

The Florida Times-Union

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MAY 8, 2016
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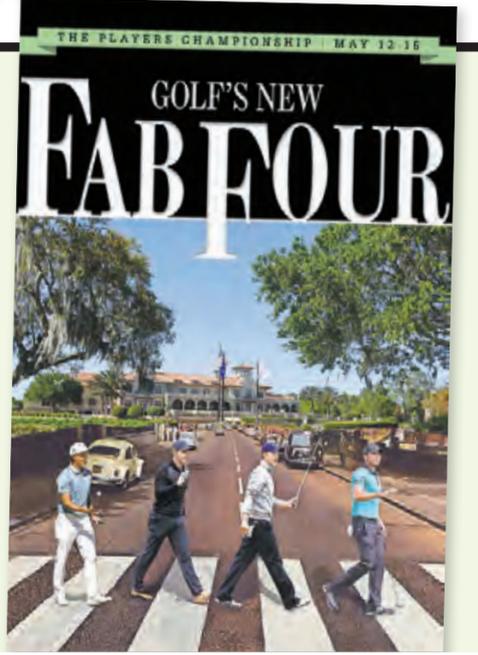
NYQUIST WINS DERBY

Sports, C-1

**Special Section
Inside Today**

PLAYERS PREVIEW

- Four who will carry torch in post-Tiger era
- Tournament guide
- How Tour is using tech



HAPPY MOTHER'S DAY

BABY AT WORK

It's becoming more common to see cubicles outfitted with bassinets



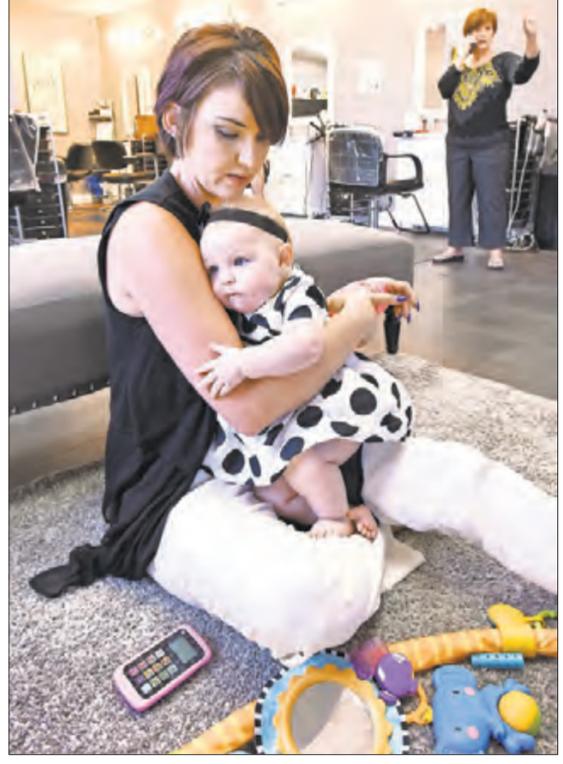
Photos by Bob.Self@jacksonville.com

Blythe Zayets works at her computer while feeding her four-month-old daughter Mila at the Delores Barr Weaver Policy Center. The foundation has allowed Zayets to make accommodations so she can juggle her job responsibilities with motherhood.

By Tessa Duvall
tessa.duvall@jacksonville.com

Mila Zayets begins every workday the same way. She arrives at the Delores Barr Weaver Policy Center downtown at 9 a.m. and makes her rounds to greet her office mates and before settling in for a nap. Four-month-old Mila comes to the office each day with her mother, Blythe Zayets, the center's research project manager. The nonprofit has a rule that allows employees to bring their children to work for the first six months, something Zayets began taking advantage of after eight weeks of maternity leave. Such family-friendly policies for new parents in Jacksonville seem to be rare, but employers that offer benefits such as baby at work and on-site childcare say they're important for employee well-being, satisfaction and retention. At least one other local nonprofit is implementing baby-at-work after seeing it at the Policy Center. But for other businesses, babies in the workplace can take different forms. At The Corner Salon in Ortega, being a small-business owner means a mom makes the rules. For Memorial Hospital, it's a child-care center available to employees on-site and at a discount.

MOTHERS continues on A-7



Tasha Jones, owner of The Corner Salon in the Ortega neighborhood of Jacksonville, takes her seven-month-old daughter Willow to work. Willow gets no shortage of attention from her mother, fellow employees and salon customers.

