

# The Florida Times-Union

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**Sunday**  
APRIL 9, 2017  
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## 2017 MASTERS TOURNAMENT



**GARCIA EMERGES TO SHARE LEAD WITH ROSE**  
Sports, C-1

**WHERE:** Augusta, Ga.  
**WATCH:** 2 p.m. final round today on CBS



**PASTOR WILL BE 1ST WOMAN TO CONDUCT EASTER SUNRISE SERVICE**

Metro, B-1

## PROTEST SUPPORT 200 PEOPLE CALL FOR RELEASE OF ARRESTED

Metro, B-1



**GATE PARKWAY SOUTH FROM BUTLER IS TAKING OFF**

Money, F-1

# Pension plan offers relief

## Mayor says it's risk-free; experts differ

By David Bauerlein and Nate Monroe  
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Mayor Lenny Curry is pushing the City Council to urgently approve his sweeping pension-reform plan this month, a speedy timeline to consider a proposal that would ultimately cost taxpayers twice as much as the Better Jacksonville Plan, the \$2.25 billion public works project that transformed the city.

Council members actually face an array of options, all of which carry potential risks and benefits, and would have an enormous impact on the city's financial future.

Curry's proposal comes with the enticing fact that it would free up \$1.4 billion between 2018 and 2030 that could be used for infrastructure, parks, libraries and cops rather than put toward increasing yearly employee-retirement costs. It would also phase out pensions for future employees, closing retirement plans that Curry considers unsustainable relics of a bygone era in municipal government.

Curry considers his pension-reform plan risk-free.

But financial analysts said any plan based on forecast tax growth decades into the future carries uncertainty and risks. And the near-term financial relief would come with a massive price tag of its own.

The plan achieves the \$1.4 billion in near-term financial relief by backloading payments on the city's overall \$2.86 billion pension debt, and by taking longer to pay it off. That means taxpayers will end up paying far more in the long run than the status quo: about \$4.5 billion more.

That's the essential trade off in Curry's plan: Pay less now, much more later.

Curry's prediction of short-term financial relief, as well as the long-term pay down of the pension debt, rely on a set of financial assumptions, like a 4.25 percent annual growth in sales tax returns over the next four decades. If actual tax collections fell short of those assumptions, the anticipated revenue would come up short for handling costs shifted onto the next generation, forcing future city leaders to deal with the financial pain.

**"We are not taking ourselves off the hook to solve this problem. This is a very well thought-out plan."** Mayor Lenny Curry

Curry has proposed a sweeping set of reforms that seek to pay down Jacksonville's staggering \$2.86 billion pension debt and forever overhaul the employee retirement system. His plan has the potential to free up hundreds of millions of dollars in the short term, but that comes with a cost — and some uncertainty.



### THE PROBLEM

**\$2.86 billion**

That's the debt associated with the city's three employee pension plans, and it's meant ever-rising annual costs. Next year, retirement costs could reach as high as \$349 million.

