Thursday, March 8, 2018
3:30 p.m.
Council Chambers 1st Floor, City Hall

Carol Owens, Chief of Legislative Services
John R. Crescimbeni, Chair
Danny Becton
Anna Lopez Brosche
Garrett Dennis
Joyce Morgan
Lori Boyer
Jim Love
Greg Anderson
Tommy Hazouri

Improved: Special Committee on the Potential Sale of JEA

DATE TAKEN: March 8, 2018
TIME: 3:35 p.m. - 5:14 p.m.
PLACE: City Hall
117 West Duval Street
Council Chambers
Jacksonville, FL 32202

This cause came on to be heard at the time and place aforesaid, when and where the following Proceedings were reported by:

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MR. CRESCIMBENI: We're going to call the meeting on the special committee on the potential sale of JEA. Today is Thursday, March 8th, 2018. It's about 3:35.

I want to thank everybody for being here. Today's meeting is kind of going to be a -- more or less an organizational meeting, and we're going to try to set -- plot a course and move forward with the information provided to us today. I've got a couple of discussion points that I want to put forward to find some conclusion on.

So with that said, if we can have everybody introduce themselves for the record. And we'll start with Mr. Anderson.

MR. ANDERSON: Greg Anderson, at large, Group 4, just visiting.

MS. BOYER: Lori Boyer, City Council, District 5 --

MR. HAZOURI: Tommy Hazouri -- excuse me. Go ahead.

MS. BOYER: -- just visiting.

MR. HAZOURI: Tommy Hazouri, Group 3 at large.
MR. NEWBY: Sam Newby, Group 5 at large, just visiting.

MR. LOVE: Jim Love, District 14, just visiting as well.

MS. BROSCH: Anna Lopez Brosche, Group 1.

MR. DENNIS: Garrett Dennis, District 9.

MR. CRESCIMBENI: I'm John Crescimbeni, at large, Group 2.

MR. BECTON: Danny Becton, District 11.

MS. MORGAN: Joyce Morgan, District 1.

MS. FETNER: Sondra Fetner, Office of General Counsel.

MS. SIDMAN: Peggy Sidman, Office of General Counsel.

MR. BILLY: Kyle Billy, Council Auditor.

MR. PETERSON: Phillip Peterson, Council Auditor's office.

MR. CLEMENTS: Jeff Clements, Council Research.

MR. CRESCIMBENI: Again, thank you for being here.

Ms. Sidman, are you -- you're assigned to this committee?

MS. SIDMAN: Yes.

MR. CRESCIMBENI: All right. Would you
mind just reading the committee charge into the record.

And for those of you who may have noticed, we have a court reporter here today, so this meeting is going to be -- there's going to be a verbatim transcript created for this meeting and each subsequent meeting.

So go ahead and read that into the record.

MS. SIDMAN: This is the special committee of the potential sale of JEA. The committee charge, understand all aspects and implications, who, what, where, and why -- sorry, who, what, where, when, and why of the potential sale of JEA and the roles that various parties to such a potential sale will play in the process; conduct necessary meetings and hearings to gather the relevant facts the entire City Council should consider in its decision related to the potential sale of JEA; offer monthly, or as frequently as necessary, updates as to the progress of this work to the City Council at its regular meetings; make recommendations to ensure a transparent and open process for the citizens of Jacksonville as to the consideration of the potential sale
of JEA.

MR. CRESCIMBENI: All right. Thank you, Ms. Sidman.

With that said, I wanted to say that my goal as chair of the special committee is to hold exactly what our charge calls for, and that's a series of objective and transparent conversations about the possible benefits and drawbacks to the City, to the JEA rate payers, to the JEA employees, potential sale of JEA.

However, I have -- I'm very concerned with recent events, many of those which have been reported in the news have muddied the waters in which we can have such an objective conversation, and I also sense that some of my members on -- not only this committee, but on the Council as well have developed -- or those news events have kind of contributed to a feeling of mistrust, and I think we need to overcome that.

So as chairman, in order to have, as the charge calls, a transparent objective conversation, I personally want to wipe the slate clean of all recent events and new stories, and I'm going to ask that you consider
doing the same as well.

Also, I want to facilitate an environment in these meetings in which we can be assured that we receive accurate, truthful information, which we can all rely on. And part of today's meeting later on in the agenda will include discussion on some tools that are available to us to help us do just that.

So with that, we will go on to our JEA fact review. These are some things that I think have been misconstrued not only in the press but amongst some of my colleagues. I just would like to get some facts out in front of everybody today.

And I had spoken at our last meeting between Mr. Dennis and I, at the noticed meeting, you-all have this in your packet. It's a pretty easy read. This is a copy of the portion of JEA's 1995 Annual Report. It's 23 years old. But this was a report they published on the 100th anniversary of the forming of our local municipal utility, so it's not a complete copy of the report, it's a copy of the -- part of the report from '95 that talks about the history of the electricity in
Jacksonville, Florida. I would encourage you to go back home and instead of watching TV, Mrs. Brosche, dig this out, it's a pretty good read. History is always fascinating, but it talks about -- as I mentioned a couple of weeks ago, it talks about how there were a couple of utilities -- couple of electrical companies that started in Jacksonville in 1893, something like that, and they were charging exorbitant rates for the city just to string a few streetlights downtown. And they ended up getting bought by a person that owned the gas company here, so it was probably the first utility in Duval County. And the city wanted -- electricity was a fascinating invention. It sparked a lot of demand --

MR. LOVE: Sparked.

MR. CRESCIMBENI: Sparked, yeah. And the city decided that they weren't going to pay the rates that were being charged by the then existing monopoly, and they decided to start their own electric facility. And they put before the voters a $1 million bond issue of which part of the funds -- $1 million in 1895, part of the funds were used to construct a new
electrical plant, a city electric plant, and string some infrastructure to have electricity. This is the kind of stuff many groups love. I would encourage you to read that. It is a fascinating read. So it gives you a good perspective of where we came from. And now 123 years later, we're having another conversation in the opposite direction.

All right. I think -- is Jordan Hope here? Come on down, Jordan.

I asked Jordan to provide us with some history on Florida electric and sewer sales and customer accounts over the past ten years. Some of the new council members that may have attended a JEA orientation back in 2015 might have been exposed to some of this information. But I think it's interesting and I want Jordan to go through these five or six slides here. They should be up on the screen, but I want you to pay close attention to trends with regard to not only electric consumption, gallons of water consumed, gallons of water treated on the City's waste water program. Also pay attention to customer count through the years. And as we go through these slides, look at customer
counts going in one direction and revenues
until very recently going into another
direction. Mr. Pope.

MR. POPE: Thank you. Jordan Pope, JEA.
Thank you, Mr. Chair and Council Members.

The six slides in front of you, just a
brief overview, the first four are JEA sales
broke down by system, so electric, water,
sewer, reclaim, with the associated customer
counts. The fifth slide looks at revenues.
And the sixth slide looks at electric sales
back to 1979 and water sales back to 1990.

On the first slide, electric sales, at
Councilman Cresembeni's request, we went back
ten years, so fiscal year through 2008 through
fiscal year '17. As you can see at the bottom
of the slide, our customer count has continued
to grow since that time. I believe from '08 to
'17, it's probably about 12 percent. At the
same time sales have continued to be a bit of a
challenge, and, of course, we've talked about
this many times before in that energy
efficiency has been one of the main drivers of
the story on electric sales. You can certainly
have weather dry fluctuations from year to
year, but as appliances, HVAC, lighting, and other things have become more efficient, that has been the main driver of electric sales over the past decade.

Slide two is water sales. And I'm going to lump the next three slides together just a bit, so water, waste water, reclaim. Same story on electric in that customer -- number of customer accounts has continued to grow. And you can see that since 2014, sales are up a bit. The weather can also be a large driver of sales in these systems. And as can you see on the reclaim slide, which is slide 4, the customer count has seen significant growth, which results in a significant increase in sales.

The fifth slide is JEA's operating revenues over the last ten years. This is broken down by electric and the water sewer reclaim system. And electric is broken down by base rate and the fuel rate.

I will let you draw your own conclusions from this slide, but as you can see, on the electric side has -- sales have continued to reflect the advancements in technology that
along with that comes the associated revenue that JEA takes in. And as you can see from the previous slide regarding the slight uptake in sales on the water, sewer, and reclaim slide, you can see a slight uptake in recent years, however slight it may be, on revenues from the water and sewer and reclaim system.

Finally, the final slide, looking back on the top of the page, the charter going back to 1979 on electric sales, you can see that between 1979 and 2007, JEA experienced roughly 3 percent annual growth, historical growth.

In 2007 that changed, and you can see the dashed line on the right portion of the chart would indicate what 3 percent through 2023 would look like. But as you can see from 2007, we are 10 percent declined from our peak sales, and those are projected to be flat or decreasing through 2023.

The bottom portion is water sales since 1990. And this is just water, this does not include sewer and reclaim. The water system experienced 5 percent historical growth 1990 to 2007. And that dashed line on that chart would also represent what a 5 percent growth rate
would look like through 2023. We have a 14 percent decline since 2007 to today. And as can you see, we're projecting sales to be flat or down through 2023.

