

**The Better Jacksonville Plan
Financial and Project Administration Committee
Meeting Minutes
October 29, 2004**

FAC:

Dan Kleman
Paul McElroy (representing
Jim Dickinson) (also PAC)
Dan Edelman
Wendell Holmes
Richard Wallace (ex officio)
Cindy Stover

CITY:

Cal Ray
Mary Arditti
John Chapman
Yetende Olewole
Marcy Cook
Chris Boruch
Andy Eckert
Janice Billy

JTA:

Mike Miller
Jacquie Gibbs
Loyce Ellis, II
Deidre Kyle
Matt Dominy
Dan Gulliver
John Davis

PAC:

Michael Blaylock
Lynn Westbrook
George Robbins

JEA:

Greg Perrine
Helen Khert

I. Welcome and Opening Remarks **Paul McElroy**

II. Approval of Previous Meeting Minutes **Paul McElroy**

III. Finance Administration Committee

A. Project Report **Cal Ray**

1. Transportation Program

Expenditures are gradually returning to model. Swap income is showing a small negative number. Reminder that this is part of the option rate security deal which generates \$2.8 million worth of savings.

2. Revenue Trends/BJP Financial Summary Report

All projects are currently performing within budget. We are now considering whether the scope of some projects is still appropriate. May have to consider augmenting some of those budget items such as construction materials.

3. Infrastructure Program Summary

Capital expenditures are continuing to gradually return to model. We got some unintentional help on the courthouse from a financial perspective.

4. BJP Project Summary

All projects are currently performing within budget. The courthouse is a special case. Noted that the first line of the report shows a negative number, but that is an accounting entry and has no other significance.

5. Transportation Sales Tax Revenue

We have had a tough quarter since last meeting. While we continue to look at a 4.78% average annual growth over a 10-year rolling average on the transportation sales tax side, this past quarter showed just over a 1% growth. Believes the hurricanes may have influenced this figure. Will continue to monitor closely. The news in the infrastructure sales tax is significantly better: 2.9% based on a 12-month rolling average. Still seeing variation here. On the debt management side, the next debt issuance is predicted late in the first quarter of 2006. Current approximation of debt closeout on the infrastructure side FY 2023/2024 based on current expectations of bonding and buildout. A financial audit is underway and we are not certain we will have that ready by the next meeting but should have it soon after.

B. JTA

Dan Gulliver

Total funding available for BJP1 and BJP2 highway projects remains steady at just over \$801 million. Total amounts expended and accrued life to date on BJP1 and BJP2 projects through August was \$132.7 million. That represents an increase of just \$2.5 million for the quarter and brings the life to date cost percentage completion up to 16.6%. The life to date cost completion at the end of last quarter was 16.2%. Of the \$2.5 million expended for the quarter, only \$100 thousand spent on BJP1 and the balance was applicable to BJP2. Many of the road projects are still in the design and ROW acquisition phases which is why life to date percentage completion is currently just 16.6%. As more projects move into the bid and construction phases in the next few years, expenses will ramp up dramatically.

We are asked regularly if we feel we can deliver all the scheduled road work within the original budget. That question is obviously very complicated because most of the projects still need to go out to bid after the design and ROW acquisition. We honestly cannot say where the total costs will land at this time. BJP2 also contains many intersection projects that still await final decisions on how to proceed, but I do pledge to the committee that I will keep you informed on costs as we know them down the road.

C. Ernst & Young Audit

Lynn Westbrook

It has been a couple of years since we have had a look at our projects and we decided at our last meeting to go ahead and have an audit. I have had some discussions with JEA and JTA about what the scope should be and we decided it should be predominantly on the horizontal projects. That is because there is only one vertical project that isn't almost complete and that is the courthouse. Mr. Westbrook then turned the presentation over to Ernst & Young.

Andy Anderson from Ernst & Young introduced his colleague, Leigh Wellborn. Mr. Anderson commended Jacksonville for the boldness of the Better Jacksonville Plan and thinks we are in good shape for the Super Bowl. The three areas under review comprise over \$1.4 billion of the total plan. Costs have gone up quite a bit, particularly steel costs, and this is true of other Ernst & Young clients as well. On road projects in Jacksonville the rising costs include macadam, rebar, and concrete. Labor costs have also risen. Ernst & Young has the experience to understand where the variances are and can deliver a report which will include a cause and effect analysis. Ernst & Young has much experience in construction performance audits.

Mr. Westbrook was asked for his recommendation, but asked Mr. Holmlin to comment first. Mr. Holmlin feels a look at horizontal projects is timely and a fresh set of eyes will give us additional comfort. Mr. Westbrook commented that the decision had previously been made to go forward with the audit. He does not expect to have the results for the January meeting but the report should be ready by the one after that. Mr. Ray also thinks the audit is a good idea.

