



OFFICE OF THE CITY COUNCIL

Report of the Special Budget Analysis Committee

July 17, 2014

Committee Members:

Clay Yarborough, Chair

Reggie Brown

Richard Clark

Warren Jones

Robin Lumb

Don Redman

Matt Schellenberg

Establishment

On December 16, 2013, Council President Bill Gulliford created the Special Budget Analysis Committee and charged it to review all City departmental, divisional, and independent authorities' budgets and take a detailed look at their viability, allocations, opportunities for savings and greater efficiencies. Because the Council was in the midst of concluding a review of Ordinance 2013-209 related to reorganization, the committee did not convene its first meeting until February 20, 2014. Upon receiving an initial current-year budget overview from the Council Auditor's Office, it became apparent that time would be better spent taking a 'deeper dive' approach into specific departmental/divisional budgets versus trying to review every aspect of the entire consolidated government's budget. It was also decided at that point to exclude the independent authorities from review due to the fact that the Council has less control over individual areas/items contained in the authorities' respective budgets. The Chair suggested setting a schedule and requesting specific departments/divisions to appear before the committee. Weekly meetings were then held until May 15, 2014.

References and Special Thanks

This report represents a summary of the findings and recommendations of the Special Budget Analysis Committee. Minutes from each meeting have been made an official part of the permanent record and may be referenced for details beyond what appears herein. The committee extends thanks to all staff members involved in helping it execute its purpose. Special thanks are due to Yvonne Mitchell in the Council Research Division who did an outstanding job preparing the meeting minutes, which have been heavily relied upon in completing this report.

Findings and Recommendations

Highlights from departments and staff appearing before the Special Budget Analysis Committee are contained in this section. Several submitted information and/or PowerPoint presentations for members to review. Copies of all information and presentations received have been given to the Council's Legislative Services Division to be placed in the permanent record. The committee encourages the full Council, but particularly the 2014-2015 Finance Committee to evaluate all recommendations (**noted in bold**) as part of its budget deliberations, as appropriate.

During the committee's February 20, 2014, meeting, Council Auditor Kirk Sherman and Principal Auditor Kyle Billy provided the committee with a summary overview of both the final quarter of the Fiscal Year 2012-2013 budget (Quarter Ended September 30, 2013) and the first quarter of the Fiscal Year 2013-2014 budget (Quarter Ended December 31, 2013), which included detail for

departments with unfavorable variances and large favorable variances. The auditors also discussed the January 22, 2014, memorandum to the Council concerning General Fund Recapture Amounts for Fiscal Year 2012-2013. Other ideas mentioned as future discussion topics were upgrades to the City's financial systems, capital items, vehicle replacements, debt service, Better Jacksonville Plan priorities, and a long-term look at Jacksonville Fire & Rescue Department (JFRD) from a funding sustainability standpoint in light of the reality that current grants will eventually run out that are being used to supplement personnel expenses.

Finance Department, including Budget Office and Risk Management (2/27/14)

Budget Officer Glenn Hansen reported to the committee that his office was looking into possible refinancing alternatives in an effort to offer additional savings in coming years' budgets. He acknowledged he did not believe there are many at all this year due to the major refinancing last year that yielded several million dollars. Jacksonville Fire & Rescue Department (JFRD) capital expenditures are a current challenge for the Finance Department. With the risk of a drop in the AA+ rating, the City will need to engage in capital rationing by prioritizing requests without harming the City's financial status. Another challenge is JFRD's billing and collection rate. An RFP was put out for a company to handle JFRD billing and the response period was recently increased by 60 days to allow for greater competition.