Mr. Chairman, with that, I'll take any questions.

MR. CRESCIMBENI: Thank you, Mr. Pope. Thank you for preparing these for us.

A 10 percent decline in electric sales, most of that, and 14 percent decline in water sales is in the face of increased customer count, right?

MR. POPE: Yes, sir.

MR. CRESCIMBENI: Are there any questions from the committee on this?

Cue, Mr. Hazouri?

MR. HAZOURI: Thank you, Mr. Chairman.

Just quickly.

You attribute this decline based on the condemnation programs that y'all have on both electric and water or is this -- is this comparable to all other public and private utilities around the state?

MR. POPE: On the electric side, energy efficiency is the driver. On the water side, I
mean, you can see in both of these charts that the time the sales start to decline is consistent with when we had some issues with the economy in the mid 2000s.

There are certainly conservation efforts on the water side that we hope contribute. Water is a valuable resource, but as you can see, sales are continuing to increase on that side. And there are a number of drivers, Councilman, from weather and other things.

MR. HAZOURI: And I don't want to get into the next chapter before you get to it of the private, but do you know off the top of your head how this reflects on the -- as reflected on the part of the rest of the utilities around the state?

MR. POPE: As far as sales?

MR. HAZOURI: As far as on kind of sales, yeah, declines on both water and electric?

MR. POPE: I'll stick to electric. Energy efficiency has impacted the industry in general because of the efficiencies of everything you see around you, from appliances, HVAC, lighting, insulation, you name it.

On water, I would rather answer that
question after gathering some more information.

MR. HAZOURI: Okay. Thank you, Mr. Chairman.

MR. CRESCIMBENI: Mr. Becton.

MR. BECTON: Thank you, Mr. Chair.

And I guess my question is to you in your vision in terms of us going forward. This was the -- like you said, a presentation that many of us when we got in office in 20- -- right before we got in office in 2015, we met with Mr. McElroy and JEA and pretty much kind of had this glass-half-empty conversation with JEA. And I know personally I stood back after the meeting and talked to Mr. McElroy about a different perspective on how companies that are, you know, facing adversity with technology and the obsolescence and so forth, but what were the opportunities of, you know, glass half full of JEA. And certainly looking at it at the time, we were negotiating our contribution, or getting ready to, the conversation with woe is me, please don't ask for any more money than we can afford, and certainly that was -- that was kind of the conversation at the time.

But I guess my question to you is is, do
you plan to have the leadership of JEA come in here and talk about the opportunities instead of just saying, you know, we're racing toward obsolescence, but -- in terms of electricity or is this the time that I should ask Mr. Pope about how do we change this trajectory of JEA and what the vision is?

MR. CRESCIMBENI: You're welcome to ask Mr. Pope that. I'm confident that he's not going to be able to answer that question because he doesn't have authority to answer that question. And I don't know, the only other person here from JEA is Renee, correct, so we can certainly -- part of today's meeting is an informational meeting. I'm going to ask this committee for guidance on what this committee wants to pursue. We can certainly have JEA come and make that presentation. That may be helpful in our conversation about a potential sale.

MR. BECTON: Well, if you don't mind me while I have the microphone making a suggestion, that -- I certainly would like some leadership of -- to see JEA come in and give us a shareholder presentation in terms of how
they're going to enhance our value with utility rather than us just insinuate that the decline is going to be forever, and at some point, you know, this is going to be Block Buster video and we're all going to be using DVRs. So I think there might be another story to be told here, at least I would hope so, because if not, that is a conversation that we need to expand upon.

MR. POPE: Mr. Chairman, may I respond quickly?

MR. CRESCIMBENI: Sure.

MR. POPE: Councilman Becton, I hear you. We'll be happy to come back and talk about that. This is simply the facts of the last ten years and what we would project, and we'd be happy to have the other part of that conversation.

MR. CRESCIMBENI: Well, on the electric side, JEA's facts aren't too much different from any other electric facility, correct?

MR. POPE: Yes, sir.

MR. CRESCIMBENI: Ms. Boyer.

MS. BOYER: Through the Chair, Mr. Pope, I just want to make sure. I'm on your last
chart, and reading your percent declines that
you were referencing. So this is a percent
decline projected over the period 2007 to 2023,
so that's 10 percent over 16 years; is that
correct?

MR. POPE: The 10 percent reference is
2006 through 2016, the arrows -- being the end
of the arrows.

MS. BOYER: Okay. That's what I was
trying to understand. So that is a ten-year
10 percent decline, so you're seeing
approximately 1 percent a year if you're
averaging it?

MR. POPE: Yes, ma'am.

MS. BOYER: Okay. And then in your water
sales, is it 2007 to '17 based on your --

MR. POPE: Yes, ma'am.


MR. POPE: You're welcome.

MR. CRESCIMBENI: Ms. Boyer.

Mr. Hazouri for the second time.

MR. HAZOURI: Mr. Pope, just for my own
clarification for this committee, is it JEA,
beyond the RFP that was sent out, are y'all
doing any other studies? Is this going on at
the same time? Are y'all reviewing the
possibility of a sale or not a sale at the same
time or are we -- I'm talking about
duplication. I just want to know -- we're
here. We know what we're doing. I want to
know if y'all are doing something like this
specific council is or have y'all also
continued to move along as if you're going to
sell or not sell? Have y'all got a study going
on yourselves?

MR. POPE: Through the Chair to the
councilman, this is -- really the only thing
I'm aware of is that our board at its last
meeting agreed to schedule a workshop to
discuss this topic. Other than that, I'm not
aware of any other duplicative effort.

MR. HAZOURI: A workshop -- through the
Chair, a workshop meaning that y'all could very
well move forward, reviewing it yourself,
continuing where you left off with that
$100,000 RFP, and I'm using that as my example
of what y'all did, and continue that moving
forward, that y'all may very well at the
workshop decide that y'all want to continue to
study and do what we're doing right here?
MR. POPE: Through the Chair, I'm not aware of what would come of that workshop, but I know that the -- it was expressed that they would like to hold that workshop to discuss the topic.

MR. HAZOURI: The only reason I'm really asking is because, as Mr. Becton was indicating, he'd like y'all to come and talk to us, and you said you would be glad to. And I don't want to do a Texas two step anywhere, you're talking to us and y'all are talking to yourselves, and then I've got two different approaches and two different answers.

MR. POPE: Yes, sir.

MR. CRESCIMBENI: Mr. Hazouri.

Mr. Dennis.

MR. DENNIS: Through the Chair to Mr. Pope, I would appreciate these handouts, but I would like to know, you know, year over year, you know, what is your net profit, because I understand sales. You can have, you know, $2 billion in sales, you know, and decline to, you know, 900,000 -- I mean $900 billion in sales, but it's saying that, again, $30 of sales, but you could make a -- you know,
a 2 percent profit, but you could have $900 million in sales and have a 10 percent profit. So I think it would be helpful to me to know what was the net profit, because sales, you know, can be inflated or -- you know, I mean, just because you -- you know, again, just because you, you know, do less in sales, you would have a huge profit margin because you cut costs, because you've become more efficient in how you do business.

So, you know, in order for me to really understand the health of the -- of the organization, of the utility, I would like to know, you know, the net profit, the bottom line. I don't know if you have that today, but definitely at the next meeting that would be helpful for me.

MR. POPE: Through the Chair, my first response would be we're a not-for-profit community and utility, but to the extent that -- I think I understand what you're looking for, and if you want to, we can talk afterwards so that I can provide you with the right information.

You know, we have -- we have been fiscally
diligent in the last number of years with our
debt. And so to the extent that you want to
see any of that, we can provide it.

MR. DENNIS: Through the Chair, so I
really appreciate you want to talk to me off,
but I think that moving forward, you know, I
think it will be very, very important that we
talk in the open, in the public, so all of my
colleagues will hear the same thing that I'm
hearing.

But again, I understand that you're not
for profit, but, you know, from -- you know,
from my understanding is that that the utility
is very healthy, you know, it's flush with
cash. And so I would like to get to the bottom
of how much cash and how much cash that -- that
utility is making year over year.

And again, just showing graphs, I mean,
I -- you know, in my business there's years
where I didn't make as many sales, but my
profit margin was very high. You know, there's
years where, you know, I made a whole lot in my
business, but my profit margin was very low.

So this -- this can be a little misleading that
the sales are going down, but again, you could
have efficiencies in the way you do business
and you could -- you know, you could run a lot
of trucks and you can potentially -- you know,
you could have bought your fuel at a cheaper
cost, which, again, you know, lower your
operating -- your operating dollars. So that's
very, very important for me to see.

MR. POPE: Yes, sir. Through the Chair, I
did not mean to insinuate that information
without being in public, just that we could
clarify. And we are certainly happy to have
everyone have that information.

MR. CRESCIMBENI: Thank you, Mr. Dennis.

Mr. Billy, can you work with Mr. Pope or
whomever at JEA and perhaps look at a -- or
just come up with kind of a rudimentary revenue
and expense sheet for ten years? I know
there's not going to be a net profit line, but
something that we can see, maybe increased
contributions to net services at the time,
et cetera, so we can see where the money's
going.

