SPECIAL COMMITTEE ON THE FUTURE OF JEA

Council Members

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Danny Becton  Al Ferraro
Anna Lopez Brosche  Reggie Gaffney
Garrett Dennis  Bill Gulliford
Joyce Morgan  Tommy Hazouri
Greg Anderson  Jim Love
Aaron L. Bowman  Samuel Newby
Katrina Brown  Matt Schellenberg
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TRANSCRIPT OF PROCEEDINGS

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PLACE:  City Hall
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         117 West Duval Street
         Jacksonville, FL  22202

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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CHAIRMAN CRESCIMBENI: Good afternoon, everyone. We're going to call the Special Committee on the Future of JEA to order. It's Thursday, May 10, 2018. It's about 3:33.

We're going to have everyone that's here introduce themselves for the record.

What were the pairings at 3:30 today? That might be worth looking into.

COUNCILMAN LOVE: It was Phil Mickelson --

CHAIRMAN CRESCIMBENI: We'll start with Mr. Ferraro.

COUNCILMAN FERRARO: Al Ferraro, District 2.

COUNCILMAN BOWMAN: Aaron Bowman, District 3.

COUNCILMAN LOVE: Jim Love -- fore -- District 14.

COUNCILMAN ANDERSON: Greg Anderson, At-Large Group 4.

COUNCILMAN BECTON: Danny Becton, District 11. But Mr. Anderson kind of looks like that description you just gave, but he
is here.

CHAIRMAN CRESCIMBENI: I'm John Crescimbeni, At-Large Group 2.

COUNCILMAN DENNIS: Garrett Dennis, District 9.

COUNCILWOMAN BROSCH: Anna Lopez-Brosche, Group 1.

COUNCILWOMAN BOYER: Lori Boyer, District 5.

COUNCILMAN WILSON: Scott Wilson, District 4.

COUNCILMAN GAFFNEY: Reginald Gaffney, District 7.

CHAIRMAN CRESCIMBENI: All right. Thank you all for being here today. I did have excused absences from Councilman Schellenberg, Councilman Carter, Councilman Newby and Councilwoman Morgan for today. If I missed anybody, I apologize.

Couple housekeeping items: Our next meeting, which will be next Thursday, will include an update on the Public Utility Research Council from the University of Florida. And I think we'll have -- our Supervisor of Elections will be here to talk
a little bit about the ballot and the straw ballot the Council approved and where that will be, what impact that may have on the ballot.

And then the following week, the May 24th meeting, we have four representatives -- or four individuals from the Public Service Commission that will be here. The executive director; the general counsel; the Chairman, who happens to live in Jacksonville Beach; and the deputy executive director.

Because of the travel time between Jacksonville and Tallahassee, they would like to get home before dark, so we're going to push that meeting back to 2:00 p.m. instead of 3:30. I suspect that's going to be a long meeting with their presentation and questions. So just mark your calendars accordingly. I think an amended meeting notice went out earlier this week. So next week 3:30, on the 24th, 2:00 p.m.

All right. With that, Mr. Pope, did you enjoy your week off last week, Mr. Pope?

MR. POPE: Yes, sir. Thank you.
CHAIRMAN CRESCIMBENI: Okay. You know you owe us one; right?

MR. POPE: I'm sad to hear that.

CHAIRMAN CRESCIMBENI: So you have a few items on the agenda today. And then we're going to hear from the Civic Council, and Michael Ward is here to talk about what they're working on. So it should be a fairly short meeting if there aren't too, too many questions.

I'm going to turn it over to you, Mr. Pope. I don't know if you have a copy of the agenda, but all your items are on there.

MR. POPE: Thank you, Mr. Chairman.

Jordan Pope, JEA. There are just a few other items remaining, other than what I'm going to cover today, that I would like to try and finish up next week if we can. We'll see how today goes.

CHAIRMAN CRESCIMBENI: Assuming we don't add any.

MR. POPE: That's correct.

CHAIRMAN CRESCIMBENI: That's the gamble.
MR. POPE: It is. Has this been passed out?

CHAIRMAN CRESCIMBENI: Council Members, you have a paper-clipped copy of some items to be inserted into your notebook.

MR. POPE: The front page matches what is on the agenda. And there are no new tabs. This is just supplemental information to existing tabs that you already have. So I will move in order through these, starting with tab 12, which is some information following up on a number of questions related to JEA's solar power purchase agreements.