Risk Manager Twane Duckworth informed the committee that his office is currently performing more 'maintenance' versus 'management.' In explaining this, he said a focus has been placed on preventative methods, drilling down to identify cost-drivers for workplace injuries, and investigating best practices for dealing with heart and hypertension issues. He added that his staff will continue meeting with other agencies' (JEA, JTA, etc.) risk managers in order to get an idea of their most critical issues. He also shared with the committee that 75-80% of claims are settled pre-suit. In response to a question regarding whether we train 630-CITY call-takers to recognize risk issues on the front line, Mr. Duckworth said staff is working on this. A collaboration has been developed with 630-CITY to inform Risk Management simultaneously about certain issues. Risk Management will not assume responsibility, but has the ability to contact departments in high-risk situations to ensure resolution as quickly as possible.

- **The City needs to assess its financial management systems and evaluate its relationships with outside vendors to address challenges with timeliness of payments to vendors and also receivables tracking. For example, uncollected ambulance fees are difficult to recover due to issues with tracking them with the third party collection agency, plus it can take six months to two years.**
- **Mr. Duckworth was asked to provide updates on his meetings related to establishing additional training for 630-CITY employees to recognize risk.**

- **Mr. Hansen was asked to contact Mosquito Control about selling unused aircraft and freeing up the City's current rent obligation to store the same.**

Council Auditor's Office (2/27/14)

Council Auditor Kirk Sherman presented an overview of how the Council Auditor's Office functions and discussed items he believes need to be addressed in order to promote continued good functioning of the office. It was reported that the office lacks a sufficient number of experienced staff to conduct an appropriate volume of continuous internal auditing of the fiscal operations of the consolidated government while meeting requests for service from the Council. In addition, fiscal challenges in the office, mostly related to salary and pension concerns, are perceived to interfere with attempts to retain experienced staff and therefore make staff vulnerable to recruitment by other departments and agencies. Along those lines, Mr. Sherman put forward that the Council should consider increasing starting salaries to be comparable to starting salaries of other employers and the Finance Department. Another challenge mentioned was not having enough funds budgeted for adequate travel and training. On a final note, Mr. Sherman pointed out that the office's computer monitors were not included in a current 'refresh' of computer systems. This is believed to cause potential incompatibility in information exchanges with other entities.

- **The Council Auditor's Office plans to request computer monitors in next year's budget because they were not included in a recent 'refresh' of equipment.**

Office of Economic Development (OED) (3/6/14)

Executive Director Ted Carter told the committee that a challenge facing the department is a revenue shortfall in the Public Parking Division. The division is currently \$100,000 below plan. Reasons cited by the department are: lack of downtown development and uncollected citations. The need exists to incorporate a wider array of events including: promotion of more opportunities to utilize the St. Johns River, broadened partnerships, increased merchandise opportunities, and tiered ticketing. The department highlighted Chase Bank's investment to Jacksonville with over \$100,000 in local community contributions and hiring approximately 25 local people. The department also reported that Greencore Group is the first success resulting from the London trip last year. It will develop 259 jobs with a projected capital investment of \$5.5 million related to its expansion. Additional challenges include lower budgeted revenues for training and event sponsorships.

- **The City should consider funding for upgraded parking meters, allowing pay-by-cell, and a parking meter sensor phone app.**

- **The Public Investment Policy review should give consideration to the Northwest quadrant.**
- **OED should consider presenting minority unemployment statistics separately.**
- **OED should pursue all opportunities to place Jacksonville at the forefront for events. Staff was asked to provide information on what it would take to create a Florida Sports Hall of Fame in Jacksonville, which would be an asset to the City.**

SMG (3/6/14)

SMG CEO Bill McConnell shared with the committee that a challenge for SMG is energy reduction efforts related to chilled water services at the City’s public venues. Several energy efficient options are being considered along with best practices from facilities/stadiums worldwide. A Request For Quotation (RFQ) for an energy reduction program manager is in progress. An additional priority at-present is improving cellular coverage for customers.

