

**OFFICE OF THE CITY COUNCIL**

117 WEST DUVAL STREET, SUITE 425

4TH FLOOR, CITY HALL

JACKSONVILLE, FLORIDA 32202

904-630-1377

**Council Members Dennis and Crescimbeni Noticed Meeting Minutes - amended**

**Potential Sale of JEA**

**February 6, 2018**

**1:00 p.m.**

**Topic:** Potential sale of the JEA

**Location:** Council Chambers, 1st floor, City Hall – St. James Building, 117 West Duval Street

**In attendance:** Council Members Garrett Dennis, John Crescimbeni, Anna Lopez Brosche, Greg Anderson, Reggie Brown, Katrina Brown, Reginald Gaffney, Sam Newby, Danny Becton (arr. 1:16)

Also: Peggy Sidman - Office of General Counsel; Kyle Billy and Phillip Peterson - Council Auditor’s Office; Jeff Clements - Council Research Division; Dr. Cheryl L. Brown – Council Secretary/Director; Steve Cassada, Louie Marino and Paula Shoup – Council Staff Services; Sandra Lane-Smith, Nicole Evans and Jeneen Sanders – Executive Council Assistants

**Meeting Convened**: 1:00 p.m.

Council Member Dennis called the meeting to order and the attendees introduced themselves for the record. Mr. Dennis asked Council Member Crescimbeni, as the longest-tenured council member over two different terms, to give historical perspective on past discussions of the potential privatization of the JEA. He noted that the Council Auditor’s Office had previously issued valuation studies of the JEA in 2007 and 2012 at the request of council members and no action resulted. He reiterated his previously stated belief that the decision on whether to privatize the utility should ultimately be made by the shareholders of the utility – the city’s voters via referendum. ~~He personally feels that privatization would not be good for the taxpayers of the City.~~ Mr. Crescimbeni said that, if the matter should eventually be placed on a referendum for the voters to decide, he would not be supportive of privatization unless the proceeds of the sale were placed into a restricted account for some defined purpose and not just used for general operating expenses. On December 6, 2017 he requested an opinion from the Office of General Counsel on whether referendum approval would be needed to sell the JEA and on the process that would need to be taken to sell it if that decision was ever made. He received an answer to his first question (no, a referendum is not required) and is still awaiting the response to his questions about procedures governing a sale.

Council Member Dennis expressed his concern about a letter recently sent to JEA managers regarding a retention bonus for managers who stay with the utility through a change of ownership, if any. He believes it gives the appearance that a decision to sell may already have been made. Council Member Katrina Brown felt that the citizens should be consulted and have a say in the decision, and she plans to hold town hall meetings to discuss the issue as JEA gets further along in its evaluation process. Council Member Reggie Brown said he understood that the retention incentive letter to JEA managers had been rescinded. Deputy General Counsel Peggy Sidman said that was also her understanding. Mr. Brown said that the privatization issue is a complicated one and has ramifications for the whole community. He is particularly concerned about the impact on JEA employees and he wants the Council to hear directly from the JEA board about what they are considering. In response to a question from Council Member Dennis about whether a referendum could be held even if not required, Ms. Sidman reported that the JEA Charter (Sec. 21.04(p)) provides that a sale of more than 10% of the JEA’s assets would require City Council approval. She said that any amendment to the JEA charter to change that percentage threshold or to add a referendum requirement would have to be done either by City Council ordinance or by an action of the Florida Legislature and could not be done via voter initiative and referendum. Mr. Crescimbeni requested a legal opinion from the OGC about whether the City Charter could be amended via voter referendum to create a new provision requiring the sale of City assets exceeding some defined threshold amount to be subject to referendum approval.

Council Auditor Kyle Billy reported that his office is in the process of updating a new JEA valuation report that should be completed by the end of February. Council Member Gaffney expressed concerns about the JEA retention incentive letter and hoped that the City Council would soon have an opportunity to weigh in on the issue and hear from the JEA. In response to a request from Council Member Crescimbeni for a show of hands, a large majority of the attendees in the audience indicated that they were JEA employees.

Public Comment:

Ted Juma said that citizens are generally satisfied with the JEA’s service and questioned why this discussion was initiated.

Valerie Gutierrez with IBEW Local 2358 said that employees have already made concessions on their pensions and are concerned about the impact of a potential sale on employees.

Ron Salem urged undergrounding of electric utility lines to improve service reliability.

Jennifer Stokes, a JEA employee and county resident, urged council members to consider more than just asset values and pay attention to employee dedication and loyalty.

Tim Barnett, a JEA employee, questioned what happens to civil service employees and civil service rights?

Bill Hodges, a JEA employee, said that an investor-owned utility will not be as concerned about service quality as a municipal utility.

Aaron Shouten, a JEA employee, said it appears a deal has already been made for a sale. Who made the offer and who’s paying for the retention incentive?

Glenda O’Connor said that customers are happy with JEA’s service and not interested in selling it.

Ronnie Burris, a JEA retiree and union representative, said that there is no transparency to the process and employees know nothing about what’s happening. A privatized utility will be more expensive than JEA.

Randy Hilton, President of the JEA Professional Employees Association, opposed to sale of JEA; it’s a great asset to the City. JEA board has become politicized in recent years.

Steven Flint asked how much the JEA contributes to City budget and how will the City make that up if it’s sold?

Jason Baber said that JEA funds a large percentage of the City budget. Don’t exchange short-term cash for long-term liabilities and potential tax increases later to make up the difference.

Council Member Dennis asked the Auditor’s Office to calculate the fiscal impacts of JEA employees being removed from the General Employees’ Pension Plan and its long-term impact on City pension liabilities. Council Member Katrina Brown encouraged the audience members to contact their City Council members, pose relevant questions and express their feelings. Council Member Reggie Brown wanted to know if the JEA is already talking to potential purchasers and asked for information on what percentage of the City budget is comprised of JEA-related revenues.

Council Member Anderson said that the JEA is a substantial community asset and is recognized for its quality service, particularly its response to recent hurricanes. He wants a thorough discussion of all relevant issues before any decisions are made. Council Member Newby praised the JEA employees for their commitment to the city and expressed concerns about the retention incentive letter. Council Member Gaffney echoed thanks to the JEA employees for their dedication and promised that any decision will be thoroughly researched and discussed in a transparent process. Council President Brosche echoed the previous comments and said that further meetings will be called as necessary to thoroughly process all information at each step of the process. Council Member Crescimbeni noted that discussions have been held in the past about JEA’s value and no decision was made to sell the utility; he urged restraint and patience until things become clearer. He is interested in having further discussions about the possibility of amending the City Charter regarding JEA. Council Member Reggie Brown said that the Council is committed to an open and transparent process. Council Member Katrina Brown thanked the media for their pursuit of the JEA potential privatization story and bringing the issue to the public’s and the Council’s attention. She said that the community needs to hold a serious conversation about the $3 billion in accumulated community infrastructure needs. Council Member Becton said that there is no foregone conclusion regarding the possible JEA sale. Council Member Dennis said that he would schedule another noticed meeting to discuss the City Charter amendment process and other issues relating to JEA.

**Meeting Adjourned**: 1:58 p.m.

Jeff Clements, Council Research Division

2.7.18 Posted 5:45 p.m.