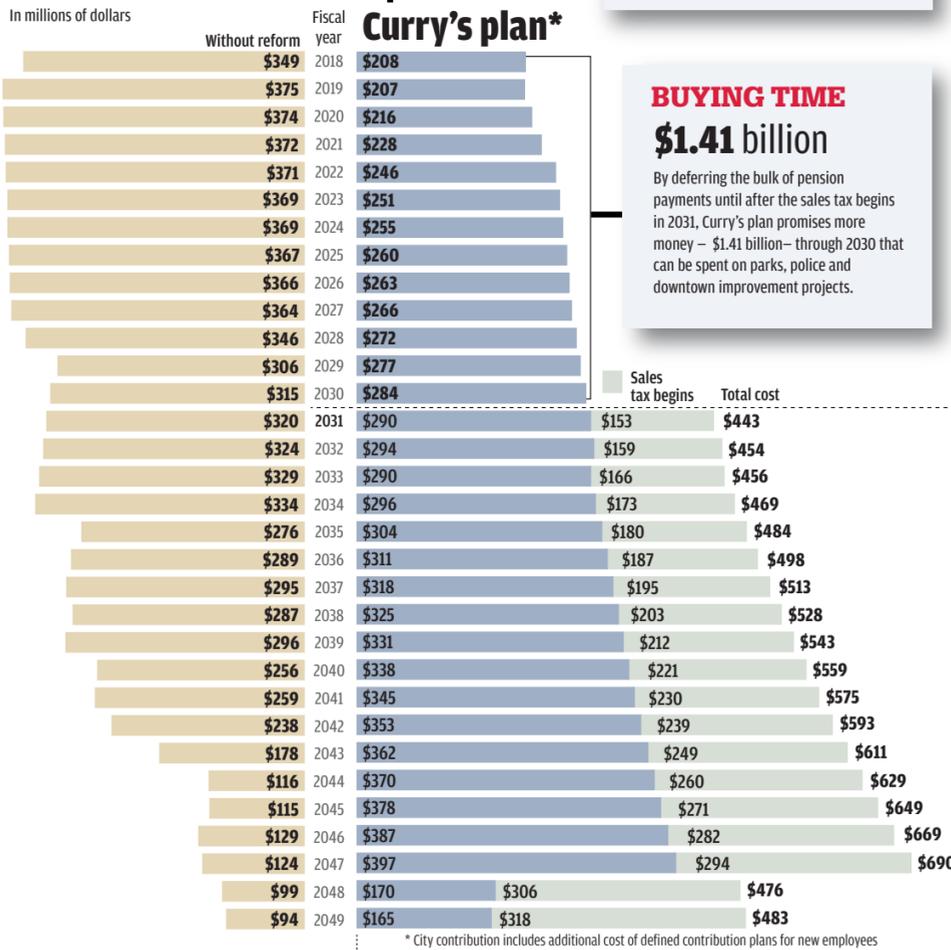


### THE SOLUTION

#### 1/2-PENNY SALES TAX

Curry proposed a half-cent sales tax dedicated to paying the pension debt. Voters approved it last summer. But the tax won't start until 2031.

### PAYMENT SCHEDULE



### THE OPTIONS

- The City Council can adopt Curry's pension-reform package as is.
- The council could adopt an amended version.
- The council could reject Curry's plan, continue making rising pension payments and reduce city services.
- The city could reject Curry's pension plan and raise revenue through a tax or fee increase.

### BUYING TIME

**\$1.41 billion**

By deferring the bulk of pension payments until after the sales tax begins in 2031, Curry's plan promises more money — \$1.41 billion — through 2030 that can be spent on parks, police and downtown improvement projects.

### RAISES, 401(K)s

Mayor Lenny Curry wants to end pensions for new employees and place them in 401(k)-style plans which come with generous matches of up to 25 percent of pay. To get city unions to agree to that plan, Curry dangled employee raises for three years (2018-2020) at a cost of \$234 million which will consume all but \$29 million of the budget savings of the three-year period his plan would generate.

### PAY LESS NOW, MUCH MORE LATER

**\$5.9 billion**

The city will save \$1.41 billion through 2031. But that comes with a big price tag for future taxpayers. From 2031 through 2049, taxpayers will have to shell out \$5.9 billion more — the cost of the short-term financial relief.

## JaxPort is discussing asking for \$93 million

City's tab to deepen the port could also go up to \$167 million

By Sebastian Kitchen  
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JaxPort officials discussed with city administrators in Jacksonville paying between \$93 million and \$167 million to deepen 13 miles of the St. Johns River to accommodate larger ships with more cargo, according to emails former port authority CEO Brian Taylor deleted from his computer during his resignation last month.



Green



Taylor

supportive and expects the city to contribute to the almost \$700 million project.

Interim port authority CEO Eric Green, the likable lobbyist who leaptfrogged higher-ranked, longer-tenured executives to get the post, told City Council members Wednesday they can expect an official request in the next 45 to 60 days. When a key councilman asked him what the port authority has looked at asking, Green declined to give a number or range.