- **It was suggested that SMG present information related to how much business is generated from each venue separately versus combined.**

Update on Lazy Asset Study (3/6/14)

Public Works Director Jim Robinson provided the committee with an update on the Lazy Asset Study, also referred to as the Property Asset Management Optimization effort. The City owns 2,547 properties, 391 of which are mostly unused ‘managed assets’ that possess the most opportunity for higher use and potential to increase in value. The Ed Ball Building is listed as a managed asset because opportunity exists for revenue within vacant areas. Currently, weekly meetings are held with the goal of developing a framework and process improvements for property management. A documented transparent process is in place.

Fleet Management (3/13/14)

Fleet Management Chief Karim Kurji reported that 58% of the department’s \$40 million represents the cost of fuel. The purchase of fuel takes place weekly in order to ensure best pricing. On-Going savings realized from outsourcing parts are being passed on to the department’s internal customers through discontinuing the fuel markup by \$0.13 per gallon through the remainder of the fiscal year. Fleet is experiencing three major challenges:

1. Aging fleet – A need exists to replace vehicles. JSO patrol cars are averaged at 5.0 years. Greater efficiencies in future plans include expanding the pool vehicle program and alternative fuel vehicles;
 2. Aging facilities – Fleet’s current facility is 42 years-old and has never been upgraded or remodeled. There is no generator for emergency response;
 3. Software – A mission-based system designed for mobile assets is needed.
- **The Council should consider appropriating funding to replace outdated equipment and vehicles along with providing training dollars for operators. Director Kurji agreed to submit a three to five year plan that adequately brings Fleet up-to-date.**
 - **Fleet should provide a detailed list of all requests made to Public Works regarding aging facility issues, except upgrades and remodeling. The list should include contact dates and what services have and have not been provided to-date.**

Update on Pension Reform Task Force (3/20/14)

The Mayor’s Chief of Staff Chris Hand reported the task force is focused on three primary tasks:

1. Governance of the Police & Fire Pension Fund (PFPF) – The task force recommends formation of an independent investment committee and new disclosure rules.
2. Pension design – The task force recommends a separate set of benefits for new employees and changes to benefits for current employees (particularly with regard to the amount contributed, how COLA’s are calculated, and the DROP rate of return).
3. Addressing the \$1.7 billion unfunded liability – The task force recommends the City make an additional payment each year over-and-above the Actuarially Required Contribution (ARC) until the funded status of the plan reaches 80%.

Downtown Investment Authority (DIA) (3/20/14)

CEO Aundra Wallace overviewed the structure of DIA, but reported no budgetary stress at-present due to the agency still being in its infancy. He did, however, say he was hopeful the DIA Board would move forward soon with approval of its plan so that the same could be sent to City Council for consideration.

Procurement (3/20/14)

Division Chief Greg Pease reported that the Copy Center, Central Mailroom, and Surplus functions are housed within Procurement. The division is realizing an annual \$350,000 savings in personnel expenses as a result of reorganizations increasing the supervisor-to-employee ratio. Current challenges include Code changes, expanding the use of e-procurement and leverage technology, professional development, and continuously seeking innovative ways to procure that are strategic and cost-effective.

Update on the Task Force on Consolidated Government (3/27/14)

Councilwoman Lori Boyer shared that the Task Force on Consolidated Government voted on a recommendation to request Council consideration to eliminate internal service charges between General Fund departments. The recommendation does not apply to enterprise funds or independent authorities with independent sources of revenue. There is also a recommendation being contemplated to support the concept of the cost of pension liability in excess of normal cost (unfunded liability) being taken out of internal service charges so that the cost of central services can be more in-line with market cost. The task force also expresses the sentiment that all compensatory damages should be budgeted through and handled by Risk Management. Currently, departments have the ability, in conjunction with Office of General Counsel, to negotiate settlements of certain claims without any input from Risk Management.

