



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

Marcella Lowe, Chair

John Palombi, Vice Chair

## Meeting Minutes

February 6, 2006

4:00 p.m.

**Attendance:** Marcella Lowe (Chair), Lee Martin, Lou Myers, Mike Meroney, Randy Deen, Charles Magee, John Jolly, Mark Roesser, John Palombi, Arnold Whisenant, Charles Curley, Louvenia Tippins, Mark Cowart, Ron Mallett

**Excused:** Bruce Glassman, Dick Berry, Gary Looney

**Absent:** Elaine Burnett

The meeting convened at 4:17 p.m. after the GOOHS Committee meeting with a quorum present.

### Minutes

The minutes of the January 3, 2006 meeting were previously distributed.

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

### Introduction of new commissioners

Recently-appointed commissioners Ron Mallett and Mark Cowart were introduced to the group.

### Personal Appearance

The commission expressed its best wishes and presented a retirement gift to outgoing Council Auditor Richard Wallace, who encouraged the commission to continue its good work.

### Personal Appearance

Ron Barton, Executive Director of the Jacksonville Economic Development Commission, attended the meeting to introduce himself to the commission and to describe his restructuring of the JEDC organization and mission. He expressed his hope that several characteristic traits would define the JEDC's work: consistent, accountable, judicious, proactive, and strategic. Consistency will be evidenced by the use of a matrix to determine when and in what amounts incentives should be offered. Accountability will be tied to performance measures and clawbacks. Judicious use of incentives will revolve around a concept of public investment and expected return on that investment rather than pure deal-making. Proactive means that the City will determine what sorts of developments it wants and will work to make that happen rather than just react to what developers bring to the table. The strategic aspect will involve better use of a revised Capital Improvement Program process.

The JEDC's budget is approximately \$2.5 million for personnel and operations, and about \$6 million overall, which includes incentives, Cecil Commerce Center operations, public service grants, contracts, etc. Mr. Barton, a resident of Jacksonville in previous years, expressed the feeling that Jacksonville has long had an "inferiority complex", which played a part in the city's propensity to feel that it needed to use substantial incentives to attract businesses and development to the city. He feels our quality of life and relatively low cost of living make the city very competitive without needing to use too many incentives. He noted the shift several years ago from up-front cash grants to back-end, performance-based payments. In response to a question about the efficacy of incentives Mr. Barton explained that the use of incentives is just a fact of life since they are offered by most other jurisdictions with which we compete for businesses. Until Congress outlaws incentives nationally, the city will have to play the game in order to be competitive. The object is to play the game wisely and leverage the city's inherent advantages to the best effect.

Mr. Barton explained that Cecil Commerce Center presents a huge opportunity for the city, but that the construction of a new I-10 interchange to serve the base is vital to its success. With regard to the Jacksonville Landing deal that has been in the news recently, he stated that the Mayor pulled the plug on the RFP process for the land sale because he sensed the process was going astray; it was trying to solve a lease default problem without strategically and logistically looking at the future of downtown development.

#### Committee Reports

Jacksonville Housing Partnership Committee: Commissioner Myers distributed a committee report and draft letter to Kerri Stewart, Interim Director of the Jacksonville Housing Commission outlining the committee's work and findings. The report noted three major complaint areas: lack of adequate communication between the owner and contractor prior to commencement of the work about the exact scope of the work to be performed; unmet expectations on the part of homeowners when funds were exhausted before work was completed; and substandard work on the part of some subcontractors. The use of extensive change orders to the scope of work after construction was begun and the attendant increase in administrative fees (deducted from the overall project budget) seemed to be a major problem.

The committee recommended that administrative costs for the housing rehab program be borne by the Housing Partnership and not billed to individual homeowners. It also recommended that the contracts signed by homeowners include a very specific statement listing the total project cost, the administrative cost, and the fact that a lien will be placed on the property. A third recommendation was that the Partnership's project managers inspect each phase of work for completeness and quality before each contractor payment draw is approved. Finally, the committee recommended that a cadre of independent volunteers, knowledgeable in contract terms and procedures, be trained and made available to assist elderly homeowners in understanding and interpreting these contracts before they authorize a lien on their property.

**Motion:** a motion was made to approve the committee report, to forward the letter to the Housing Commission and Council Auditor, and to keep the committee intact to continue to follow up on progress on this issue. The motion was **approved**.

