

**Council Auditor's Office**  
**Review of Bill 2010-493**  
**Jacksonville Jaguars Amendment #10**

**AS SUBSTITUTED –**

This bill will give JEDC the sole authority to approve a list of stadium projects to be performed by the Jacksonville Jaguars, LTD., (J JL) which would then be reimbursed to them from the following year's Convention Development Tax (CDT) revenues. Under this agreement, when JEDC approves a project for advance funding, the City would be contractually obligated to reimburse J JL for that project from the future year's revenue. The contract says, "Once approved by JEDC, the expenditure of the Deposited Funds for any project contained in the CIP shall have been conclusively authorized by all necessary City action, subject to the remaining provisions of this Amendment." After JEDC has approved the projects, notice would be given to the Council President and the Chairman of Finance. The bill also waives the City procurement code in regards to the procurement of supplies and professional services and allows the use of the SMG procurement process.

The agreement includes a statement that "the expenditure of the Deposited Funds shall be deemed to have been approved for all purposes". This statement could be implied that no further Council action is necessary in order to spend all funds from this source.

Currently, the CDT is deposited into the Sports Complex Capital Maintenance Enterprise funds for the maintenance and upkeep of the Jacksonville Arena, Stadium and Ballpark. According to Section 111.136 of the Municipal Code, the enterprise fund was established to "provide for improved accountability for performance of maintenance and upkeep." Last year these funds were budgeted for the Stadium (\$1,044,795), Baseball Park (\$649,179), the Performing Arts building (\$936,613) and the Equestrian Center (\$641,927). The Mayor's 2010/11 proposed budget appropriates these funds to the Stadium (\$3,033,253), Ballpark (\$400,000) and the Arena (\$500,000).

Florida Statutes section 212.0305 which governs the Convention Development Taxes, states in section (4)(a)5.a that a county may designate or appoint an authority to administer and disburse such proceeds and any other related source of revenue. **However, the annual budget of the authority is subject to approval of the governing body of the county.** This statement indicates that usage of these funds requires prior budgeting by the City Council. The process presented within the proposed agreement has the effect of the Council giving grace over expenditures made versus the normal process of approving a budget prior to expenditures being made. The Office of General Counsel has stated that they do not agree with our office on this issue.

**Auditors Proposed Amendment –**

1. Amend the bill to require Council review and approval of JEDC's proposed list of projects thereby complying with Florida Statutes.
2. Change statement in agreement to indicate approval for the expenditure of the funds "appropriated" versus "deposited" thereby removing the self-appropriation implication.

**RCD Approved Amendment**

1. Correct incorrect reference 4c & 4d should be 3c & 3d
2. Upon receipt from the Stadium Manager JEDC will deliver to the District 7 Council Member and the Council President, for distribution to the remaining Council members, a copy of the 5 year CIP for the Stadium Complex and will withhold approval for any project to be provided for under this agreement for at least 30 days.