Jacksonville Fire & Rescue Department (JFRD) (4/3/14)

Jacksonville Fire & Rescue Department (JFRD) Chief Martin Senterfitt overviewed the structure of the department and identified future challenges, which include:

1. Increasing the ISO/PPC rating, which will lower property insurance premiums;
2. Expediting emergency response times – Lowering the average response time to eight (8) minutes with maximum of 12 minutes (current times: 9+ minutes to 20+ minutes);
3. Practicing/Promoting prevention and preparedness;
4. Maintaining efficient & effective operations – Identifying efficiencies and savings at every opportunity;
5. Fostering sustainability – Maintaining service levels while standardizing replacement/retirement requirements;
6. Replacing fleet/apparatus/technology/capital items as necessary;
7. Adding new stations in four growth areas with a PPC rating of 10;
8. Identifying alternative water supply solutions; and,

9. Hiring a bilingual dispatcher.
- **JFRD should work closely with the Planning Department and JEA on placement of fire hydrants in new or redevelopment areas.**
- **The suggestion was made to inform incoming 2015 Council Members that the \$5 million SAFER grant will eventually run out.**
- **Consider additional staffing within the Emergency Preparedness Division.**

Public Works (4/10/14)

Public Works Director Jim Robinson reported that the department is the primary caretaker of all City-owned properties and infrastructure.

Challenges include:

1. The amount of time mechanical equipment is down during a given year. Several pieces that are used to re-grade ditches, clean ditches, and vacuum drainage basins are inoperable for months at a time and are expensive to maintain;
2. Expanding operations in order to adequately cover high priority operations areas;
3. Restructuring internal organization to optimize efficiencies and increasing the use of new data analysis tools to identify challenges and successes;
4. Incorporating advanced technology;
5. Communications and project controls; and,
6. Enhancing maintenance follow-up protocol for CARE issues.

Stormwater fees are utilized for the cost of service for capital projects, maintenance, and repairs related to the stormwater system. Of Stormwater fee revenue, \$15 million of a total \$29 million (52%) is used for operations that include personnel, contracts, etc.

Accomplishments for Public Works include:

1. The success of Operation Tire & Sign Buyback;
 2. Property Asset Management Optimization (Lazy Assets);
 3. Increased mowing schedule; and
 4. CDBG funding for ADA sidewalk ramps.
- **The Council should consider outsourcing/privatization with regard to areas of need impacted by the inoperable mechanical equipment.**

Jacksonville Sheriff's Office (4/17/14)

Sheriff John Rutherford informed the committee that JSO's current-year budget amount is \$389,234,770. The biggest expense is salaries and benefits at \$333,193,317 (85.6%). The agency has 1,603 police officers, 785 corrections officers, and 651 civilian employees. A total of 385 officers with cars live outside the county. Officers residing beyond a 10-mile radius from the county must park the vehicle inside the county. Jacksonville has 1.95 officers per 1,000 citizens, which is less than several other large cities. Jacksonville is also on the high end of the scale as it relates to population of other cities in Florida (828,385) and on the low end in police per capita spending. Currently, JSO's average response time is 8.26 minutes. The nationally accepted time is seven (7) minutes. Sheriff Rutherford's goal is to hire an additional 40 police officers and 40 Community Service Officer (CSO) recruits in next year's budget, the cost of which would be approximately \$8 million. This amount would cover the entire expense of outfitting the new officers, providing necessary equipment, and purchasing vehicles for CSO's. Although JSO has been commended for effective and efficient service, in order to considerably impact any increases in violent crime, the Sheriff believes additional officers are needed. Thus far, JSO's year-to-date murder count is 71, with the regrettable expectation of reaching 100 this year. A number of cuts took place in Operation Safe Streets (OSS), which concentrated on the hot-spots identified in Jacksonville where additional officers' presence would greatly impact crime in the area. Next year's budget could have a reduction of \$1.2 million in salaries as a result of the Deferred Retirement Option Program (DROP). Sheriff Rutherford explained that almost 100% of employees that have reached 20 years of service are enrolling in DROP due to uncertainty.