MR. BILLY: Yes, I would be happy to.

MR. CRESCIMBENI: Would that satisfy you?

Ms. Morgan.
MS. MORGAN: Thank you so much.

Through the Chair to Mr. Pope, Mr. Pope, I wanted to pretty much continue along the same vein as Councilman Dennis because I actually had written down the exact same questions. So I won't ask the same questions, but I will ask, since JEA is not-for-profit, then what is the mission of JEA?

MR. POPE: Our mission is to provide electric, water, waste water, reclaim water service to the community. That is our mission.

MS. MORGAN: So does your mission statement include that you are supposed to provide it at a lower rate or at a discounted rate or at a reasonable rate, or is -- rates are not considered in your mission statement, correct?

MR. POPE: I think rates are certainly -- excuse me. Through the Chair, rates are certainly a part of what we do. Our rates are very important to us. If you look at our rates now, we're below the medium in our business lines when compared to the state of Florida. And so rates are absolutely important because we are owned by the community. What we collect
from the community is what we put into our business, and we don't want to collect any more than what we need. That is a municipal entity, and so rates are absolutely a part of what we do.

MS. MORGAN: All right. And I guess that kind of goes back to what we were talking about as far as making a profit and the sustainability of JEA. When you're looking at the graphs that you gave us, you would -- you almost feel uncomfortable because we see that -- we see a decline. And -- and, quite frankly, when you look at something like this and you see decline, I think automatically that triggers people to think that we're not doing well, and so that -- I guess that's why I wanted to ask pretty much the same questions as Mr. Dennis', and is, what's the purpose of JEA? What's the mission statement? Did you make a profit? Can you make a profit? And then what's the strategic plan for the future? And that is exactly what Mr. Becton hit on, and where we go. Because if you say this to us, then seemingly most of us have always been taught that if you identify a problem, then the
next line is to come up with the solution. So I look forward to talking about the solutions. Thank you.

MR. CRESCIMBENI: Thank you. Thank you, Ms. Morgan.

Just for clarification, I requested Mr. Pope to provide this information and I set the parameters for the information. This isn't anything that he came up with to bring to the committee. I want the committee to take a ten-year look-back at JEA. I understand that this is not anything dissimilar to any other electric utility in the U.S. Everybody is trying to combat energy efficiency in the face of debt service that was planned for growth, isn't materializing because I put an LED light bulb in my home and I'm reducing my electric bill.

So I can tell you my business experience of 37 years, it was not a goal to see sales slip. If anything, you wanted to do as much business as you did last year, but you want to grow, you want to grow, you want to increase because you're fighting off costs -- you're fighting off inflation and everything else.
Mr. Becton for the second time.

MR. BECTON: Thank you. Through the Chair, I'll be really quick.

You know, certainly Council Member Morgan got me thinking, and I kind of want to expand on what I think maybe you stopped short of, and that is, having JEA as part of that leadership, glass half full, but also I think understanding the mission of JEA is going to be imperative in our pros and cons of our charge here and the fact that there are some reasons that you guys exist as a -- you know, as a publicly owned utility. And some of those things are, you know, things that you do to go out there -- you were spending -- I know 2015 we made a comment about spending millions of dollars to tell us to quit using your product. I mean, we're like, why are we doing that? You know, I bet a private company doesn't go out, you know, 2 million times and says, don't buy any more hamburgers or don't buy any more of this that I sell, and y'all were spending $1 million to do that.

And also things like being -- you know, trying to be more responsive, you know, trying
to enhance the quality of life of being a --
you know, a publicly owned company. So I do
think we need to understand a lot more broader
in terms of how JEA does look at their role in
our community. Once again, we're shareholders.
This is almost like a board of directors
meeting as we go forward in evaluating the pros
and the cons of, you know, the company that we
own. And I think it's important that we all
understand together why JEA exists beyond 123
years ago, you know, why -- you know, are we on
the same mission? Have we improved that
mission and is that a benefit to the community?
Do you agree, Mr. Pope, on that?

MR. POPE: Yes, sir, we look forward to a
comprehensive review over the coming months.

MR. BECTON: Okay. Good. Thank you.
Thank you, Mr. Chair.

MR. CRESCIMBENI: Council Member Brosche.

MS. BROSCHE: Thank you, Mr. Chairman.
Through the Chair to Mr. Pope, and
actually picking up on what my colleagues have
shared, you know, we had that orientation that
Councilman Becton referred to. And while it
might seem that we've known this, we've been
working with JEA ever since we had that
orientation, there is just a new light now in
the context of that information that was
provided when we first came in or had an
update.

I know that Councilman Anderson and
Councilwoman Boyer had the opportunity to go to
the bond rating hearings as well. I had the
opportunity to do that. It was an excellent,
once again, overview orientation/presentation.
And I think that that is exactly what I hear us
asking for so that we can understand that
mission and the overall trends of what things
are going on so we can ask questions of the
leadership team.

So thank you, Mr. Chairman.

MR. CRESCIMBENI: Thank you. Are there
any other reports or anything that we want
Mr. Pope to run before we convene again in two
weeks?

(No response.)

MR. CRESCIMBENI: All right. Mr. Pope,
I've got two requests for you to take back.
The -- is it the PFM report? Is that -- have I
got the acronym correct?
MR. POPE: Yes, sir.

MR. CRESCIMBENI: In the PFM report, there was some discussion about one of the components of a potential sale that a municipal should consider is the philanthropic giving of utility, the volunteerism of the -- of the utility, but there was no quantification of that in the report. Is that something that you can do or look back on for a five-year period?

There was some mention in the report about -- a dozen bullet items, participating in the preservation project, et cetera, but what's not captured in the numbers in the PFM report are any dollars from JEA that went to sponsoring something at JAXPORT or a chamber luncheon or you name it. And what I'd like to see, or if you need to consider that, because I think it's very much worth considering, I would like to put a value on that. And I guess I'm asking you to do a pretty extensive accounting exercise to go back for a five-year period on an annual basis, look at what JEA's done in terms of dollar contributions to anything outside the operation of utility.

And the second part of that request would
be volunteerism, which was mentioned in the report. I don't know if you have any way of tracking that, or whether -- I'm sure your employees get involved in volunteer efforts --

MR. POPE: Yes, sir.

MR. CRESCIMBENI: -- if you have any data on that, I'd like to see --

MR. POPE: We do.

MR. CRESCIMBENI: -- prior reports or try to come up with a dollar value on cash expenditures that are unrelated to the operation of the utility.

And although I remember -- I've had a recollection of seeing JEA logo as a sponsor on a lot of things, I hope you track those over the past five years for --

MR. POPE: Yes, sir, we'll look into it.

MR. CRESCIMBENI: Thank you very much.

The next thing is the report. I asked the Council Auditor's office to prepare this report on revenues or -- I'm sorry, Ms. Boyer, I did not see you.

Mr. Pope, you need to come back.

MS. BOYER: Through the Chair to Mr. Pope, Councilman Crescimbeni is asking about
additional information. And as he flipped back through the back of the report, one of the things that was pointed out in the PFM report was that private utilities are not eligible for FEMA reimbursement. So what I wanted to know is, what was the extent of damage incurred both with Matthew and with Irma that you might be seeking reimbursement for so that we can just put in our thinking cap on any kind of disaster situation, what kind of liability we might face that would not otherwise be reimbursable.

MR. POPE: Yes, ma'am.

MS. BOYER: Thank you.

MR. CRESCIMBENI: Is that related to the report you sent me earlier this year?

MR. POPE: Yes, sir.

MR. CRESCIMBENI: You got full reimbursement?

MR. POPE: No, sir, it's not full reimbursement. We do have insurance, and it is pretty close.

MR. CRESCIMBENI: Okay. That's an easy one for you because you've already done it.

MR. POPE: Yes, sir.

MR. CRESCIMBENI: All right. Thank you.
The next sheet that I wanted to at least look before going -- this is a -- this is getting manipulated in the media and e-mails that I get, and that's the contribution -- JEA's contribution, not to be confused with a collection of a fee or tax the City levies, it's remitted to us each year. And this is a ten-year look-back on that.

So in 2017, look at this chart. It refers you to try to educate people when they have a misconception of what's going on. In 2017, yes, but JEA contributed from their operations $115.8 million in the City's capital fund. We spent that as we saw fit in the budget, but 38 million, which is our 3 percent franchise fee, and the 86 million, which, I believe, was a 10 percent utility tax, we're going to collect that regardless of who the electric provider is. That's -- that's something we're telling the utility to collect on our behalf. If you levy the taxes, if you levy the fee, those have to be collected by a new membership.

So I get a little frustrated reading in the newspaper about JEA's $240 million contribution in 2017. No disrespect, but it...
was 115- of their revenue, the other -- the
difference is simply passed, it would go to, I
think, our behalf. So hang onto to this chart.
Feel free to share that with interested
parties.

Ms. Boyer.

