported that his office has begun an audit of the Better Jacksonville Plan, and is preparing to begin an audit of the City's new Oracle human resources/payroll computer system. He noted that the Mayor will shortly be presenting his budget message to City Council, and that a difficult budget year is looming. He also explained that the City has recently exercised its option to discontinue participation in the interest rate swap program it started 2 years ago because the interest rate climate is less favorable. The swap program generated a net gain of \$9 million over two years but did not meet original expectations, falling approximately \$8 million short of the original goal.

Chairman's Comments

Chairman Glassman thanked all the commissioners for their good work during the past year and noted that there is still a long list of items that the commission could potentially study.

Commissioner Comments

- Commissioner Bates inquired about the structure of the Super Bowl Host Committee – was it a public or private entity. Richard Wallace responded that it was a private corporation.
- Commissioner Meroney asked if the City had any obligation to make the Super Bowl Host Committee whole for its revenue shortfall? Mr. Wallace stated that there was no legal obligation on the City's part.

Public Comments

Rosa Walker, a resident of Brentwood, described to the commission her problematic participation in the Housing Partnership Rehabilitation Program, a program of the Jacksonville Housing Authority designed to provide for home repairs for low- and moderate-income homeowners to keep their homes livable. She was disappointed in the quality of the contractors who participated in the program and in the professionalism of the program administrators. She felt that her desire to be an attentive and careful consumer was disrespected because she was participating in a government-subsidized program, and that the program's administrative costs were higher than necessary because of the continual need to re-do unsatisfactory work and to mediate between herself and uncooperative contractors. Commissioner Myers volunteered to look into the problem and see if the TRUE Commission could help.

Next meeting

The commission's next meeting is scheduled for Tuesday, July 19th at 4:00 p.m.

There being no further business, the meeting was adjourned at 6:08 p.m.

Items pending further follow-up

- Children's Commission audit
- Cash Management Committee – Commissioner Lowe
- Powers and Duties – 57.105(b) – Commissioners Curley and Myers
- Powers and Duties – 57.105(f) – Commissioners Roesser, Glassman and Palombi
- Fleet Management audit – Commissioners Glassman and Lowe (recommendation #2)
- Housing Commission response to TRUE inquiries – Chairman Glassman
- JEDC reorganization – Commissioners Berry and Bates
- Better Jacksonville Plan courthouse and roadway projects update – Chairman Glassman
- TRUE commissioner access to the City Intranet – staff
- Audit #595, Public Parking Division – Commissioner Roesser
- CityLink audit follow-up – Commissioner Bates
- Public Service Grants Chapter 118 amendments – Commissioner Bates