"They're not small," Councilman Bill Gulliford said of the numbers detailed in the emails.

"With the kind of needs we have in the city right now, that is a significant amount of money," said Gulliford, who called the Wednesday meeting to talk about funding. "Even the low end is a significant amount of money. It will be interesting to see what my colleagues think about how we come up with that."

JaxPort is at a critical juncture, with an interim CEO at the helm as the agency seeks funding for the expensive and controversial deepening project.

The U.S. Army Corps of Engineers, which would manage the project, has the engineering and design in place to deepen the river from 40 feet to 47 feet, and is waiting for a funding plan from the port authority to move forward. And the authority cannot craft a feasible funding plan without an agreement for a contribution from the city. But city officials haven't

PENSION continues on A-7

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PORT continues on A-7



## PENSION

Continued from A-1

The financial relief Curry is banking on relies on the revenue of a half-penny sales tax that begins in 2031. Voters over the summer approved the broad concept of enacting and dedicating the half-cent tax toward pension debt, but the details over how future revenue would be used to free up money in the near term had not been worked out or publicly explained.

By deferring a bulk of the city's pension payments until after the tax begins in 2031 — and using an unusual accounting method that counts the future revenue as a current asset for the pension funds — city budgets could see significant financial relief as soon as next year.

The mayor's plan has been well more than a year in the making, and along the way it has enjoyed the support from most of the city's business and civic leaders — despite the lack of crucial financial details revealed only last week.

"The Civic Council has consistently advocated for a solution that addresses the city's unmanageable pension deficit while providing fair and competitive compensation to our valued first responders," said Ed Burr, chairman of the Civic Council, a group of the city's top CEOs and community leaders that has traditionally had an influential voice in city policy debates.

"Mayor Curry's pension reform proposals meet those conditions, and we congratulate the mayor and his team and ask City Council members to support the proposals and put our city on the road to financial sustainability at last."

The mayor is hoping to make Jacksonville the first major city in America without pensions for all of its future employees, including police officers and firefighters. He has proposed a 401(k)-style plan for future hires. To entice skeptical employee unions to sign onto the idea, he has also proposed three years of raises, a lump sum pay out and, for police and firefighters, a restored series of more costly benefits that

the 2015 reform law pared back.

Those concessions will eat away at some of the city's financial flexibility, particularly between 2018 and 2020: Higher salaries for city employees would consume \$234 million, or the bulk of the \$263 million diverted from pension costs in those three years.

Curry's plan also has critics.

"The bottom line is, this is just such an enormous and irresponsible cost," said Tad Delegal, a Jacksonville labor attorney who served on a task force whose recommendations shaped a major pension-reform law enacted in 2015. "At this point it's extremely difficult for (Curry's administration) to admit that this whole program they put so much effort into hurts rather than helps. It's a financial disaster."

The mayor is hoping to jettison key provisions of the 2015 reform law, including a recommendation that the city make accelerated payments toward its pension debt.

If the council rejected Curry's plan and did nothing, pension costs are projected to rise to \$349 million next year, which city administrators say would require drastic cuts in services.

City Council members — some of whom have for years grappled with revenue-starved yearly budgets because of exploding pension costs — may ultimately find Curry's plan to be a good one. Reaction to the mayor's plan Thursday, during the first public workshop on his plan, indicates some may be about ready to approve Curry's plan as is.

But they could also alter some aspects of Curry's plan by using more conservative financial projections, decreasing the short-term financial relief but also lowering the overall cost to taxpayers in the long run.

Among the key decisions facing City Council is what figure the city should use to estimate future sales tax revenue. Curry is basing his proposal on 4.25 percent annual growth through 2060, which is faster than the 3.2 percent growth in sales taxes since 2001. During last week's workshop,

top administrators for Curry said the Great Recession caused an unusually sharp drop in sales taxes for four straight years.