MS. BOYER: Thank you. Through the Chair
to the committee and potentially to Mr. Billy,
if I'm interpreting this right, but as I was
looking at the chart, there were several trends
from your prior JEA charts that seemed to carry
through.

So if you look at the franchisee fee
number, the peak on the franchise fee number
is -- seems to be back in 2011, and I presume
that's because the franchisee fee is collected
on kilowatt hours and on consumption units,
whereas the City utility service tax is
collected on the bill, right? It's not
collected on the kilowatt hours, it's collected
on the charges. So this kind of gets to the
question that people were asking about margins
and things in that you can see different trends
on line 2 from line 3. Line 3 is continuing to
increase, which would be based on dollar value
number or revenue number, and then line 2 is --
has decreased based on a consumption number.

MR. CRESCIMBENI: Mr. Billy, are you-all
prepared to answer that today?

MR. BILLY: Through the Chair to Council
Member Boyer, now, the franchisee fee is
collected on the gross and -- on the bill. The
UST, I call it a public service tax, that is
also on the bill, but there's some methodology
there. Say it's on the fuel part from 1970
through -- pre-1970 through part of fuel, and
then if it's on all the base parts, and I
believe it's on water, non sewer, is the way
that one works.

MS. BOYER: So through the Chair to
Mr. Billy, maybe at another meeting we could
have a little bit more clarification because
if -- if you are collecting the franchisee fee
based on consumption, and the trends in all of
this -- in all providers across the industry is
decreasing consumption, then we would beg into
our thinking a declining revenue on the
franchisee fee if that is, in fact, the
reality. So that's what I'm trying to
understand.
MR. CRESCIMBENI: All right. Mr. Billy, can you work on that and have that for a future meeting?

MR. BILLY: Yes.

MR. CRESCIMBENI: And doesn't -- is the franchisee fee levied on the utility tax? Is it the other way around? I thought so. Okay. So the utility tax actually taxes everything and the franchisee fee amount, right?

MR. PETERSON: Through the Chair to Council Member Crescimbeni, that's correct. Part of that is that fuel part that Mr. Billy mentioned.

MR. CRESCIMBENI: All right. Any more questions from the councilwoman?

All right. Mr. Dennis.

MR. DENNIS: So through the Chair to Mr. Billy, so the yellow line was just the contribution to the general fund. That's based on -- I know you give us an in-depth dive or overview of it, but the yellow line is based on what -- what --

MR. BILLY: Okay. Through the Chair to Councilman Dennis, that's pursuant to the formula that we have, and that formula
basically has changed about every five years since the late '70s when it was established.

It is based -- there is some kilowatt hours or the amount of water you were sold, but there's always a floor, or a minimum, and that minimum has to go up 1 percent a year over the base.

And the base was the very first year of the agreement. So I think we're in about the second year right now in the five-year. So it's not 1 percent over the previous year, it's 1 percent over -- up over the base each year.

MR. DENNIS: So, in essence, the yellow line is showing -- it's increasing from 2009 to 2018, so therefore -- so therefore there is more money being made even though there's a decrease in usage.

MR. BILLY: Through the Chair to Councilman Dennis, when you say there's more money being made, you're talking about bottom line, like JEA's income increasing. There's really not necessarily a correlation between that and the formula.

The formula was based on sales historically and then along the way, probably a few decades ago now, they started making
automatic increases or -- now, if there was a
period of five years when we're able to now
make two and a half million dollars a year,
there was -- you know, now we're at the point
where it goes up 1 percent a year. So that
increase is not necessarily tied to how JEA's
performance is.

MR. DENNIS: Thank you.

MR. CRESCIMBENI: Thank you, Mr. Dennis.

The next sheet is a fifth of a monthly
report that's published each month by the
Florida Municipal Electric Association, and
their website is down at the bottom,
publicpower.com. And this organization tracks
a lot of information on a monthly basis. You
should have a sheet that looks like this. Can
we get one for Mr. -- and again, if you have
some time, I encourage you to visit the site.
You can go back and take a look at all this
information. And this is just part of a
monthly report, but they can archive it with
probably a decade at least on their website.

I pulled three sheets out of the report.
The first page is essentially a bar graph that
just lists all the -- all the municipal
utilities and their current rate structure
based on -- on a 1,000 kilowatts bill. And you
can see a dash line there, which is the average
investor-owned utility cost for 1,000
kilowatts. The dark line is municipal average.
You see where Jacksonville ranks.

When you flip the page to the blue and
gold bar, this was following the municipal
utilities of January 2018. It also lists the
investor-run utilities in Florida. Municipals
are blue. Investor-owns are gold. And you can
see where we rank from left being the lowest
cost for 1,000 -- this is at 1200 kilowatts, to
the highest on the right being highest at
1200 kilowatts.

We also -- the third page, they also give
you all the components of the rates for all the
utilities at varying increments of consumption,
and they post the commercial rate comparison.
This is the first page of the comparison
residential. It looks at three different
consumption levels, housing, 1200, 2500, whole
lots, and compare any municipals at the top
listing, and down at the bottom all the
investor-owned utilities are listed there.
If you go back and look at these charts over a ten-year period, you see how well or poorly JEA has performed compared to other municipals and investor-owned utilities. Just food for thought, and I encourage you to visit the website. And it's a good place to refer constituents to as well.

The next item on our agenda is information or updates of the Council Auditor. And Kirk -- I'm sorry. Kyle, I got the right first letter right, you're not prepared to talk about where you stand on your Council Auditor reports, but you ordered an update on what one might expect to --

MR. BILLY: Yes, sir. I'd say probably about a week and a half, or definitely by the next meeting, which, I believe is two weeks from now.

MR. CRESCIMBENI: And can you describe what that report will address or would prefer not to?

MR. BILLY: I'd prefer not to.

MR. CRESCIMBENI: Okay. That's fine. All right. And then you are -- you have had a chance to review the PFM report, which was
distributed on or about February 14th. And although he's not necessarily going to opine on that today since he's going to -- his report may deal with some of that -- deal with some of that, is his overview. He said he would answer any questions, but he might have to think about that, so I don't know if anybody had any questions. Did everybody read that report?

Ms. Brosche.

MS. BROSCH: Thank you, Mr. Chairman. I don't really have any questions for Mr. Billy on that report. I do have questions for the JEA leadership when they come visit, so I'd like to hold my questions.

MR. CRESCIMBENI: That's fine. If you haven't read the report, it's 20, 30 pages, it's a pretty interesting read. It's -- some of it's a little technical, you might have to read the paragraph a couple of times to get all the same -- but it's -- I read it a couple of times, and parts of it I was interested in, parts of it I thought was boilerplate, but, you know, could have been anybody's report, just take out some utility's name and plugged in JEA. But I've got questions too and we can
certainly address those at the next meeting.

Mr. Hazouri.

MR. HAZOURI: What was interesting at the outset too was the date of the report to me. I mean, it just kind of glared at me. It went out -- the report went out on December the 20th and it was completed on January 15th, a month less -- a day less than a month on --

MR. CRESCIMBENI: Mr. Hazouri, I think you might be talking about the RMP.

MR. HAZOURI: I am.

MR. CRESCIMBENI: I'm talking about the report that was distributed to us at the conclusion of the meeting.

MR. HAZOURI: Oh, I got you. Okay. I'm sorry.

MR. CRESCIMBENI: Do you have a copy of it?

MR. HAZOURI: Right, I've got it. Thank you. I'm sorry, but that still concerned me too anyway. It's still a concern, how it was done in that month period, I'm talking about the RFM, and maybe we can get to that at some point that began -- the transparency part began then and --
MR. CRESCIMBENI: That would be opposite of this meeting. I'd like to kind of move past everything that we have to deal with --

MR. HAZOURI: That's fine.

MR. CRESCIMBENI: -- and move forward with conversation and hopefully in an environment that's not clouded by all this --

MR. HAZOURI: There are a lot of questions.

MR. CRESCIMBENI: -- that has happened.

MR. HAZOURI: Yeah.

MR. CRESCIMBENI: Okay. I appreciate your comment on that.

MR. HAZOURI: Thank you.

MR. CRESCIMBENI: All right. The last item I had on my agenda today was whether or not this committee might want to consider based on trying to create an environment that -- in which to receive information that we can depend upon and rely on as being accurate for this to be relied on and consider a special consultant group to help procure information.

Someone reached out to me this week that represents a foundation here in the city and expressed the same concerns I had about whether
or not -- let me back up and say, I expressed
concerns about the fact that I perceive some of
my colleagues having a trust issue at this
point on the source of information that we're
typically used to relying on and whether or not
we could actually have an objective
conversation in that environment. And they
offered to be -- that they would help
underwrite costs of a -- an advisor or a
consultant if they -- if we thought that might
be helpful in this process. So I wanted to
bring that up today.

I talked briefly with Ms. Sidman about
that, and Ms. Sidman has a couple of
alternatives. Why don't you go ahead and
articulate those just for the record now.
We'll probably need to work through this, but
then I want to hear from the committee on if
that's an item that you want to pursue. And
then, Ms. Sidman, in your charge, you also talk
about some of those other rules I'd like to
talk earlier -- talked about that this
committee could use to help bolster a sense of
information accuracy, so to speak.

