

**OFFICE OF THE CITY COUNCIL**

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

**Potential Sale of JEA**

**February 22, 2018**

**2:30 p.m.**

**Topic:** Potential sale of the JEA

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

**In attendance:** Council Members Garrett Dennis, John Crescimbeni, Anna Lopez Brosche, Sam Newby, Danny Becton, Tommy Hazouri, Greg Anderson, Joyce Morgan, Katrina Brown

Also: Peggy Sidman - Office of General Counsel; Kyle Billy and Phillip Peterson - Council Auditor’s Office; Nikki Evans and Sandra Lane-Smith – ECAs; Cheryl Brown – Council Secretary/Director; Adri Segui – Legislative Services Division

**Meeting Convened**: 2:30 p.m.

Council Member Crescimbeni called the meeting to order and the attendees introduced themselves for the record. Mr. Crescimbeni distributed copies of two ordinances he has had drafted for introduction – one providing for a straw ballot referendum on whether the citizens want the City Council to all for a binding referendum on the sale of the JEA and the other amending the City Charter to include a referendum requirement to ratify the terms and conditions of any sale of all or a portion of the JEA approved by the City Council under its current Charter authorization. Council Member Dennis announced that he had filed a bill for introduction yesterday to authorize a straw ballot referendum on the question of whether the citizens approve of the sale of JEA. Mr. Crescimbeni said that there is currently no mechanism by which the citizens, via referendum, can amend the City Charter to give themselves a voice in any proposed sale of the JEA. Mr. Crescimbeni emphasized that the two proposed ordinances, while related, are stand-alone bills. He believes that regardless of whether the current consideration of the valuation and potential sale of the JEA proceeds or is terminated, the Charter should be amended to add the voter referendum requirement to the current provisions requiring City Council to approve the sale of more than 10% of the utility.

The group discussed the City Charter’s current provisions with regard to the requirement for City Council approval of the sale of more than 10% of the JEA’s functions and operations. Mr. Crescimbeni recounted the draft opinion he received from the General Counsel’s Office regarding what constitutes “10% of the JEA” for purposes of the required approval of a sale, which is interpreted to mean 10% of the utility’s assets as of the last audit report. The draft opinion also said that sales of portions of the JEA could not be done in the form of increments of less than 10% to avoid the Council approval process. In response to a question from Council Member Hazouri, Mr. Crescimbeni said that he and the General Counsel agreed that the current legislation should not attempt to deal with the subject of where the proceeds of a sale of the JEA would be used, absent any firm proposal; to do otherwise would be very speculative and might be more problematic than helpful. Council President Brosche agreed to put Mr. Crescimbeni’s two proposed bills on the addendum to the agenda for next Tuesday’s council meeting, with Council Member Dennis as a co-introducer on both. Mr. Crescimbeni said that he would schedule another noticed meeting for any interested council members to discuss the bills further.

Several council members referenced an email they had received from the City Council Auditor the previous day regarding an RFP issued by the City Finance Department for professional services from a financial firm with experience and expertise in valuing public assets for potential sale to private investors, and what relation that may or may not have to the current JEA valuation issue.

Public Comment:

Lisa King said, in regard to the RFP issue discussed above, that in her long experience as a consultant it is highly irregular in the industry for RFP responses to be directed to a consultant or private entity, not to the City’s procurement office, and she finds the scenario disturbing.

Steven Flink felt that the JEA board is treating the entity like a for-profit business available for sale, not like a public utility serving the community.

Andrew Reed said that the JEA is an important revenue stream that the City cannot afford to lose. The PFM consultant report seemed deficient to him. The JEA is doing a good job running the water and sewer utility.

Blake Harper said that the current consideration of JEA’s value for possible sale is being taken place out of the public eye so its objectivity can’t be judged. The use of any sale proceeds from the JEA is a crucial question that needs to be answered. Multi-billion dollar transactions carry huge capital and financial carrying costs, which have to come from somewhere, likely the utility customers.

James Minion agreed that the Charter needs to be amended to provide a mechanism for public input into the sale of major public assets. He believes the general public has lost its confidence in the JEA board and the mayor’s administration and the public trust is in jeopardy, and called for JEA board chairman Alan Howard to resign.

Kathy Lee said that JEA employees are a family and she was disappointed in the performance of the JEA’s CEO and board chairman at last week’s meeting with the City Council. The JEA’s employees don’t seem to have any value to the mayor or the JEA leadership.

Chris Stovall said that any purchaser of JEA will have to recoup all of their costs, which will inevitably result in increased rates for customers to pay for the profit an investor will want to generate. He deplored the “dirty tricks” that seem to accompanying this issue and attempting to influence voters from the start of the discussion.

Keith Hodges said that JEA contributed 22-24% of the City’s budget annually which is vital. JEA’s employees are first responders as important as police and firefighters and are committed to the community. He opposes cashing out the JEA and giving $3 billion to politicians to spend.

Deputy General Counsel Peggy Sidman described the mandated public hearing and final action time frame for this process as laid out in the City Charter.

In response to a question, Mr. Crescimbeni explained his rationale for proposing that the referendum be held at the November general election rather than the August primary election because of 1) greater turnout and 2) a somewhat simpler ballot.

Council Member Katrina Brown asked if or how public resources could be spent to publicize the referendum and explain the issues involved to the general public. Mr. Crescimbeni said that the City did not spend any public funds on the last straw ballot referendum in 2015. Council Member Hazouri assured the JEA employees in the audience that no decision impacting their careers would be made quickly or without full consideration of all the relevant issues.

**Meeting Adjourned**: 3:29 p.m.

Jeff Clements, Council Research Division

2.23.18 Posted 5:00 p.m.