The first page behind the tab 12 follow-up information is just a list of the operational or under-construction solar plants, or solar farms. And this is in response to a question about the contractor who -- who -- excuse me -- the contractor who is operating these farms, their size and location, which was provided previously.

Behind that page is a map showing the general location of these solar farms that are either under operation, under
construction and the 5-50 megawatt solar
farms that we have planned. So you can see
where those are. They're mainly on the
north and west side on larger tracts of
land.

Go ahead.

CHAIRMAN CRESCIMBENI: Mr. Pope, is
there a relationship between megawatt,
output and how many megawatts? I mean, what
does it take in land area to develop a
one-megawatt solar facility? Is there a
relationship or does that depend on the type
of panels that they install?

MR. POPE: There is a relationship. And
we're talking -- so JEA, you need upland
acres, not wetland. So this is all upland
acres where you can install the solar
panels. I believe our 50-megawatt solar
farms that are planned are roughly 2,000
acres, maybe a little bit larger actually
with the wetlands that are encumbered each.
But as far as maybe a ratio, I can send that
to you. I don't know that there is an exact
one. But they are very large tracts of
land.
CHAIRMAN CRESCIMBENI: Okay. And of the companies that are listed on this first sheet, prior to the map, are any of those local, locally owned companies?

MR. POPE: To the Chair, I'm not certain. I would be happy to tell you if they are or not.

CHAIRMAN CRESCIMBENI: I just was curious. We can do the research on that. And then the 4-50 megawatt facilities, are those all going to be operated by the same company or different companies?

MR. POPE: The goal is -- and to the Chair, there are five planned. The --

CHAIRMAN CRESCIMBENI: Five --

MR. POPE: -- goal is to have those operated by the same vendor.

CHAIRMAN CRESCIMBENI: Do we know what vendor that is?

MR. POPE: No, sir, not yet.

CHAIRMAN CRESCIMBENI: We have the locations?

MR. POPE: We have four locations and the fifth site is to be determined, which you can see sort of in the top middle of the
CHAIRMAN CRESCIMBENI: So does JEA buy the land for the site?

MR. POPE: For the newer 50 megawatt sites, JEA has purchased the land. And it's part of the agreement that we will own the land and the operator will construct the farm and operate it. On some of the earlier solar farms, the vendor actually purchased the land or owned the land and we just purchased the power.

CHAIRMAN CRESCIMBENI: The 50 megawatt farms are going to be the big boys in town; correct?

MR. POPE: Those are our largest --

CHAIRMAN CRESCIMBENI: Is there any relationship between the landowners? Were they the same landowner, or is there any relationship between the landowners on those four sites that have been purchased?

MR. POPE: No, sir. I do not believe any of those sites have any relationship to one another.

CHAIRMAN CRESCIMBENI: All right.

Mr. Ferraro has a question.
COUNCILMAN FERRARO: Thank you, Mr. Chairman.

Mr. Pope, on your map here where you have Starratt Road as one of them, is that actually the Webb Road location or is there another one going up or one on Starratt?

MR. POPE: It's the Webb Road location.

COUNCILMAN FERRARO: Okay. Thank you.

CHAIRMAN CRESCIMBENI: Webb Road is an existing location; right?

MR. POPE: Yes, sir.

CHAIRMAN CRESCIMBENI: Are you saying that's a proposed site? That's not a proposed site for a 50 megawatt, though, is it?

MR. POPE: No, sir. The Starratt Road is an existing five-megawatt solar farm.

CHAIRMAN CRESCIMBENI: All right.

Mr. Pope, you may proceed.

MR. POPE: On the next page this is -- excuse me, a one-pager answering three questions at the top. This is the number of solar customers, commercial and residential, who generate their own solar power. And the request was to offer what they are paid for
net metering. So there are 59 commercial private solar installations, 54 receive bill of credits at 10.3 cents per kilowatt hour, 5 receive bill credits at 3.25 cents per kilowatt hour. And on residential there are 1,436, with 1,404 receiving 10.3 cents per kilowatt hour and 32 at 3.25 cents per kilowatt hour.