JSO challenges include:

1. Unfunded pension liability impairing the ability to recruit and retain quality employees;
 2. Decrease of 147 police officers and 92 community service officer positions;
 3. Difficulty in hiring civilians due to lower salaries as compared with the private workforce;
 4. Fleet replacement; and,
 5. The firing range needs significant repairs. One trailer is uninhabitable due to black mold.
- **Sheriff Rutherford recommends that homeless individuals no longer be released downtown. Instead, he recommends a homeless shelter and misdemeanor releasing center be constructed on City property near Highway 301.**
 - **Sheriff Rutherford proposed that the Civil Service Rules be revised on promotional exams to relax the two-year life span element and allow selection from the top 25%.**
 - **The Council should investigate and determine whether any savings have actually occurred as a result of vehicles not being utilized outside the county and whether not taking vehicles out-of-county has impacted vehicle life expectancy.**

Department of Corrections (4/17/14)

Department of Corrections Director Tara Wildes reported that the average daily inmate population is 3,386. Inmate labor is utilized for public service uses. The Pre-Trial Services Unit is housed at the Jacksonville Re-Entry Center (JREC) and supervises 1,900 pre-trial defendants, which allows avoidance of incarceration cost for low-risk offenders. In order to be more efficient in savings and prevent building an additional facility, the Pre-Trial Detention Facility added a third bunk in inmate cells. The impact of the department's prevention and intervention approach shows a decline in the recidivism rate from 37% to 30%. Challenges facing the department are:

1. Civil liabilities;
2. Infectious disease control;
3. Rising cost of prescription medication; and,
4. An aging inmate population.

Jacksonville Public Library (4/24/14)

Jacksonville Public Library (JPL) Director Barbara Gubbin informed the committee that salaries represent 50% of the budget. The next biggest expense (Indirect Cost) equates to approximately 15%. The priorities for the "Fund the Future" initiative, which will be incorporated in the proposed FY15 budget, include:

1. Increasing weekly hours of service at the Main Library and four regional libraries;
2. More computer sessions;
3. Strengthening library collections;
4. Focusing on services for youth by adding four positions;
5. Outsourcing technology support to operate library systems in the "cloud" rather than on local servers;
6. Closure of the Maxville Branch due to underutilization, yielding an annual savings of \$93,520;
7. Increasing access in the underserved Northeast region at a cost of \$250,000 in first year and \$23,000 annually thereafter;
8. Enhancing staff competencies through exposure to professional conferences and funding a full-time trainer at a cost of \$116,362;
9. Renovation of Beaches Branch (estimated at \$2,054,930);
10. Automated dispensers (estimated at \$930,000);
11. Purchase land for new Oceanway Branch (estimated at \$500,000).

Challenges facing JPL are:

1. Deferred capital maintenance on 21 locations (\$5.3 million);
2. The need for additional security and custodial services (\$72,422);
3. Technology enhancements and Wi-Fi upgrades.

When asked by the committee about the potential for additional savings, Director Gubbin responded that there is nowhere else to save within JPL. Also, she said the Board would consider closing libraries as a next step versus further reducing hours of operation.

- **The Council should consider any nearby existing commercial facilities or the opportunity to combine with a City-owned community center/park versus purchasing new land for an Oceanway Branch. Sheffield Park and an area off of New Berlin Road are potential sites and could yield savings, if adequate land is available. The committee asked for follow-up on Sheffield Park discussions.**

Parks, Recreation, and Community Services (4/24/14)

Parks, Recreation, and Community Services Director Kelley Boree shared with the committee that the department's current challenges are:

1. Exchange of knowledge/resources;
2. Staff retention;
3. Utilization of colleges and high schools (internship programs);
4. Increased demand for all services and facilities;
5. Increased demand for community/social services;
6. Changing demographics (Baby Boomers entering senior population, thus requiring additional programming and facilities);
7. Increased demand for athletic facilities; and,
8. Continued aging of facilities.

