

The Better Jacksonville Plan
Finance and Project Administration Committees
Meeting Minutes
July 28, 2006

FAC:

Jim Dickenson (also PAC)
Janet Owens
AJ Dunn

Absent:

Dan Edelman

CITY:

Cal Ray
Janice Billy
Chad Fransen
Ivy Johnson
John Chapman
Marcy Cook

JTA:

John Davis
Thomas Cerino
Margo Smith
Dee Dee Ellis
Wendy Morrow

PAC:

Michael Blaylock
Scott Noe
Joey Duncan
Vacancy

Absent:

Kirk Sherman

JEA:

Helen Khert
Robert Kermitz

I. Welcome and Opening Remarks

Jim Dickenson

II. Approval of Previous Meeting Minutes

April minutes were not available.

Jim Dickenson

III. FINANCE ADMINISTRATION COMMITTEE

Welcomed new members.

Jim Dickenson

ACTION ITEM: Cal Ray directed to develop orientation session for the new members to review FAC & PAC information and learn the roles and responsibilities of the committees.

A. COJ

Cal Ray

1. Transportation Program Summary (blue)

Major change here is excess revenue transferred to JTA accomplished. \$40 MM transferred, showing reduction in balance from last time. Will have bearing on pink sheet. Gradually returning to mode; went early to bond market in 2000 and 2003. As program matures we expect to return to model.

2. Transportation & Infrastructure Summaries (pink)

On page 2, project #PW0379 notice 14.2 million negative variance budget to actual; transfer of excess revenue to JTA recorded against this project # - should not have happened, need to get that corrected get project back in the black. No other projects on pink report showing negative budget variance.

Advised new FAC members that the focus is on the finances, not necessarily the progress of the actual projects.

The Better Jacksonville Plan
Finance and Project Administration Committees
Meeting Minutes
July 28, 2006

3. Infrastructure Project Summary

Essence of this page is comparison of model to actual by fiscal period and program to date. With respect to model, predicated on little or no debt paid down early, incorporating phases of projects with pay-as-you-go with the debt coming on mid-term. Majority of projects build out mid-2007. Been much more aggressive in many areas, resulted in earlier than anticipated take-down of debt.

The other aspect of the model relevant here is predictions on half-cent sales tax, apropos not only city's infrastructure half-penny but also JTA's surtax. When model created in 1999/2000, both revenue streams were significantly exceeding 5-5 1/2 percent. As quickly as the plan was approved, the annual growth numbers in the early years of the program on the sales tax revenues dropped to around 4 percent.

Note on the second column, sales tax revenues - model to actual negatives variances through 2004, then positive variances starting in 2005. From a 30-year perspective, in a recovery phase now from the early years. Program to date we're about \$9.7 million negative variance; ordinarily you'd want the leaner years later in the program makes it more difficult to recover. However, currently cash flow is good to continue all projects. Some stress generated by unanticipated inflation of construction materials, availability of talent, those kinds of things.

When we began we predicted all debt paid off and out of the program as early as 2017; most recent prediction, all things considered, now stands at 2023 – relevant to the infrastructure sales tax only.

Inquiry made about revenue projections causing projects to be deferred. Response indicated that is not the case; finance monitors the cash flow projections provided by the engineering staff. Will issue debt to ensure there is cash available for the projects.

Original city program had all-in debt issuance limitation of \$954 million; issued about \$600 million of that to-date, another \$300 million of capacity, which we will issue when the cash flow circumstances dictate.

On the BJP-1 (transportation) projections indicate issue debt Q2 2008; BJP-2 (infrastructure), do not have current prediction of issuance.

The Better Jacksonville Plan
Finance and Project Administration Committees
Meeting Minutes
July 28, 2006

4. Revenue Trends

Graphs show half-cent proceeds. There are four, rather than two, graphs depicting the transportation and infrastructure sales tax revenues because there are two distributions coming from the state, monthly and quarterly. The Department of Revenue does some clean-up activity on a regular basis, which results in the additional distribution.

The peaks and valleys are fairly consistent over the six years plotted, and each successive year is somewhat better than the previous year, which is good and generally in accordance with the model we predicted. However, on the quarterly page, note in Q3 04/05 it shows we did not get a distribution. There is a high degree of variability in the state's distribution cycle, which is not necessarily driven by the sales tax collection but more on their timing of delivering the checks. We actually got two checks in the fourth quarter of 04/05.

There are some minor variations between the transportation and infrastructure proceeds. JTA transportation sales tax is levied countywide and it all goes to them. However, the city's infrastructure sales tax, while also levied countywide, but portions go to Beaches and Baldwin.