The next chart in the middle of the page shows the number of solar customers added each year within JEA systems. So you can see before 2009 there was only one solar installation, private solar installation, which grew to twenty -- in 2009. Ultimately, there are 1,495 private solar installations in JEA service territory today.

And the next page is a map showing the commercial and residential solar private solar installations within JEA service territory.

The bottom portion of that same page is responsive to the question of what does it cost to produce a kilowatt hour at JEA's large scale solar farms versus the cost to
produce that in a private application. And so what we have provided is the average kilowatt hour on our earlier solar power purchase agreements and then our newer -- what we expect from the 50 megawatt, 5-50 megawatt sites power purchase agreements. And below that is what JEA reimburses some customers at 10.3 cents per kilowatt hours and others at 3.25 cents per kilowatt hour.

It's difficult to determine what it costs a customer to produce that energy since it's all dependent on what each customer paid to install their system. So we just provided what JEA credits them on their bill for the energy they produce that is sent back to the grid.

I'll start there.

CHAIRMAN CRESCIMBENI: Stop right there. A few questions.

Councilman Dennis.

COUNCILMAN DENNIS: Through the Chair to Mr. Pope, thank you for being here. I think I saw you last Wednesday or Thursday.

And, Chairman Crescimbeni, Jordan said to me when I was over at JEA that he prayed
that you would cancel last week's meeting. I guess his prayer was answered. But --

CHAIRMAN CRESCIMBENI: He prayed to win the lottery the week before, that didn't happen, so he's one for two.

COUNCILMAN DENNIS: Jordan, look at the chart that's in the middle of the page. It's solar installation growth rates in recent years. Of the 1,400 -- or 1,495 total solar -- or customer-owned solar systems, out of those, how many are producing 100 percent of their electricity? So is a solar system only producing half of their electricity or was it producing all of their electricity? And is this reflective of just maybe, let's say, a commercial, you know, they just maybe have an outhouse or an adjacent building or they're just running a few lights with a solar panel? Because I know, as I drive throughout the city, you see lights and different things like that just as like one solar panel. So can you get into the weeds a little bit on the 1,495 customers?

MR. POPE: Through the Chair to
Councilman Dennis, I don't know that I can get into the weeds too much. I think we can look at what number of these customers are we actually reimbursing to where they're producing more energy than they need. But again, that's dependent on so many factors: Is there a cloud over their house at that time; did they appropriately size their system to meet their needs; they're not producing anything at night, so more than likely, if they don't have a battery system, they're pulling from JEA's system at night to run AC, anything else they might be running.

So I think we can generally provide that information you're asking for, but I don't know that we can do it on a customer-by-customer basis. I can certainly ask.

COUNCILMAN DENNIS: And then my next question, I'm looking at the commercial side, only 59. I know in the past few weeks I've been hearing, you know, this is where we're going, you know, solar. Solar is going to be a threat to the current JEA, the
way we do business now. But to see 59 in all the businesses we have, that's -- I don't feel that that's a huge threat. So can you share with me and the Committee why you think the number is so small when you talk about all the businesses that are in Jacksonville and, likewise, Council Member Bowman talks about all the time all the businesses that he's out recruiting, bringing to Jacksonville. Is this not something that we talk about and share with those businesses to get more to start using solar?

MR. POPE: Through the Chair to Councilman Dennis, I'm not certain the number is small. I don't -- I mean, I think if we compared ourselves to California, it's probably small. I will say, I think, in a lot of newer buildings, that may be where this is coming from. There is an upfront cost to installing these solar panels and maybe that's not where an existing commercial property wants to spend their money. I'm purely speculating to be quite honest.
I can ask that question, but I think there are a number of different considerations that go into putting a large number of solar panels on an industrial building or what have you.

COUNCILMAN DENNIS: So in saying that, does JEA see solar a threat to how it's doing business today?

MR. POPE: Through the Chair to Councilman Dennis, I'm not -- I don't know that I would use the word threat. I believe it's something we need to have our eye on and I think that's what we've talked about a little bit over the past couple of weeks is looking at these newer disruptive technologies. And I say disruptive in regards to the -- to the way the utility business has always been run where customers just rely on the utility to provide that product or that service.

So it's certainly something -- is it a threat yet to JEA? I don't know that, but I do think it's something we've got to keep our eye on and we've got to evaluate and determine what that -- what this particular
application could mean for JEA down the road.