MORE INSIDE
The Mom Project, a new Chicago-based startup, aims to help women keep a foot in the door while fulfilling companies' project-based needs. **Money, D-1**

Pension bailout plan TBA: To be argued

Lack of detail leaves up in the air how, whether Curry plan will work

By Nate Monroe & David Bauerlein
The Times-Union

Using often grim and urgent words, Mayor Lenny Curry has made a forceful pitch for voters to approve a first-of-its kind sales tax in August so Jacksonville can once and for all solve its cancerous problems with expensive employee pensions. But as Curry sells his top first-term priority, there remain major — and basic — unanswered questions about how he would use taxpayer money to address city pension problems, leaving it unclear just how resolved those woes would be under his plan. So far, Curry's administration has not indicated whether it will provide many answers before voters go to the polls Aug. 30.



Curry

That reticence also means there has so far been scant public discussion about the risks inherent in some options Curry might consider if voters approve the sales tax, even as City Council members and prominent Jacksonville business leaders have eagerly lined up to champion the mayor's idea.

The message from city officials: Trust us. Voters are so far much less certain on the issue than the city's elected officials and civic leaders.

A University of North Florida poll of 380 Duval County residents showed 40 percent — a plurality — either didn't know or did not respond when asked whether they supported or opposed the tax referendum. The survey, which was conducted Monday through Thursday and has a 5 percentage-point margin of error, found 36 percent in favor of the referendum and 24 percent in opposition.

"Curry has some work to do in order to convince voters that the sales tax extension is the right thing to do to try and solve our pension problems," said Michael Binder, a UNF political science professor who runs the school's Public Opinion Research Laboratory.

The proposed pension sales tax would not start until after the Better Jacksonville Plan's half-cent sales tax expires in 2030, meaning there would be

PENSION continues on A-8

200,000 companies in Panama Papers to be made public

Searchable database to list where they're registered, clues to links to other entities

By Kevin Hall
Tribune News Service

WASHINGTON | The names of more than 200,000 offshore companies found in the Panama Papers leak are being made accessible to the public Monday through a searchable database.

Here's a Q&A about the papers and the leak:

What is the Panama Papers leak?
For almost a year, nearly 400 journalists from news organizations in 78 countries, including a team from McClatchy as the only U.S.

newspaper partner, worked collaboratively to scour an archive of 11.5 million documents. The files come from the Panamanian law firm Mossack Fonseca, a world leader in the formation of offshore companies. An offshore company is one set up outside an indi-

vidual's home country, often in places that offer low taxes or stringent bank secrecy laws. Creating such a company is not illegal and they have legitimate uses, such as lowering tax bills, estate planning and simplifying

PAPERS continues on A-7

Weather
Keep mom cool
Forecast on A-2

89 Today's high

58 Monday morning's low

DAILY DEAL! 30 percent off beekeeping classes at Lark Bee Company **Details, A-2**

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PENSION

Continued from A-1

no net change in what residents pay now. **This has been touted as the best of bad options, a relatively painless way to alleviate the city's ballooning annual pension payments and free up tens of millions of dollars each year in future budgets.**

Rising pension costs, estimated to reach \$280 million next year, suck up more than 20 percent of the city's budget, which squeezes the city's ability to provide money for basic services like street paving, drainage, public safety and parks and libraries.

State law would require the city to close at least one of its pension plans if it uses the sales tax — a reform component of the plan that Curry says will ensure this expensive problem won't recur.

In all, the Curry administration said his plan could free up as much as \$100 million a year in future budgets, with significant savings beginning as soon as 2018.

Things get much fuzzier from here.

How, for starters, could the city use a sales tax that won't start until 2030 to pay off debt and free up money in the near future?

What would new city retirement plans look like? This question in particular would largely determine whether the city actually solved its runaway pension problems permanently. It also depends on the outcome of what would likely be a difficult and complex series of separate negotiations with six different employee unions.

It's even unclear whether the city would ever see anywhere near the \$100 million in annual savings Curry is hoping for in future budgets or when that relief would come. If that money does come, Curry repeatedly has refused to commit to how he would want to spend it.

That speaks to more politically tricky questions surrounding the referendum as key constituencies in the city want to make sure they would not be left out of any financial windfall. Curry has already encountered some opposition on this front.