Commissioner Deen noted that the committee had heard allegations of contractor fraud in the program and hoped that the committee would look into those allegations as its work continues.

Performance Committee: Commissioner Palombi reported that he had met with the GOOHS Committee and separately with GOOHS Committee chairwoman Suzanne Jenkins regarding the possibility of tying performance measurement and management to the City budget process. He has developed a concept

paper that talks about embedding performance management more deeply into the City's internal processes. Councilwoman Jenkins recommended that he and his committee meet with Council President Hyde to explore how the Council and the TRUE Commission might work together to address this issue. Chairman Palombi solicited volunteers to join the committee in working on the issue.

Audit #608 – Sheriff's Investigative Fund: Commissioner Lowe distributed a committee report and noted that this annual audit has gotten "cleaner" each year, at least in part because of the TRUE Commission's scrutiny and suggestions. After 3 years of TRUE's suggestions, the JSO has finally agreed to issue credit cards to 3 vice officers in their fictitious identities to aid in their ability to maintain a credible undercover identity and to provide a better audit trail via credit card billings.

**Motion:** a motion was made to accept the audit as promulgated and to send a letter to that effect to Chief Hartley of the JSO. The motion was **approved**.

#### Auditor's Report

Council Auditor Kirk Sherman reported that his office had recently released two audit letters (#06-01 – Blueprint for Prosperity, and #06-02 – Audit Follow-Ups), and has 3 more audits forthcoming shortly. He noted that the Finance Committee will be engaging in its mid-year budget review in the spring, which may be of interest to the commission.

#### Chair's Report

Chairwoman Lowe reported that Dr. Delphia Williams, Director of the Community Services Department, had graciously agreed on short notice to meet with the Housing Partnership Committee. She assured the committee that the long-awaited revisions to Ordinance Code Chapter 118 will be done soon. The chair requested the status of the commission's request for a legal opinion from the General Counsel regarding the commission's jurisdiction to examine and interact with the independent boards and authorities. Staff reported that the Council President had drafted and transmitted the request to the General Counsel and was awaiting a reply. The chair requested staff to e-mail copies of the by-laws and policies and procedures to all new commissioners.

#### Commissioner Comments

- Commissioner Mallett expressed his hope that the commission would look at resurrecting the occupational license study undertaken by the City in the 1990s that was completed but then shelved by then-Mayor John Delaney. He wondered if the state law that required the study then requires it to be re-studied on an ongoing basis, perhaps every 7 years?
- Commissioner Meroney wondered if the commission was interested in pursuing the issue of the cost of the City's recycling program, which costs millions of dollars to operate and generates only a fraction of the revenue needed to break even on operations. Chairwoman Lowe said that she would discuss the issue with GOOHS Chair Suzanne Jenkins and get her opinion on the Council's interest.
- Staff was requested to send copies of the commission's policies and procedures to all new commissioners.
- The commission discussed the method by which new Council Auditor audits are made available to the membership; some prefer to receive hard copies, others prefer to access the audits on-line and print their own copies if necessary. The members in attendance were polled and expressed the following preferences: Hard copy – Martin, Roesser, Myers, Meroney, Lowe, Mallett, Whisenant; On-line – Magee, Deen, Jolly, Cowart, Palombi, Curley
- Staff was requested to send updated commission membership rosters to all members.
- Commissioner Myers stated that he is in conversation with Herb Helsel, Executive Director of the City's Council on Elder Affairs, to see if he can find a volunteer to serve as an ombudsman/advisor to help seniors understand the Housing Partnership home repair contracts.

- Commissioner Palombi requested that staff schedule and notice a Performance Committee meeting for Friday, February 10<sup>th</sup> at 12:30 or 1:00 p.m.

Public Comment

James Jenson, relative to the earlier presentation by Ron Barton, expressed the opinion that economic development incentives are not effective.

Next meeting

The commission's next meeting will be on Monday, March 6, 2006 at 4:00 p.m. following the GOOHS Committee meeting in the City Council Chamber.

There being no further business, the meeting was adjourned at 6:20 p.m.

Items pending further follow-up

- Housing Partnership home rehab program – Commissioner Myers
- TRUE commissioner access to the City Intranet – staff
- Mike Hogan invitation to March commission meeting – Chairwoman Lowe
- Legal opinion on scope of TRUE Commission jurisdiction – Chairwoman Lowe