MS. SIDMAN: Sure. Through the Chair,
Councilman Crescimbeni inquired about the structure that's here on their agenda, the independent special committee consultant/advisor.

As Councilwoman Boyer is well aware, there was an individual for which a not-for-profit paid to help support the task force, and that was --

MR. CRESCIMBENI: The task force on consolidated government.

MS. SIDMAN: Sorry, the task force on consolidated government, and that was a structure that was permitted.

There is also -- as you may recall during the pension time, the Pew Charitable Trust gave information of product and they provided that to the committee. So depending on the structure that the committee wants to set up, there's possibilities. I would just encourage that whatever the structure is set up, that we would be compliant with the permit code if we're going to procure that or -- and/or the -- all the Sunshine and the public records laws that would be in play depending on the structure. So I want to give you those
comments.

The second thing that Councilman Crescimbeni inquired about was about the City Council's ability in the special committee to administer an oath. And this came up several years ago, and we -- Office of General Counsel indicated that there is a rule, Council Rule 2.208, that allows for the chair of a standing committee to administer an oath or affirmation to witnesses who appear in front of the committee for the purpose of testifying at any matter before the committee. The individual can choose not to speak or provide testimony.

There is also further provisions in the council rules and in the charter that allow for the council secretary to issue subpoenas to compel testimony and the oath. So I wanted to provide that information at the request of the chair.

MR. CRESCIMBENI: Again, I bring all three of these up just for a discussion on creating an environment to receive information we can rely on, that we don't have to second-guess to the level of accuracy that it is.

I can tell you when I was LUZ chair in
2010/2011 calendar year, I swore in everybody that spoke at the LUZ meeting because, quite frankly, my years on LUZ, I’ve always felt like the speakers took great liberty with the truth. And the tool was primarily designed to create a sense that perhaps they’re going to be held accountable for misstatements and expectation that might foster a little more accuracy coming from that.

So I’m going to throw out all three of these ideas, and we’ll hear what the committee --

MR. HAZOURI: Let me hear the three ideas.

MR. CRESCIMBENI: Sorry?

MR. HAZOURI: Can you repeat the three ideas?

MR. CRESCIMBENI: The three ideas were an independent special committee advisor/consultant, whatever you want to call that person. They could help us procure or validate information that we receive. And again, I’ve been approached by a local foundation that was prepared to underwrite that all -- up to a limit.

And then we’re going to have a court
reporter here so we have a verbatim transcript of all the meetings so there's a preservation of what was said, what wasn't said.

Ms. Sidman advised me earlier about -- I inquired about the -- the oath at the podium, of our ability to still be able to do that. And, of course, she mentioned the ability that the council has to people coming to talk to us. So we'll have three members on the -- cue, Ms. Boyer.

MS. BOYER: Through the Chair, with respect to the first issue of hiring an independent advisor, another option I did not hear mentioned, but there is also a corollary for is the audit that we -- the auditor that we hire works for and under the direction of the council auditor. And so that's always an appropriation that we do and we -- you know, we pick and -- do an RFP and pick and hire someone, but they work under the supervision of the council auditor. And so another option might be in terms of supervision or direction that someone would work under the supervision of the council auditor in terms of providing advice. So that might be another structure. I
don't know what -- if Ms. Sidman thinks that's satisfied or not, but I think it's worth considering.

The second point that I'll just -- I know you don't want to go backwards, but in terms of the consultant and/or advisor, I don't know if the RFP that was issued in December is moving forward and that contract is being executed. I know it's not supposed -- with specific reference to JEA, it might be with reference to other matters as well. But I had asked whether there was anything in the budget this year that we had specifically appropriated for funding entering into that contract. I was advised that we had not, but that there were funds through the mayor's transfer authority that could be used to enter into that contract without further council action. So that -- that seems like it could proceed simultaneously on a parallel track or not, but that was the information I received back to that inquiry.

And finally as to the swearing in, Ms. Sidman was nice and didn't mention it, but that was me too, when we were in the CIP committee, because we were challenged with
trying to get accurate and correct information on where a number of things were, that we took the position that we needed to start swearing in people, which precipitated some people not wanting to speak, but it did bring to light where there was -- where there was a lack of certainty about information that people had previously presented at certain -- so I see a precedent for that and I would not object if that was something the committee looked at if counsel thought it was appropriate.

MR. CRESCIMBENI: Thank you, Ms. Boyer.

Mr. Anderson.

MR. ANDERSON: Thank you, Mr. Chairman.

MR. CRESCIMBENI: Mr. Anderson before you comment, will you raise your right hand.

MR. ANDERSON: We can get that. We can do that.

Councilman Crescimbeni, it's just really more of a clarification question. Do -- the role of this independent consultant, how do you see that functioning? Is it -- is it sort of an adjunct to the committee? Is it to vet all the information? I'm just trying to understand what the role would be.
MR. CRESCIMBENI: This is certainly subject to discussion, but initially this is something I thought about early on but didn't know how we would fund it. I was only approached a couple days ago on an offer to help with that, or actually I think they -- it would be an offer to cover it outright.

But my idea was to have a person, kind of like a council auditor, that is our check and balance. Kyle doesn't have the expertise -- no disrespect to Kyle, he doesn't have the expertise of utility business.

MR. ANDERSON: Okay.

MR. CRESCIMBENI: And I would want to procure someone that would know that business inside and out. Not necessarily what the RFP -- Mr. Hazouri, I looked at you earlier, just looking for someone to facilitate a sale or just somebody that knows the business so that when we start asking questions about the things that were listed in the PFM report that were suggestions or things that we needed to look at -- there is one thing I will say about the PFM report is I didn't -- I didn't walk away from that report with the same perspective
that Folio Weekly has this week of advocating a sale. I felt like there were points about -- these are good things. There were a lot of things in there that cautioned us, you need to look at this, you need to look at that. I just want to -- I don't know anything about utilities and stuff other than how to operate some appliances and pay my electric bill. So I want somebody who can kind of be the truth meter on the information that we get, is it fact or is it fiction. Is it real or is it bologna. And I just -- Kyle is busy. I don't think he has the in-depth expertise there, and so my consideration was finding somebody that we could rely on to keep us --

MR. ANDERSON: I thank you for that clarification. Sometimes I can really look for industry expertise more than anything at this point.

MR. CRESCIMBENI: Coupled with buy/sell expertise.

MR. ANDERSON: Oh, okay. All right. Thank you.

MR. CRESCIMBENI: And just for the record, I attended an underground presentation at
Winter Park in January. There was a guy there, very impressive. And he's dealt mainly with helping cities buy back the infrastructure to create their own utility. It's kind of the opposite of what we're talking about here.

The PFM report mentioned about at certain points in time franchise agreements or whatever with utilities expire, and they either are renewed or some utilities buy them back.

But the PFM report talked about utilities that had been sold at this point. They didn't mention anything about utilities that had been -- private utilities that had been carved out and gone municipal.

And this conference was in Winter Park, and the reason it was in Winter Park, because Winter Park, a number of years ago, decided when their franchise agreement was up with Progress Energy, or whoever it was, they were done with you, they wanted their own utility, and they bought their territory back from that utility, and then [inaudible] underground. We talked about -- quite fascinating.

All right. Mr. Hazouri.

MR. HAZOURI: There has been a lot of
thinking through all this, I guess I have to --
through the Chair, I just want to make sure I
understand the structure and the process of
this committee. We're not a voting body, is
that correct, or no? Through the Chair, would
y'all -- would decisions be reached in this
committee? because a lot of us are appointed.
We want to -- we're interested in what's going
on. And unlike a standing committee, meaning
you can't vote if you attend the meetings, but
are we -- is there going to be a vote of some
kind to come out of this at the end or just a
recommendation with a vote? How do you do
that?

MR. CRESCIMBENI: I refer you to the
charge in the committee.

MR. HAZOURI: Okay.

MR. CRESCIMBENI: We're not going to make
any recommendations without taking some sort of
poll of the committee about what the
recommendations --

MR. HAZOURI: There's going to be a poll.

MR. CRESCIMBENI: We are going to be
voting on whatever we present to the council as
we wrap up our work here.
MR. HAZOURI: Okay. So let me ask you this, so I'm attending -- and say others are attending these meetings maybe on a regular basis or what have you, and we have -- and we hired an independent consultant, we're going to be having to expedite that obviously because that four-month camp that is -- you know, mentioned about how long this committee would last. So how -- can we -- will we be able to ask the same questions if you do the subpoena or whatever you want to do, are we able to do the same thing as the committee does or are we --

MR. CRESCIMBENI: It should be --

MR. HAZOURI: Excuse me? For those who are on the special committee.

MR. CRESCIMBENI: Yes, sir. Mr. Hazouri, this will be just like any other committee. I've got -- there's five members of the committee. We'll have the ability to make motions, take vote on motions, and anybody else that's not on the committee to participate with recommendations, ask questions just like a regular committee.

MR. HAZOURI: I just wanted --
MR. CRESCIMBENI: The same --

MR. HAZOURI: Well, the subpoena thing

kind of adds a new dimension to it. You've
been through it. I don't know how it works
with those who aren't technically on the -- let
me just follow up, then, with that.