"We're not continuing that same cycle of 'Just trust us.' We're tired of that," said Darien Bolden, pastor of First Missionary Baptist Church of Fernandina Beach and president of the Baptist Ministers Conference of Duval and adjacent counties.

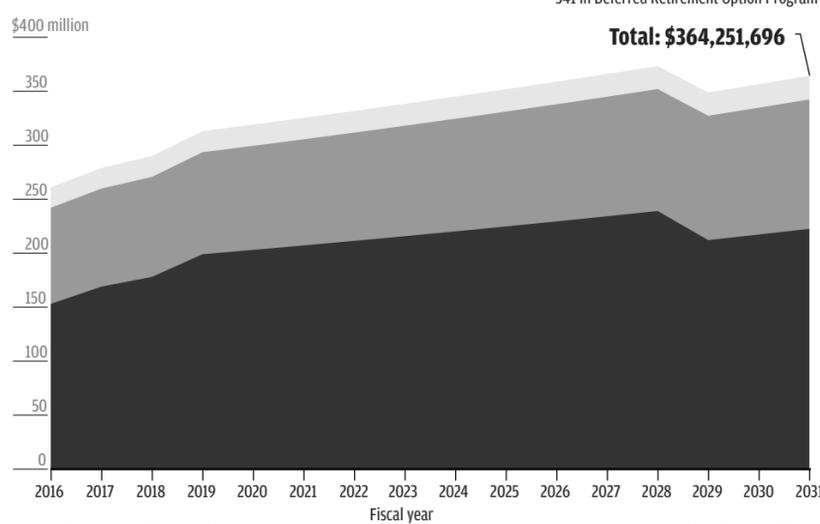
Conference members met with Curry last week, Bolden said, to express their concerns that Northside neighborhoods were disproportionately left out of Better Jacksonville Plan improvements years ago, and they fear a repeat this time.

"If we can't get any guarantees in writing that some of this money will go directly toward our neighborhoods ... why should we vote for his plan?" Bolden said. "If there's not inclusion, then we're in opposition."

Curry's office said it either doesn't have all the answers to many of these questions or that specifics are unhelpful at this point because they would confuse voters. City Coun-

Pension costs rising

The city of Jacksonville expects rising pension costs will keep eating into the budget every year. A proposed half-cent sales tax to help pay down Jacksonville's pension debt would start generating money around 2031. Mayor Lenny Curry's administration says the sales tax could provide budget relief as soon as 2018, but Curry has not explained how the city would accomplish that. Here is the projected growth in pension costs for the city's three pension plans.



Source: City of Jacksonville, Actuarial reports

Total: \$364,251,696

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cilman Tommy Hazouri pressed administration officials last week for a clearer explanation on some of the plan's details so he could better explain them to constituents. He encountered the same thing others have when seeking details: Curry's message is focused like a laser on the benefits of having a tax dedicated solely to pension debt.

"We can speculate on a number of things," said Marsha Oliver, the mayor's spokeswoman. "What we don't have to speculate on is we will have a dedicated funding stream for debt."

"What we are requesting voters to do is to allow us to solve this issue for good by designating a specific amount ... to pay down the liability that exists."

DEBT TO PAY FOR DEBT

There are a few different plausible ways the city could use the pension tax to pay down the debt, but they involve concepts that range from unprecedented to unusual in the world of municipal pension practices.

They also can carry substantial risks.

The city could take on debt — by borrowing against the future sales-tax revenue — to make payments to the pension funds instead of using money out of its own pocket. So-called pension obligation bonds are not unprecedented. Other cities and states have used them for years with mixed results, and many remain years away from fully paying them off.

Those bonds are viewed as risky financial instruments that can — under ideal circumstances — stabilize pension debt and provide incremental financial relief for cities. **But that outcome depends on the long-term positive performance of the stock market.**

Even with positive stock market performance, however, those bonds are not generally designed to provide the kind of relief Curry has said he is seeking — the up to \$100 million yearly in savings. Sometimes, in an effort to find faster and more substantial budget relief, governments try to structure pension obligation bonds to delay large payments on the principal debt for years.

Cities that go this route

can fall into a pattern of continuously rolling over the debt when the big bills for the bonds come due. That means the debt — converted from relatively flexible pension debt to a structured, hard bond debt — can become a permanent fixture on the city's financial books.