Mr. Edelman pointed out that this is a normal, recurring audit and is not to be perceived by staff and the public as a reaction to what has occurred in the last week. He feels the staff has done a wonderful job of controlling all BJP programs. Mr. Holmlin said he welcomed the audit.

IV. Project Administration Committee

Michael Blaylock

Mr. Blaylock noted that Andy Eckert would be leaving early and requested that he give his report first.

JEDC

Andy Eckert

- Majority of large contracts are close to completion Finished realigning New World Avenue and reopened 103rd Street. Has two remaining drainage project in the south area. Just received a grant from the federal Department of Commerce and expects to execute that grant in the next month. The only remaining large contract is the extension of New World Avenue north of Normandy to connect to Chaffee Road. Has been working with the Corps of Engineers for over a year to

get the permit and hopes to move forward with that in the next few months. That will open up the north 2500 acres.

A. Project Status Reports

Rex Holmlin

Roadway Projects

- Since 1st meeting, we now have 13 road projects complete with 14 still in construction and 43 in design. Pulaski Road is now under construction. Hendricks Avenue is out for bid again. By December we will have put out and received bids on Barnes Road and Hood Road Phase 2.

Libraries

- Six of the libraries have been completed. San Marco, Murray Hill, and Beaches renovation projects are done. New libraries opened are University Park and Pablo Creek. The libraries are being well used; at University Park they are issuing 75 new library cards a day. Four new branches are still under construction and four renovations are basically open in the punch-list phase.
- Main library progressing very well, but September was a very hard month. Two storms came through at a critical stage in construction. We were doing brick work and we had to stop and remove scaffolding, then put the scaffolding back up only to have to remove it again. We do not expect to be finished in January, but we are moving forward to getting the building closed in. Overall, we have been challenged by material deliveries.

Resurfacing

- 1,593 miles of road resurfaced to date.
- 96 miles of sidewalk have been completed.
- 414 cross drains have been installed.

County Courthouse

Lisa Rowe

- Unfortunately, this has been a tough week. We had strong momentum and had worked with City Council to identify a new funding source of \$15 surcharge to be dedicated to courthouse maintenance. However, we began hearing rumors that bids were coming in a lot higher than anticipated and that we would not make our target of \$199 million guaranteed maximum price. Once we heard the rumors, we started working around the clock to look at every single option and we were unable to find a good option. We feel we have made the best decision for the city and that is to take a step back and find a design and program that we can afford to build. We will continue to report to this committee.

JEA

Greg Perrine

- Septic tank phase out projects progressing. Engineering studies being done in three areas in order to evaluate new technology for gravity sewers which could save money and allow more septic tank removal in other areas. Should have an idea of the cost savings by the next meeting. Planning to install about 68 miles of pipe and currently we have installed 18 which is about 27% in the ground. We have spent about 32% of the money. Overall, we will affect about 6500 homes. At present, 1400 homes could hook up, but only 400 have hooked up.

Mr. Blaylock announced that Matt Dominy is leaving JTA. Much has been accomplished during his tenure and he has done a fabulous job. Mr. Blaylock introduced John Davis who will be serving as interim chief engineer.

JTA

Matt Dominy

- We have 6 projects under construction and by the next meeting we will be able to report that the Butler Boulevard widening is complete. Southside/Merrill should be complete in March or April of next year.
- Reported on the Interchange Component Evaluation Study. There are 10 intersections identified in the BJP and the JTA Board became concerned that a comprehensive evaluation had not been done. Based on the study, all 10 intersections do require some kind of improvement. Three of them probably do not need interchanges. The bad news is that two new intersections not included in BJP probably will need interchanges and there were 11 or 12 other intersections identified as needing intersection improvements. The report has been presented to the Administration, the City Council, and to the JTA Board. The next step is to cost out the recommendations and figure out how to proceed. We have committed to get back to the board by spring and then will present legislation to the City Council.
- Bridge lighting on Fuller Warren is complete and they were tested last week. On the Hart Bridge we are a little ahead of schedule but will need to close that bridge on Veterans Day and the day after. The Main Street Bridge continues to have challenges with the painting contractor who has not yet completed the work, so the lighting has been delayed but still should be finished in time.

B. MBE

John Chapman

- The City Council passed the new purchasing code in August which changed considerably a number of the Minority Business Program requirements. In particular, there should be a reduction in the number of certified firms because of the requirement for businesses to be headquartered in Duval County.

V. Other Business

There was no other business.

VI. Adjourned

Michael Blaylock

Next meeting is scheduled for Friday, January 28, 2005.