They point to better numbers since the recession ended, with sales taxes growing at an 4.49 percent rate over the past seven years, and at 5.64 percent the last three years. Curry's team also said city leaders can decide in the future to dial back the sales tax projections.

Sales taxes can swing quickly. Moody's, a Wall Street credit rating agency, said last year of Jacksonville's sales tax the "far-off nature of the newly authorized revenues poses a variety of potential risks, depending on which course of action the city ultimately follows."

The St. Johns County School District is basing its financial model on a 3 percent growth in sales tax to guard against an economic downturn. County voters approved a 10-year, half-cent sales tax that started in January 2016 for campus improvements.

Michael Degutis, chief financial officer for the school district, said "you always want to be on the side of conservatism" because sales tax growth is unpredictable.

"It's really difficult to pin on a higher growth number because you've always got to plan defensively for the future because no one can tell the future," Degutis said. "I'd rather go to the board and say I was a little low on the revenue estimates and here's (extra money) and what do you want to do with it, versus we're got to delay or cancel a project because we're short on collections."

The state of Florida estimates that sales tax collections statewide will grow 4.9 percent next year and then taper down over a decade to 3.9 percent growth. The state doesn't do estimates further out than 10 years because there's a high likelihood in any given 10-year period of economic surges or recessions, said Amy Baker, chief economist for the state Legislature.

"Once you go out beyond 10 years, it's really hard to make assumptions," she said.

# Joining high court, real Gorsuch set to stand up

By Nancy Benac  
Associated Press

WASHINGTON | Somewhere between the Republican caricature of the next justice of the Supreme Court as a folksy family guy and the Democrats' demonization of him as a cold-hearted automaton, stands Neil Gorsuch.

Largely unknown six months ago, Gorsuch has seen his life story, personality and professional career explored in excruciating detail since he was nominated by President Donald Trump 10 weeks ago.

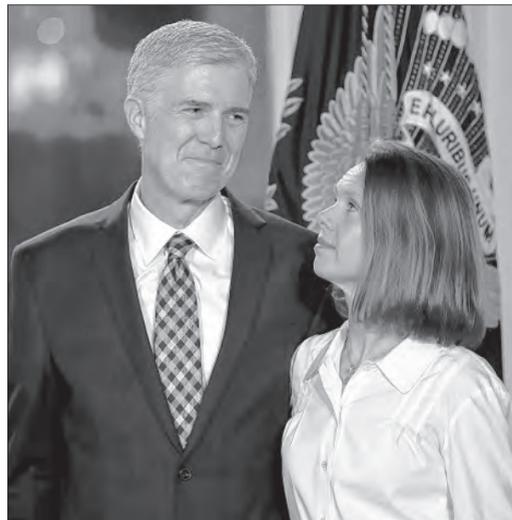
The portrait that emerges is more nuanced than the extremes drawn by his supporters and critics.

Gorsuch is widely regarded as a warm and collegial family man, boss and jurist, loyal to his employees and kind to those of differing viewpoints. He also has been shown to be a judge who takes such a "rigidly neutral" approach to the law that it can lead to dispassionate rulings with sometimes brutal results.

Four times during his confirmation hearings, Gorsuch invoked a "breakfast table" analogy, telling senators that good judges set aside what they have to eat — and their personal views — before they leave the house in the morning to apply the law and nothing else to the facts of the cases at hand. It was all part of Gorsuch's artful effort to reveal as little as possible of his own opinions.

"We're all human beings," Gorsuch told senators, "but the judge's job is to put that stuff aside and approach the law as you find it."

That ability to compartmentalize, combined with Gorsuch's studious refusal to signal his thinking on contentious issues, left Democrats frustrated. For all his many visits with senators and his hours in



Judge Neil Gorsuch stands with his wife, Marie Louise Gorsuch, as President Donald Trump announced him as his choice for the Supreme Court, in the White House in January. (AP Photo/Carolyn Kaster, File)

the witness seat, Gorsuch had not revealed his core beliefs and may have, according to Democrats, a bias favoring powerful interests over ordinary people.