"It's pushing costs on future generations even more," said Jean-Pierre Aubry, the associate director of state and local research at the Center for Retirement Research at Boston College. "The big challenge is that you're still delaying the payment of the debt."

To free a chunk of money up front, the city could theoretically ask a lender to put it on an interest-only payment plan until tax collections began in 2030, but it's not clear if terms like that would be available.

"If bond holders are willing to say, we're willing to wait 14 years for payments ... then that's that," Aubry said. "There's not going to be much leeway once the bond document is written."

That could also mean high interest rates, which would eat into savings the city would otherwise hope to bank in its budgets. The city could also end up paying a substantially higher price for the money it borrowed.

"It's all the same thing. All you're saying is we don't want to pay for it now," Aubry said.

ACCOUNTING FIX 'UNLIKELY'

Curry's team also has explored a **second option that would estimate the projected sales taxes over a 30-year period and convert that into a "present-day" value that would count on paper as financial assets for the pension plans.**

Counting the future sales taxes as current assets would improve the financial condition of the pension plans for accounting purposes, **which in turn would reduce what the city must pay each year to bring down the pension debt.**

But that approach would be groundbreaking, not only for Jacksonville but nationally.

Mike Weinstein, the city's finance director, told a City Council committee last week it is "highly unlikely" the city would go down that time-consuming

Corrections Officers Pension Plan

- 306 retirees
- 616 active employees

General Employees Pension Plan

- 4,907 retirees
- 5,025 active employees

Police and Fire Pension Fund

- 2,239 retirees
- 2,002 active employees
- 541 in Deferred Retirement Option Program

at least one of the plans.

Even if the city closes a plan, that wouldn't necessarily mean all new hires in that category of city employees would go into 401(k) accounts. The city could try to move those workers into the Florida Retirement System or create a brand-new pension plan that is separate from the plan that was closed.

Collective bargaining talks after the sales tax election would hammer out that outcome. Whether the administration could convince the unions to give up pensions for future hires is far from certain because pensions have long been a bulwark of the city's compensation package.

Union negotiations also would determine whether employees will pay at least 10 percent of their paychecks toward pension benefits.

An agreement reached last year means police and firefighters already will see their contributions rise to 10 percent after previous pay cuts are restored. General employees and corrections officers contribute 8 percent.

In 2013, two of the four unions representing non-public safety employees agreed to contributing higher rates for existing and new employees, as well as smaller benefits for new workers.

"We felt like the financial stability of the city was definitely a problem that needed to be corrected, and the pension was not sustainable and we needed to do our part," said Steve Capehart, business agent for the Jacksonville Supervisors Association.

The tentative agreement never went to the City Council because the council's rejection in 2013 of a reform package for the Police and Fire Pension Fund scuttled the push to make changes for other employees.

MONEY FOR THE BEACHES

The Beaches communities likewise might not know before the Aug. 30 referendum whether the

pension tax will give them any budget relief.

The Better Jacksonville Plan's half-cent sales tax, which voters approved in 2000, guaranteed a small portion of that sales tax goes every year to the Beaches and Baldwin. The city has no agreement in place for sharing revenue from the pension tax. Weinstein told the council's Finance Committee he expects an agreement at some point.

Atlantic Beach Mayor Mitch Reeves and Jacksonville Beach Mayor Charlie Latham said talks are ongoing with Curry's administration.

"The mayor cares about the Beaches," Reeves said. "He knows what it means to us, and I think in some way, we will come up with some kind of commitment."

"Whether that happens before the election remains to be seen," Latham said. "But I know they are working hard with us to find a resolution," Latham said.

They said Curry deserves credit for pursuing a solution to the pension crisis, and it matters to Beaches residents because **if the sales tax fails and the city of Jacksonville increases the property tax rate, that will have a countywide impact that includes the Beaches.**

Neptune Beach Mayor Harriet Pruette said she hears residents say they will vote against the sales tax because the pension mess is the fault of the city of Jacksonville.

She said she tells them the Better Jacksonville Plan's revenue-sharing has been critical for Neptune Beach and she wants to be able to say the pension tax will likewise help, but she can't offer that argument yet.

"We're certainly going to have to work to sell our communities on it," she said. "But before we do, we've got to know more about it."

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904-886-2800

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