So we have subpoena powers if we do that.

I can anticipate what -- what happens if we --
I hate to use the term "perjury." I've been
watching too much for me CNN. What -- if
something happens that we think that they
didn't tell the truth, what is their penalty or
what is their punishment, or is there a
punishment that we can levy as a council body?
Is that a legitimate question to ask? I just
want to know how far we can go.

MR. CRESCIMBENI: That's a legitimate
question. I don't have the answer to that.

Ms. Sidman, can you comment on that?

MS. SIDMAN: Through the Chair, that would
be something that we would get with law
enforcement, the State Attorney's Office and
talk about and leave that over to them, because
even though you have the power to do the
subpoenas and issue the subpoenas and compel
testimony, the penalty thereof would have to go through the entire due process that this body doesn't have to dole out.

MR. HAZOURI: Okay. Will we -- the last question, then, as you mentioned to Mr. Pope a while ago, if we call the JEA members or their staff or whomever for questioning and all, they're going to be -- it's going to apply to them as well. Now, do you expect to call them to ask questions of them? I guess it was Mr. Becton was asking about that. Are we --

MR. CRESCIMBENI: Mr. Hazouri, we've already had a request from a committee member today to have JEA leadership come back and talk about, you know, the enhanced value of a utility and how they -- what's their plan to combat slipping sales. So whether they come or not, I don't know. Will they answer questions when they're here, I don't know. They haven't agreed to the subpoena, we haven't agreed to do an oath. These are ideas on the table.

MR. HAZOURI: I don't mind all the ideas. I like the ideas. I just want to know what's going to be real and what's not, what we can do. I don't want to play, you know, the
intelligence committee of the House or Senate, but I just want to make sure that what we do, I want to get the correct answers, just like all of us do, and I want to make sure that we're in position.

So if we -- if we decide to subpoena somebody and they decide not to go -- I guess I'm watching too much -- in the last month or so, I'm watching too much, for me, CNN, but what is -- I mean, can we require them to come and will they be in contempt if they don't?

These are just questions that -- I just wonder what -- how far we can go to get to the truth.

MR. CRESCIMBENI: How about we have Ms. Sidman kind of work out all the different scenarios of what could or couldn't happen, and maybe she could file a one- or two-page white paper and just distribute it to the council --

MR. HAZOURI: Yeah, because we want somebody to come here if we think they have the answers, and they say, well, I'm not going to come, then can we do anything about it? That's the question. Thank you.

MR. CRESCIMBENI: Thank you, Mr. Hazouri.

Ms. Brosche.
MS. BROSCHE: Thank you, Mr. chairman. To the three ideas, I appreciate your clarification on the truth here of the independent consultant. Would this person -- also much like you're asking Mr. Billy to do certain analysis, would this person also be helpful in answering questions if we think that -- that they or the expertise would be the best person to help us understand the lay of the land, would they fulfill that role as well?

MR. CRESCIMBENI: I think that's a decision that the five of us are going to have to make, what would be our expectations of a special committee consultant/advisor. If we're going to go look for somebody, we're going to have to kind of nail down what we think are going to be --

MS. BROSCHE: Okay. Well, I'm definitely in favor of having somebody that we can rely on to help us understand and make sure that we are getting the right information.

To the oath question, or administering an oath, I am in favor of doing that from the beginning, because I do agree that it sets a tone of us trying to get to the truth. And I
prefer not to have to throw the flag at some
dpoint and call anybody out on how that happens,
because if it happens from the beginning, then
that's exactly how it will proceed the entire
time.

I am going to do my best as well to kind
of follow your recommendation to ignore
questions that have come up in terms of the
flow of information, and I appreciate you
making that suggestion at the beginning.

I will also say that to the extent that
any of the answers to my questions in the
process happen to intersect with a number of
things that have been taking place, that
warrant questions, I will go there, hopefully
at your permission, because the question of --
as an example, and I'm limiting it to one
because others have already been brought up,
but the timing of Mr. McElroy's contract
negotiations and things like that, I think
there are some things that do intersect with
what's happening and what -- the question that
we have before us, and I think that there's
going to be some gray there, and so I'll look
to you for guidance as we continue to go
through this process. I thank you very much.

MR. CRESCIMBENI: Okay. Thank you,

Ms. Brosche.

Mr. Dennis.

MR. DENNIS: Through the Chair, on your
three recommendations, I do support those.

Also, this advisor/consultant, now, I
don't know, this non profit, this foundation
that's willing to pay, will this person have a
legal background as well? I'm sort of curious
about on that.

Also Councilwoman Boyer mentioned about
the PFM RFP that went out and did we budget
money for -- for the administration to go into
contract, and she said that the administration
has, you know, the authority to move money in
order to enter into a contract.

And I know prior to being elected on this
body, this council, the previous city council,
which, you know, three people were here, was
four with Councilwoman Boyer, you-all limited
the transfer and spending power of Mayor Brown.

When we were elected in 2015, we increased
that and gave the current administration the
authority to spend more without coming to the
council. Because this is a very sensitive issue and there are a lot of questions, we need to get to the bottom of it, I would like to limit the spending powers of this administration. Just like the last council mentioned here, three former -- three of you-all were here when you limit the spending power of Mayor Brown.

I think we're in a situation to where we need to move forward with limiting the spending and transfer authority of this administration until we finish the work of this body, and then we can increase it or have a time limit.

So my question to Ms. Sidman, if you can research and provide when that ordinance was passed limiting Mayor Brown's spending and transfer authority, and then when this council of 2015 increased it, increased the spending and transfer authority to this administration. And then I would like to work on legislation to limit and restrict this administration from spending so they will not go into contract till after this committee body of work is completed.

Then my next statement, I know that right now this committee is going to be working every
two weeks, but I think with all of the
information, everything that we have to do, I
surely believe that we need to accelerate,
maybe not meet every two weeks, you know, maybe
weekly. That's just my recommendation because
if we're talking about, you know, two meetings
in March, two meetings in April, two meetings
in May, I think it's so much information and --
and -- you know, and I think it's going to be
coming fast and furious. I don't know if, you
know, every two weeks will do it. Just my
idea, but -- but again, the main thing is that,
you know, I would like the information when --
you know, three of -- three -- you know, four
council members restricted Mayor Brown's
spending authority and then when we increased
it and authorized it in 2015. Thank you.

MR. CRESCIMBENI: Thank you. Just for
clarification purposes, the mayor's transfer
authority has always been restricted. And what
happened, Mayor Brown was -- the limits were
reduced from one prescription level, then over
prescription level. But that's all always
been -- there's always been some sort of
restriction. That amount has fluctuated and
then it did go back up after the administration --

MR. DENNIS: And so -- thank you, Councilman Crescimbeni, for that clarification.

So I think while this body -- this committee is doing the work, I think we need to lower that restriction. And it doesn't have to be indefinitely, but lower that even, you know, for the length of this -- of this committee. But I think we need to act very quickly and very judicially in reducing that. So I don't know if that's something that we can break up as a committee or do as an individual council member introduction of -- of legislation. So I would like that information, whenever you provide it.

MR. CRESCIMBENI: Ms. Sidman, Mr. -- do you remember what the previous limit was prior to the reduction in the Brown administration, where it is now?

MR. BILLY: Through the Chair, we're talking amongst ourselves, and it was 750- at one point. We believe it went down to 250-, and now it's back at 500-.

MR. CRESCIMBENI: Okay. That was with our
legislation.

MR. BILLY: Yes.

MR. CRESCIMBENI: And that would be -- of course, it was on an expedited path. It would be probably the end of April before we -- the last council meeting in April before --

MR. DENNIS: Through the Chair, I'm willing to offer it as an emergency, see how it goes text Tuesday. If my colleagues -- if you-all don't support an emergency, I guess we'll go the regular route. But this is something I think is very, very important, that we need to do everything we can to put the brakes on it till we -- until we -- you know, until this committee finishes its report and its investigation.

So I'm willing to get with Ms. Sidman between now and, I guess, Monday to be ready for Tuesday. And I'll be -- I'll see if we can get --

MR. CRESCIMBENI: Okay.

MR. DENNIS: Thank you.

MR. CRESCIMBENI: Thank you, Mr. Dennis.

Ms. Morgan.

MS. MORGAN: Yes, thank you so much.
To the Chair, I do also support your recommendations. My question about the possible consultant/advisor is -- and -- if parameters, and I suppose that would be something that we would determine once we choose a person with -- or --

MR. CRESCIMBENI: I think we have to -- I think the foundation would expect us to come up with some sort of scope of services and -- that they would have to sign off on before they would underwrite what we wanted to have done.

MS. MORGAN: All right.

MR. CRESCIMBENI: So I would encourage -- I mean, that's my understanding of the offer that was made. I don't think it was write a blank check for whatever you want to do.