Employee Services is conducting a classification study. This could assist with addressing competitive salary ranges. Improvements for FY14-15 involve increasing staffing, acquiring national accreditation for senior centers (\$1500 per center; five per year), and funding heavy maintenance equipment. The Information Technology Department (ITD) has incorporated warehouse inventory online, which is a major technology efficiency. Some additional efficiencies through technology are touch-screen scanners for the Senior Services Division, tablets with Wi-Fi for maintenance workers, security camera systems in parks to help reduce crime for the Recreation

& Programming Division, improved internet connection at Hanna Park and an online camp reservation system for the Natural & Marine Resources Division, division-wide use of case management software and wireless laptops in the Social Services Division, portable Autocite equipment for disability parking enforcement and field tablets in the Disabled Services Division, and a video conferencing system for the Duval County Extension Office. The finalization of the Hemming Park contract is expected in the near future through collaboration with DIA.

- **Community mapping should be considered for cost savings for the City as a whole, which would minimize duplication of services.**
- **The Council should consider placing staff back into community parks in order to be proactive in providing more activities for youth, which has the potential to reduce crime in the neighborhoods.**

Employee Services (5/1/14)

Employee Services Acting Director Kelli O'Leary informed the committee that Employee Services provides support to both external customers (City departments & Constitutional agencies) and internal customers (department employees). Although there are currently 51 employees, the department believes it needs 62-65 to be optimally functional. The typical human resources ratio for good support to employees is 1:120; the City's current ratio is 1:160. Employee Services operates out of two budgets: the General Fund (operating budget) and the Internal Service Fund (group health). Future planning includes:

1. Metrics-Driven management/performance results reporting;
2. Savings on a self-insured platform;
3. Increased spending for professional services;
4. Staff expansion; and,
5. Reward & recognition programs.

Focus areas for cost saving are:

1. Self-Insurance;
2. Staffing design;
3. An on-site clinic;
4. Telemedicine; and,
5. Reduction of services.

Challenges for Employee Services include:

1. Utilizing the social media as a recruiting tool;
2. Posting on professional organization sites;
3. Recruiting at conferences and job fairs designed to target specific professions; and,
4. Providing leadership development to City employees. Currently, there is only one professional trainer in this area that provides the basic training such as new employee orientation.

Employee Services' major initiative is the collective bargaining process. The City is currently benefiting from FloridaBlue market discounts. The actuarial evaluation of the plan estimates the City could realize a \$6 to \$8 million savings in 2015. One of the department's other major initiatives is gauging the impact of healthcare reform. There is a 3.8% increase in premium cost due to healthcare reform fees. FloridaBlue has funds that are accessible to assist the City with an employee survey to determine where dollars may best be spent for the creation of relevant wellness initiatives. If the City pursues self-insurance, the department will need to review the organizational chart for potential re-design in order to address workload and new initiatives.

Regulatory Compliance (5/8/14)

Regulatory Compliance Director Kim Scott reported that the department consists of four divisions: Animal Care and Protective Services (ACPS), Environmental Quality (EQD), Mosquito Control, and Municipal Code Compliance (MCC). Major revenue drivers are ACPS and EQD. EQD staff has significantly reduced the permit processing time by 83% by revising procedures.

Current challenges include:

1. The loss of staff due to budget cuts;
2. An increase in certification cost from the Department of Health; and,
3. Reduction of aerial spray capability.

Future challenges include:

1. Potential loss of three grant-funded positions;
2. Funding for a new, fully-equipped helicopter;
3. Reinstating operating funds to replace depleted state fund balance; and
4. Preparing for possible disease outbreak scenarios.

Municipal Code Compliance is working with ITD to secure a replacement database to address existing process delays, aids in inspections, and support production of management reports.