The question for Sen. Dick Durbin, D-Ill., was "whether there's a beating heart and an independent streak" behind Gorsuch's silver hair and smooth delivery.

Republicans saw Gorsuch's disciplined and detached approach as evidence of the fair and independent mindset that the U.S. needs on its highest court.

The 49-year-old judge was happy to reminisce about his years as a student and lawyer before becoming a federal appellate judge in Denver 10 years ago. He relied on self-deprecating humor and a goodness-gosh-golly demeanor in outside doses as he deflected the questions he didn't want to answer.

Gorsuch, whose mother was a state legislator and then director of the Environmental Protection Agency under President Ronald Reagan, tried to play down the political

elements in his background. Gorsuch stressed that when issues such as torture arose during his time in President George W. Bush's Justice Department, he acted not as a policymaker but as a "speechwriter" or "a lawyer for a client."

He did acknowledge, though, that an email he sent criticizing lawyers at big firms for representing detainees being held by the U.S. military at Guantanamo Bay in Cuba was "not my finest hour."

Perhaps no ruling got more attention over the past 10 weeks than a case in which Gorsuch came

down against a truck driver who was fired for leaving his trailer of meat on the side of an Illinois road after breaking down on a frigid night in 2009 and fearing he would freeze to death. Asked whether the man's firing wasn't absurd, Gorsuch said simply: "My heart goes out to him. It's just not my job."

For all that he shared, Gorsuch did his best not to telegraph where he might land on a range of topics that he could confront early in his time as a justice.

## PORT

Continued from A-1

yet been told how much the authority needs.

While the port authority, city and state are hopeful the federal government will contribute more than \$300 million to the dredging, federal officials are clear there will be no federal money until the local government shows its commitment and participates.

So progress on the project lags as port authority executives work through a funding request for the city and city officials determine the city's commitment.

But Green and port authority board Chairman James Citrano say they are confident the project will move forward and are optimistic construction will begin by the end of the year.

"We made a commitment to the city we will not execute until we show all the funding is coming," Green said.

### THE EMAILS

Hundreds of Taylor's emails, retrieved by port authority staff in response to a public records request, reveal Taylor reached out to other maritime executives as he began searching for another position, expressing his concerns about business and finances at the port, and worked to determine how much help to ask for from the city for the massive \$684 million deepening project.

Taylor, in a statement from his attorney Cindy Laquidara, said he knew the emails were backed up on the port authority server and they were retrievable, and he was deleting them to return his laptop computer to the agency.

When asked about the deleted emails, Citrano said he had not heard about the deletions, adding, "I'm not real alarmed by his deleting them."

Citrano said he does not believe Taylor left on bad terms with the board, but that he and his predecessor,

Paul Anderson, came from the private sector and had difficulty maneuvering comfortably at the public agency. Taylor had "incredible strengths" including "really knowing" maritime business, he said.

While Taylor questioned finances and business at the port in some of his emails, top finance staff said last week that some of those numbers were expected, some were better than forecast and there was no cause for alarm. They said Taylor was involved and it was typical for him to comb through the monthly numbers and push them for answers.

Emails only tell a partial story, according to the statement from Taylor, and those were private conversations he would leave to port authority officials to discuss.

Taylor has nothing critical to say about his former employer, according to the statement, and enjoyed his time with JaxPort.

The port authority board voted 6-1 on March 8 to terminate Taylor's contract. The separation came after a board member raised concerns about his meeting attendance in the last year and his handling of negotiations last year with a key tenant. Taylor was CEO for less than four years.

### THE NUMBERS

In the funding scenarios shared by email between JaxPort officials and eventually with the city, the port authority would pay between \$76.4 million and \$150.8 million between this year and fiscal year 2025.

Green said last week the various proposals, which included the city contributing between \$93 million and \$167 million, were discussed with the Curry administration, but those numbers are a "work in progress" and not definitive. He said probably a "dozen more" have been discussed in meetings and emails.