So what my recommendation was going to be at the end of this meeting was perhaps asking for a couple of committee volunteers that might want to sit down and develop a scope of services or qualifications, whatever you want to call it. Quite frankly, we may need to have some help with the council auditor, but it's a complex issue. This is a very -- the subject matter is a very complex issue. Finding -- or
identifying the party who is interested is going to be difficult because we're all not experts in this field. So --

MS. MORGAN: And then to piggyback on what Council President Brosche said, I think it was her, about how this person interacts with us and with us as the committee, because I guess we would just be asking -- this person would sit here with us just like we have our experts over here and -- and if we needed consultation or needed clarification, we would just go to our advisor consultant.

MR. CRESCIMBENI: Yes. In addition to I think the right advisor/consultant could also help us make sure we're asking the right questions, we're looking under the right rocks, so to speak. I think they could bring positive information, having -- they're familiar with this process, bring a lot of information on what we be might be overlooking that we should be considering.

This report gave us the categories of things we should look at, but I have no idea whether that's a complete list of things we should look at or if that's just a bare
perspective of what we're supposed to look at. I think -- I think someone that came to work for us might be able to help us with that and say, hey, listen that's a good list, but I got 14 more things you need to look at.

MS. MORGAN: So basically what you're saying, Mr. Chair, is that since this would be our consultant/advisor, we -- this committee would possibly have another opportunity in between our meetings to have a noticed meeting with our consultant to talk about things that we possibly needed assistance with.

MR. CRESCIMBENI: Yes. As a committee member, you'd be able to meet with them independently of a noticed meeting or if you wanted to meet with other council members, that would happen, of course.

MS. MORGAN: Okay. Thank you.

MR. CRESCIMBENI: I would see that as a resource, just about anything we would need related to this conversation.

MS. MORGAN: All right. Thank you.

MR. CRESCIMBENI: But scoping out qualifications for such a person is going to be a task. It is.
Mr. Love.

MR. LOVE: Thank you. Through the Chair to the committee, I definitely agree that we need an expert in utilities, an advisor/consultant that's going to check what they hear from the folks.

As far as the subpoena power and swearing in, I think -- my suggestion is to wait until you read the white paper from Ms. Sidman before you decide that. I can see where we're swearing people in, maybe they won't -- you know, won't want to come up here, or if -- and what the pros and cons are before we decide, so -- of course, if they don't want to come, you can subpoena them, right? But certainly I would want to read what Ms. Sidman had to say before we make that decision.

MR. CRESCIMBENI: All right. Thank you, Mr. Love.

Mr. Becton.

MR. BECTON: Thank you. Through the Chair, Mr. Love just kind of changed a little bit of my verbiage here because I think he makes a very good point because -- but it's a caution. Certainly we want to get all the
facts, that's what we here for, right?

You know, on the surface, the subpoena --
you know, getting -- from what Council Member
Brosche said, if we're going to do it, we do
need to start it from the beginning and not
just, you know, have an arbitrary starting
point, which would identify somebody that we
are suspicious is not doing that, so that would
make a lot of sense.

I do want to comment on my -- Council
Member Dennis regarding the change of transfer
power. Well, you know, I think from the very
beginning, the mayor has kept emphasizing that
he's not -- you know, he's neutral, he's not
behind the sale of JEA and so forth. And in an
abundance of respect for the administration and
that we're partners in this, I think perhaps we
can get the administration to come up and us
just kind of make a very legislative
recommendation to say, please hold -- we're
going through this fair process for which you
have stated that, you know, you're watch-- --
you're probably watching here too, that the
perception of executing any RFP would not have
very good optics, and let's just mutually agree
that that won't happen.

And certainly I do feel and trust the administration that if they came up here before us and said, that's not going to happen while this committee is in session, while no decision has been made, then I think I can feel comfortable that changing the limits is taking a sledgehammer to a problem that you might just mutually agree to resolve, and there wouldn't be any optics of us, you know, trying to be heavy-handed in a situation where the mayor might need something between now and then to -- and we've limited that type of authority.

So my recommendation on that would be to have the administration come up and understand our position on this, that -- and see perhaps how we can work it out in a respectful way.

Ms. Sidman, as far as this advisor, as Council Member Dennis was alluding, you know, if we do do bimonthly meetings here, we've only got six, maybe seven meetings to do all this. I mean, what would be the process of us trying to find the individual of this nature? I mean, the Chair mentioned that he ran in to an individual, but is there anything that by the
time we figured out who that person was, we're
into May and June and we're past due, or is
there something that will happen that will
expedite that and we will have somebody upon
this committee make a decision, I guess,
sitting here at the next or the meeting after
next?

MS. SIDMAN: Through the Chair, I think
that the committee needs to decide on the scope
of the work that's needed and the expertise,
and then once the committee decides on that,
you'll be able to see who would meet those
qualifications. But you're right, there is the
time for that decision and the time for
impaneling that individual, so --

MR. BECTON: So if someone else is hiring
this individual, so is this individual going to
be under our RFP procurement process of any
sorts, you know? I mean, where -- where does
that come down on?

MS. SIDMAN: Those are all -- depending on
the structure that you use, those are all the
items that I would want to be able to advise
you on. I wasn't sure if it was going to be
the not-for-profit going forth and bringing you
back a report. Listening to your dialogue
today, it sounds, no, it's going to be an
individual that's providing you information
that's more similar to the -- the task force
individual that was hired to provide
information and collect information for the
task force. So that happened to be done by
legislation through that particular one just
because the not-for-profit gave the money to
the City and then the City allocated that
contract to the individual. So it depends on
the structure on how you do that.

MR. BECTON: So is this realistic that we
could have this person in a reasonable amount
of time in order to -- to accomplish what it is
that we're looking to accomplish? Because
we're going to, I assume, kind of hit the
ground running at the next meeting as this is
very organizational and in scoping out where we
want to go.

I mean, the next meeting, I assume we're
going to be having -- maybe even have
leadership up here giving us information that
if this individual is not in place, they'll --
I guess they'll have to just watch the tape,
but we won't have that person to say do you
agree or disagree. So you look at this -- I
guess is it realistic to think we can do this
properly?

MS. SIDMAN: I think that -- that council
has the opportunity to have noticed meetings
and dialogue about the qualifications. You
have resources that are available to you that
can -- the auditors may help you to say this is
the type of people that you might look at.
There's opportunities for you to have those
noticed meetings in between times that you can
dialogue about that person to expedite the
process.

MR. BECTON: Okay. Through the Chair,
since -- you gave us a lot of -- that you
thought about this, it seems like you thought
about this. How do you -- how do you see this
transpiring and getting this asset if we were
to do this on -- you know, on staff sitting
here with us in an amount of time that they
would be helpful?

MR. CRESCIMBENI: I think that famous line
from the movie A Few Good Men, one of the
attorneys asked, how are you going to get him
to confess online? And Tom Cruise says, I've
got no idea.

But it's going to be difficult because we
are under a time constraint, and we've got -- I
don't know how fast we can procure somebody,
and -- but I think it's essential. And I set
this up as kind of an every other-week-meeting
schedule, but we're certainly not married to
that. I'm already -- I mean, my colleague over
here asked for another meeting. If you want to
meet next Thursday, I think we can get -- I
would like to ask a couple of you committee
members to come up with a scope of services or
qualifications or whatever and report back by
next Thursday. I'm hoping Ms. Sidman might be
able to comment back next Thursday on how we
can facilitate this with the foundation. I'm
prepared to meet as often as we need to.

Listen, we need to accomplish that. The
council was meeting twice each, so -- or the
LUZ committee was meeting more, so I'm in this
for the long haul. It's important.

This is probably the most complex issue
I've ever seen. I think this is more complex
than pension. And we're going to do it right.
It may take a time commitment that will involve additional time from this committee to get it right.

MR. BECTON: Okay. Just wanted to, you know, understand as we kind of leave here today what it's going to take. It sounds like we're kind of in agreement that this would be definitely an asset to the committee of how we can get that engaged sooner rather than later.

MR. CRESCIMBENI: And frankly, you know, I thought about this idea, but I factored in how to introduce legislation and find a funding source that full council -- I mean, you know, a calendar and the time block just really wasn't going to make that happen. But just by chance, someone approached me. That's a different ballgame.

Mr. Anderson.

MR. ANDERSON: Just a quick question. The -- the committee charge -- through the Chair to the president or the Chair, however you want to do that. It's pretty broad, and so my question is that I think we have to come in through committees next week, at least two pieces of legislation that deal with this --
somewhat deal with this subject.

Mr. Shellenberg, I think, has a bill, also it's been deferred for several cycles. Is it your intention that this committee provide a recommendation or an opinion on the pending legislation? Since we'll be seeing that fairly soon, I just wanted your thoughts on that.

Thank you.

MR. CRESCIMBENI: I haven't really thought about it. If this committee would like to opine on pending legislation, I think they can -- probably could do that. But what's the other piece of legislation?

MR. ANDERSON: Well, you introduced a couple of pieces of legislation, and then Mr. Shellenberg's got the --

MR. CRESCIMBENI: The charter amendment that would actually amend the charter, that's a 60-day-cycle charter. There are some public hearing windows that don't necessarily match up to our traditional public hearing schedule that the council with the charter change. So as soon as we can deal with that would be April, probably end of April. And the resolution to put something on the ballot, a small ballot
item, won't back anything up. I don't think
that's anything that really needs to --

MR. ANDERSON: Okay.