COUNCILMAN DENNIS: So I know we ask a lot of questions. And we ask for a lot of data. But do you think you can go back and track at what point is the breaking point or the halfway point to where solar -- how many customers will it take for solar to tip over to where the way we produce electricity now, it becomes less so? So right now let's say it's 100 percent the way we produce electricity now, all right. And so how many businesses, how many customers would have to come online until it's 50 percent or where it's, you know, 49 percent the way we do business now, if 51 percent? Do you think that's something that you all can pull together to kind of project?

MR. POPE: Through the Chair to Councilman Dennis, I think that's something we can look at. I would note that, when private solar is installed without the benefit of a battery or backup system, and those customers at certain times of the day rely on JEA for the power -- the
electricity, the power needs they have beyond what their system is producing, we have to be able to provide that at any given moment. And so to the extent that we have to keep generation capacity within our system to provide that power at the very moment any private solar user needs it is not really a benefit to the utility, because we are then spreading that cost among all of the customers who do not have private solar. And so they are essentially using JEA as the battery.

So I think we can do this analysis, but we need to remember that without that backup system, there is really no benefit to the remaining utility customers, because we're going to be sharing an additional cost for the power those other users need when their system is not producing sufficient power to provide their needs.

That might have been a little bit of rambling, but there is a lot of considerations to be taken. And I say all that to say there may not be a totally straight-forward answer, but we can look at
it.

COUNCILMAN DENNIS: Okay. Yes. So what I'm trying to get to is, again, you know, you know, maybe I need to go to the hearing doctor and clean my ears, but I've been hearing solar is a threat, solar is a threat, solar is a threat. So I was expecting, you know, 40, 50,000 JEA customers to have their own solar system, not 1,495.

And do you know approximately how many customers, private and public, and residential and commercial customers, you-all -- JEA currently serves?

MR. POPE: JEA has approximately 462,000 electric customers.

COUNCILMAN DENNIS: 462,000 electric customers. And so my handy-dandy math here at 43 seconds, what percentage is that?

MR. POPE: Through the Chair to Councilman Dennis, I'm not quick enough at the podium to do that. I will note, though -- I understand what you're saying, but I would note that, as you look towards the bottom of that chart, the growth rates
are increasing and that's what we need to
look at. I don't think right now it's the
overall number. I think we can all agree
it's low compared to the number of JEA's
electric customers, but it's certainly
growing, and that's what we need to have our
eye on.

COUNCILMAN DENNIS: Through the Chair,
do you think we have enough time to
strategically adapt to the changes or do you
think this is going to disrupt the system
within the next one or two years?

MR. POPE: Through the Chair, I think we
have time to adapt. And that's what we're
working on.

COUNCILMAN DENNIS: All right. Thank
you.

CHAIRMAN CRESCIMBENI: Thank you,
Mr. Dennis.

Mr. Pope, it looks like in your chart
about customer growth, things seem to be
kind of doubling, 2013 kind of doubled in
2014, 2015 doubled from 2014. And then all
of a sudden it kind of stayed the same. Do
you attribute that to the net metering
conversation that the Board was engaged in
in 2017?

MR. POPE: Through the Chair to -- or to
the Chair, rather, the net metering change
did not take effect until April 1st, so
roughly 40 days ago.

CHAIRMAN CRESCIMBENI: But the
conversation took place in 2017, and I think
they made the decision, when, in October of
2017?

MR. POPE: That's correct, yes, sir.

CHAIRMAN CRESCIMBENI: So do you think
that hampered or had any influence on
people's desire to install?

MR. POPE: To the Chair, I would think
the influence would have been for those
installations to increase so that customers
were in at the net metering rate.

CHAIRMAN CRESCIMBENI: That was my next
question. So in 2018 I assume that's from
January 1st.

MR. POPE: Yes, sir.

CHAIRMAN CRESCIMBENI: Through what?

MR. POPE: I believe it's through
April 1st -- or March 31st, rather.
CHAIRMAN CRESCIMBENI: In three months, you got 247 added to the grid on the residential side, which is, if you forecast that for the remainder of the year, that would be 1,000 customers. Do you attribute some of that uptick to trying to beat the April 1 deadline?

MR. POPE: To the Chair, yes, sir.