Gulliford and City Council President Lori Boyer expressed concerns at the



James Citrano (left), chairman of the JaxPort Board of Directors, listens as Eric Green, interim JaxPort CEO, answers questions on Wednesday. (Bob Mack/Florida Times-Union)

Wednesday meeting about what would happen to the almost \$700 million project if the federal government does not contribute. Green responded there is no "Plan B," and that dredging 13 miles of the river is crucial to the viability of the port.

Gulliford said it is easy for people to support the project, which the port authority contends will create thousands of jobs, if they don't have to determine where the money is coming from.

"It is real easy to say I'm for or against if you don't have any skin in the game," he said.

While former President Barack Obama and President Donald Trump each said they want to deepen the port, that support has not translated to federal dollars.

"We have no assurance of the federal funding," Gulliford said.

Boyer said the council must look at what to forgo if they do direct money to the project.

"This is a huge, huge commitment," Gulliford said.

Port authority board member John Falconetti, who has worked with Green at City Hall and in Tallahassee to secure funding, said at a February board meeting the port authority is moving forward with a funding plan without an expectation the federal government will contribute, but he is hopeful Washington will become a funding partner.

from the port authority.

"I think the fact there is another side is healthy because it challenges the port's decision," Gulliford said. "Something of this magnitude, you want to have that."

Citrano is unwavering in his support, saying people are not questioning the potential economic benefits and called dredging "one hell of an infrastructure improvement" and asset for Jacksonville.

"This is no Skyway Express. This is no Prime Osborn."

### THE RACE FOR DEEPER WATER

Jacksonville is in a race with other East Coast ports to deepen its harbor to accommodate the larger ships that can pass through the expanded Panama Canal carrying more cargo. Miami already deepened its port; Savannah, a rival port for Jacksonville, started construction to deepen 39 miles of the river in 2015.

The Army Corps of Engineers indicated last week the cost of the Savannah project ballooned 38 percent from a 2014 forecast and is now estimated at \$973 million. The Corps does not foresee a similar jump in Jacksonville.

While Savannah has already started construction, Green vowed "if we start on time, and we will, we will cross the finish line with or ahead of Savannah."

Savannah must also dredge its outer harbor, has a longer segment of river to deepen and is constructing a system to inject oxygen into the river.

"Those are not hurdles that are easy to overcome," Green said.

But while Florida has more than a dozen ports seeking help from the state, Savannah is the only major port vying for attention and funding from the state of Georgia. State leaders have shown a willingness to contribute heavily to the major economic engine.

Taylor's emails highlight the efforts of Green and

contract lobbyists hired by the port authority to reach out to the Trump administration, the congressional delegation and other federal officials to make the case for deepening the port. They wanted to ensure the White House, U.S. Department of Transportation and Army Corps know the project is "shovel ready" and should be included on any list of infrastructure projects proposed by the administration.

### ADDING CURRY'S POLITICAL TEAM

Taylor's emails also refer to the March addition of two notable political figures to JaxPort's public affairs team, two of Curry's top political advisors. Brian Hughes and Tim Baker ran Curry's campaign and remain close advisors.

Last year they ran the successful campaigns of State Attorney Melissa Nelson and U.S. Rep. John Rutherford as well as the one to approve a half-cent sales tax to pay down the city's pension debt.

Baker and Hughes are subcontractors on the contract with Right Coast Strategies, which has a monthly retainer of \$14,500 through September. Prior to the addition of those consultants last month, the monthly retainer was \$12,000, according to the port authority.

Right Coast Strategies is the firm of Jacksonville consultant Susie Wiles, who ran Trump's Florida campaign and managed Rick Scott's 2012 campaign for governor.

"We are at a point where funding is the linchpin for us," Green said. "They have a proven track record."

Green said the port authority hired the men based on their successes and their relationships — not just with Curry but a "whole lot of politicians."

"It's not just about the mayor," Green said. "This is not a single shot at dealing with Mayor Curry."

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