MR. CRESCIMBENI: Ms. Brosche, Council
Member Brosche?

MS. BROSCHÉ: Thank you, Mr. Chairman. I
just wanted to respond to your request for
committee members. I'm happy to volunteer.

MR. CRESCIMBENI: I asked because you were
one of the names on my list. Thank you for
doing that.

Mr. Hazouri briefly.

MR. HAZOURI: Briefly.

MR. CRESCIMBENI: Briefly, because we need
to wrap up. We're only noticed for --

MR. HAZOURI: It's just a thought that I
wanted to share with y'all. Wearing two hats
again, and with all due respect to Mr. Dennis,
we started off -- I think Ms. Brosche said it,
you said it, we want to start with a clean
slate when we're talking about truth in respect
to the office. I'm not talking about the
individual now or before, in the office as
mayor, that we should not have to go and start
going -- regressing back to what happened
during the Brown administration and now in the Kirby administration.

I would give him the benefit of the doubt. If we're talking about truth, to give him the benefit of the doubt just like we're giving everybody else that comes before this committee. I don't think it shows respect for that office, again, not just the individual, but for that office to go back and say, well, we're going to hold off on your dollars, if we're thinking that way. And I know that Mr. Garrett probably is saying, there he goes, he's supporting the mayor or something like that, I don't want to speak for you, but it's not the case of that. It's if we're starting with a clean slate, then by gosh, let's make it clean and give the mayor the benefit of the doubt, give this committee the benefit of the doubt, and move forward and not look back.

MR. CRESCIMBENI: Thank you, Mr. Hazouri.

All right. In closing, I've got a few action items I've written down. Let me -- very quickly. We're going to invite JEA leadership back to talk about the declining revenues and how they intend to combat that.
In the event there is not a sale, we're going to have a report -- I think JEA's going to work with the council auditor on developing a five-year look-back on -- a ten-year look-back on revenue and expenditures on some basic categories, nothing too detailed just so we can see what's up and what's down across the board over a ten-year period.

JEA's going to produce a report on philanthropic expenditures, I think that's for five years, as well as volunteerism efforts by their employees.

Ms. Boyer, I think, asked for some information from JEA on FEMA reimbursements from the past two storms, so they're going to work on that.

Councilwoman Boyer also asked that the council auditor explain at our next meeting some detail on the franchise fee and the utility tax components thereof, et cetera, and what they're applied to.

And then I will like the administration to come to our next meeting. Mr. Becton, you made it a point to simply ask them, see what they say, and I can't imagine that they wouldn't
disagree.

So with that said, Ms. Brosche's volunteered to work on development of some qualifications or scope of services. Does anyone care to volunteer for that?

MR. DENNIS: I will.

MR. BECTON: Sure, I will.

MR. CRESCIMBENI: Mr. Becton, you're buying --

And do we want to meet in two weeks? I think we have some deliverables when we're back here in two weeks and get those --

MS. MORGAN: Yes.

MR. CRESCIMBENI: I don't know if anybody has a conflict next Thursday. I don't know what I have -- we'll --

MS. BROSCHE: Next Thursday?

MR. CRESCIMBENI: I'm sorry, next Thursday. We're scheduled to meet two weeks on the 22nd, but --

MR. BECTON: Nothing I can't change.

MR. CRESCIMBENI: I think we can probably have some information come back.

Mr. Billy, did you say that you could possibly be ready in a week -- or you kind of
picked a middle number, ten days.

MR. BILLY: Through the Chair, I said a week and a half but certainly by the next meeting, which on the agenda said March 22nd.

MR. CRESCIMBENI: If we moved it up to the next -- if we moved it up to the 15th, would that -- have any problems?

MR. BILLY: I mean, I don't think I'd have my report issued by then.

MR. CRESCIMBENI: All right. Well, I think we have some deliverables. We can certainly spend some time talking about where we are on the scope of services and qualifications.

Ms. Brosche.

MS. BROSCHE: Yes, something else that I would like to add to the list is that we would receive some direction from the general counsel on this process, which led me to some questions. And so I'd like to add that -- not necessarily to the next meeting. It can fit wherever it fits with respect to --

MR. CRESCIMBENI: You want to ask the questions now or do you want to ask them at the next meeting?
MS. BROSCHÉ: I would say ask at the next meeting, I don't see Mr. Gabriel here, about the memo that he issued.

MR. CRESCIMBENI: You want me to invite Mr. Gabriel to come?

MS. BROSCHÉ: Sure. That would be great.

MR. CRESCIMBENI: All right. So does anybody have any opposition to meeting next Thursday? Same time, same place. Is an hour and a half acceptable? All good?

Also, do we want to take public comment?

MS. MORGAN: No, not then. I can meet next Thursday. No, I can meet next week.

One of the things that I do want to say, Mr. Chair, though, is that since we were talking about the fact that we do want our consultant in and we do want to expedite that process, how can we expedite that process so that we either have -- have a meeting to -- have a noticed meeting to talk about those qualifications, get that done, and either move quicker on that to be ready by the next meeting to put that out? Is that possible?

MR. CRESCIMBENI: Well, if we meet next week, I'm hoping that Mr. Becton and
Ms. Brosche will have a meeting or two with Ms. Sidman and whoever to help to try to formulate a list, and we'll just have to see where we stand next Thursday and -- but offer a position to move forward.

Ms. Sidman, how are we to communicate to the council members on the subcommittee, the foundation has reached out so that they can have -- they can start a dialogue with the foundation?

MS. SIDMAN: The question is, how do you communicate with your fellow council members on the one-way dialogue? Is that the question?

MS. MORGAN: One-way.

MR. CRESCIMBENI: Yeah.

MS. SIDMAN: Just a one-way dialogue? So one-way dialogue is permitted as long as nobody responds to that. Sometimes the council chooses to go through their council secretary and have her send that out, communication. But one way, as long as no one responds, you're fine.

MR. CRESCIMBENI: Okay. All right. So next week, that's -- any objections to next week?
All right. Anything else to come before today's meeting? Ms. Brosche.

MS. BROSCHÉ: Thank you, Mr. Chair.

Through the Chair to Ms. Sidman, I think you described the model for the consultant that was used on the task force for consolidated government. It seems like that would be helpful to have prepared, and hopefully we can walk into that structure pretty quickly, but assuming that structure and have us hopefully have the scope of services, meet, and ask that we expedite things. Thank you.

MR. CRESCIMBENI: And as I understood the discussion to be, we do want to adopt the speaker cards or the oath at the podium; is that correct?

MS. BROSCHÉ: No.

MR. BECTON: Like Council Member Love was saying --

MR. CRESCIMBENI: I was on the oath at the podium, do we want to swear people in?

MR. BECTON: Yes.

MR. CRESCIMBENI: And Ms. Sidman is going to follow up on the subpoena.

All right. I want to thank everybody for
coming today. This was an
hour-and-a-half-noticed meeting. I apologize
if you were expecting more. I think we
accomplished a lot. I'm not sure what you were
anticipating would happen today. We didn't
hold an auction to sell the utility, so that's
a good thing. But in the future, we may be in
a position to take public comment. We're on a
very tight schedule and we were noticed for an
hour and a half. No disrespect, but we just
couldn't afford out of the gate to spend 30
minutes or 40 minutes on public comment, so I
hope you'll bear with us until we get rolling
here. And hopefully we can have some comment
in the future meetings.

Ms. Brosche.

MS. BROSCHE: Thank you, Mr. Chairman.

And on that note with respect to the meeting
being noticed for an hour and a half, I didn't
catch that it was, so I just blocked it till
six when the building is closed. And so in
future meetings, should we plan on it being an
hour and a half or should we plan on it being
two hours or until six o'clock?

MR. BECTON: You have 15 minutes to get
MR. CRESCIMBENI: I don't know what's
the -- if we stay past six, is that an
additional expense for -- is that an additional
expense for the front security people?

MS. BROSCHE: I think it is. I think
arrangements have to be made. And so much like
we had another meeting -- well, actually the
February 14th meeting, we adjourned around 5:50
to make sure everybody --

MR. CRESCIMBENI: I'm -- we'll notice it
for two hours next time, have some time to have
some comment.

All right. That's everything for today.
Thank you-all. Thank you, committee members.

Mr. Love, I appreciate you staying in
here. And we'll see everybody here again next
week at 3:30. This meeting is adjourned.

(Proceedings concluded at 5:14 p.m.)

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REPORTER'S CERTIFICATE

STATE OF FLORIDA  )
COUNTY OF DUVAL  )

I, Stephanie Powers Cusimano, Registered Professional Reporter and Notary Public in and for the State of Florida at Large, hereby certify that I was authorized to and did stenographically report the proceedings and that the foregoing transcript, pages 1 through 86, is a true record of my stenographic notes.

I further certify that I am not a relative, employee, attorney, or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED this 15th day of March 2018.

______________________________
Stephanie Powers Cusimano
RPR, Court Reporter