- **The Council should consider technology upgrades within MCC in order to provide for greater efficiency and accuracy. Field inspectors are reportedly in need of new laptops.**

Property Appraiser's Office (5/15/14)

Property Appraiser Jim Overton informed the committee that general government revenue is at a +2.3%, which he says is a good figure to use. This is a significant change compared to the past several years. Qualified sales for the residential portion of the market are only 10,000 for the current tax roll. Property Appraiser employee Keith Hall stated that short sales and foreclosures constitute approximately 50% of activity. Sales volume in general is about 39%. Mr. Overton commented that tax roll revenues have been significantly impacted over the last several years due to the double homestead exemption and Save Our Homes cap. Three years ago, a complete inventory of Duval County properties was completed. The typical schedule calls for 20% of the county to be inspected per year. All non-permitted structures would be recovered every five years, if not previously reported. Of note is the fact that back-taxes, up to three years, can be recouped from non-permitted additions. Gross calculations utilizing the same millage rate from last year would yield \$12.9 million in additional revenue. The Property Appraiser's dispersion rate is 11%. The level of assessment (percentage of market value assessed) is 98%. Glenn Hansen provided preliminary numbers for the General Fund after all adjustments. The FY13 net was \$434.9 million with an actual of \$436.6 million; the FY14 net was \$487.6 million and is expected to be under by \$1 million; the FY15 operating budget is \$488.3 million. A master appraisal is completed every year with every qualified (third-party) sale included. The assessment role is suppressed by limiting residential properties from increasing in value more than 3% a year or the Consumer Price Index (CPI). The current CPI escalator is 1.5%, which will result in a big increase in the taxable base. Although the value may decrease, Mr. Overton explained the CPI escalator can continuously increase, which is unfavorable to property owners. He estimates that the market is currently priced as it was in 2006.

Budget Office Update (5/15/14)

Budget Officer Glenn Hansen reported that the budget crafting process is underway. The current operation assumption is up about \$2 million from last year. The current year (FY13-14) is under-plan primarily due to ad valorem and also utility and franchise taxes associated with JEA. Next year, the major changes are expected to be in ad valorem on the non-departmental revenue side; communications taxes are expected to be down; JEA fees will increase by \$2.5 million based on the contract; and lower utility and franchise fees are expected. An increase in the rate of return for investment portfolios is not expected.

The Budget Office is working with JFRD and JSO to obtain a realistic scope of their respective departmental revenues (inspections, fees, collections, red light camera revenue, etc.), particularly because last year was under-plan. The budget has been driven primarily by the pension situation and the reduction in ad valorem revenue. Resolution of the pension crisis will determine the final budget. Last year's millage rate is currently being used for the budget process. Departments are still conducting intra-departmental meetings. All departments must submit a list of ongoing projects to the Treasury Division and identify their respective borrowing needs for the upcoming year(s), which could include multi-year project amounts according to need (first element); new projects, which may include items required by regulation or streets, capital maintenance, sidewalks, parks, etc. (second element); and those items outside the General Fund (third element). Funding requested is prioritized and submitted to the Mayor's Budget Review Committee (MBRC) for determination on whether it will be included in the budget.

The Treasury Division provides a debt report, which includes a series of ratios. Any notice of changes in ratings is due to the unfunded liability and cost of pension. The City stays in constant contact with agencies and has provided each of them a copy of the Pension Task Force's recommendations. Procedurally, the office is developing the budget based on departmental and non-departmental revenues, consideration of the absolute adjustments, and postponement of finalization as much as possible in order to incorporate the pension cost. The City has paid back more on debt in past two years than what has actually been borrowed. Mr. Hansen stated that the City owes approximately \$1.6 billion. This amount includes the Banking Fund, but does not include pension liability and is unrelated to the Better Jacksonville Plan (BJP).

General Recommendations

- **The term of the additional judges assigned to Duval County to assist with the backlog of foreclosures will expire at the end of 2015. The Council should consider requesting an extension from the Governor. The effort of the judges gets vacant properties back on the tax rolls.**
- **The Finance Committee Chairman should schedule budget hearings in the order of City spending priorities, largest to smallest.**