Infrastructure sales tax also consistent across years, including the anomaly in the third quarter of 04/05. In conclusion, currently do not have cash flow issues on the city's side, and do not anticipate any in the future.

B. JTA

Thomas Cerino

Introduced Margo Smith, new Chief Financial Officer. Numbers shown are life to date through May 31, 2006. See column original BJP budget and current budget, referenced for convenience for those who may wish to tie it back to previous documents. Projects that were moved to the State Partnership Program are marked with asterisk.

Total amount expended \$258.7 million, up \$29.5 million from prior quarter report (as of Feb 06). This represents cost percentage of completion of 32 percent, up from 29 percent from last period and 20 percent from the quarter before that – so we have moved up 12 points in 6 months. We are beginning to see ramp up of expenditures that we've anticipated.

Expended \$29.5 million last quarter; of that, \$29 million went to BJP-1 projects – primarily Argyle Forest and Beach ICW Bridge. \$500,000 went to BJP-2 projects.

The Better Jacksonville Plan
Finance and Project Administration Committees
Meeting Minutes
July 28, 2006

C. Ernst & Young **Cal Ray / E & Y**
Audit in question is a performance audit, not financial. E&Y has issued a draft report. Generally positive with no major findings. All partners have responses to comments and questions in progress. Final draft will be transmitted to everyone when completed.

D. General Discussion
Chairman Dickenson stated that from a JEA financial perspective, just about everything bid out has come in more expensive than anticipated, which has caused them to step back and assess what really needs to be built now, and where and how money is spent. We continue to be in a high-escalation time.

IV. PROJECT ADMINISTRATION COMMITTEE **MICHAEL BLAYLOCK**

A. Project Status Reports

1. COJ - Courthouse **Chad Fransen**
In May, city selected Spillis Candela DJMM to be the Owners' Consultant Now in contract negotiations. Spillis scope of work to include work on the Public Defender and State Attorney spaces, as well as design review and cost estimation of new Criminal Courthouse.

Proposals for Design/Build Consultant received June 28. There were three respondents: Yates / Arquitectonica from Miami, and the joint ventures of Turner Construction / KBJ and Auchter / Perry-McCall / Rink / DLR. The proposals are currently being graded. Anticipate selecting the firm in August.

Construction on the Old Federal Courthouse roof continues and is expected to be done in December. Also, construction on the 5th floor of the current courthouse is underway to make room for the new judges coming on board next year. Completed renovations of the 3rd and 4th floors of the Annex to house State Attorney.

Public Works moving to the Ed Ball Building in late October, which will free up three additional floors in the Annex for State Attorney staff.

COJ - Road Projects **Marcy Cook**
First phase of Kernan Blvd. work has begun, which includes four new signals. Anticipate the section between Beach and Atlantic to begin in the fall. Also working on two railroad overpasses.
Resurfacing continues; only about 150 miles remain. Completed 110 miles of sidewalks.

The Better Jacksonville Plan
Finance and Project Administration Committees
Meeting Minutes
July 28, 2006

- 2. Septic Tank Phase Out** **Robert Kermitz**
Packets included an executive summary to provide more information. Currently projected to be \$12 million over the available funding of \$87 million. To review, program consisted of the top 6 sanitary nuisance areas. BJP provided \$75 million. Complete three areas, other three are under construction. Taking aggressive measures to reduce costs, including a review of the best delivery methods.

As an example of our situation, we only had one bidder on Scott Mill and that proposal was significantly higher than budget. Negotiations were unsuccessful, so we'll have to rebid. Oakwood Villas is 6th on the list, and as a result of our budget situation we've had to break that into phases. We'll build until the funding runs out. Other phases will be built as funding becomes available.

Good news is that customers are connecting. 45 percent of available connections are being made. Program is definitely working, and will grow within the recently announced River Accord.

- 4. JTA** **John Davis**
13 projects completed, including Branam-Field Chaffee phase 2 and Southside/Merrill interchange. The projects with an asterisk on the JTA report indicate bond projects. Last quarter three were reported under construction had only been awarded; they are now under way.

Eight projects are in design. Plan to release the design/build criteria package for Beach/Kernan to four qualified teams within the next 10 days; hope to get proposals back before the end of the year.

- B. EBO/JSEB** **Ivy Johnson**
JSEB program targets participation goals and/or set-asides for qualified businesses. Track dollars paid to JSEBs.

Program to date expended to small and emerging business holding steady at 18 percent. Expect the numbers will change within the next few months.

- V. Other Business**

- VI. Adjourn** **Michael Blaylock**