CHAIRMAN CRESCIMBENI: And the purchase power agreements on your 50 megawatt production facilities, am I reading this right, it's going to be three-and-a-quarter cents?

MR. POPE: To the Chair, it's actually roughly 20 percent -- actually, a little over 20 percent below 3.25 cents.

CHAIRMAN CRESCIMBENI: Okay. And remind me how does that compare to, like, the cost of generating with a natural gas facility.

MR. POPE: To the Chair, our current fuel rate is thirty-two-fifty a megawatt hour. And so these new solar PPAs, so that's what a customer is charged, the fuel rate, thirty-two-fifty a megawatt hour, 3.25 cents a kilowatt hour. So these are coming
in roughly 20 percent below what our current fuel rate is.

CHAIRMAN CRESCIMBENI: This will give you a little bit better margin, profitability mar- -- well, I don't want to say profitability margin. But you'll have a little bit better earnings margin on solar production than anything else; correct?

MR. POPE: To the Chair, what it does is it helps our fuel cost and helps us to keep that steady, hopefully, for a longer period of time.

CHAIRMAN CRESCIMBENI: All right.

Councilman Becton.

COUNCILMAN BECTON: Thank you.

Through the Chair, in just expanding from the conversation already taking place, if we're looking at the opportunity in front of us, in solar, could you perhaps put together what a typical retail -- I mean, a residential installation might look like, the type of power that it would generate, perhaps the cost of what that installation at today's pricing would look like? And kind of give us an idea of what it looks
like in terms of those typical installations, what kind of power is typically sold back to JEA.

MR. POPE: Yes, sir.

COUNCILMAN BECTON: Because I think -- I even asked a question the other day, and I can't remember, you know, someone out there in public, but like, just trying to conceptualize what is one panel, you know, what does it mean? You know, it's four -- what does it produce? And so I assume with what I just described, you know, somebody is going to look back and say, okay, you kind of have to do four panels to make it worth your while, that type of thing and just take an average roof line.

I mean, when I look at people with solar panels, they typically have, it seems like to me, four, five panels up there, typically no more, on one side. So I feel like this exercise could definitely be done.

And just -- so the end result of this is to allow -- I don't have solar panels, you know, what is the opportunity for a consumer to make this investment and, you know, what
type of result it would have in terms of the
typical power usage in a home and what might
extra be generated during the daytime hours,
obviously not storing it. So I think that
would be a good understanding to have as we
look at the opportunities going forward with
JEA.

MR. POPE: Yes, sir. We'll look at
those.

COUNCILMAN BECTON: All right. Thank
you.

CHAIRMAN CRESCIMBENI: Thank you,
Mr. Becton.

Councilman Gulliford.

COUNCILMAN GULLIFORD: Through the Chair
to Mr. Becton, you want to see my 400 watt
system up in Montana, Mr. Becton?

COUNCILMAN BECTON: Can I take a week
off?

COUNCILMAN GULLIFORD: I tell you what,
I learned a lot. My brother-in-law and I
put it in. It was pretty intriguing.

Through the Chair to Mr. Pope, what do
you project -- what does JEA project is the
useful life for solar farms? What are you

FIRST COAST COURT REPORTERS
showing?

MR. POPE: Through the Chair to Councilman Gulliford, I believe the PPAs, they range from 20 to 30 years.

COUNCILMAN GULLIFORD: Because the other thing that's a consideration, there is a rapid change in technology in the efficiency of panels, which, of course, I suspect, in time there will be a move to renew -- to replace some of the older panels with more efficient panels.

You know, in Germany, on April 30th, they produced 85 percent of their energy through renewable sources, including solar. Now, that was not a huge portion of it, but it's obviously, when you look around -- they're very strong in solar, probably the strongest in Europe. And that is -- certainly the trend continues in that direction.

However, as you alluded to, it still has not reduced their carbon emissions, because instead of eliminating nuclear plants, they've had to reduce -- or rely on coal plants, coal fire plants, to provide that
backup. So you still have the expense and the cost of maintaining that back up energy, as you said, the battery of that system. And everybody needs to be aware of that.

I've never been an advocate of a government entity competing in the private sector; however -- against the private sector; however, in this situation, what you have, it looks like, is an encroachment by the private sector into renewable energy with all these folks running around selling residential and commercial solar. And it seems to me that -- I'm curious to know if you know of any other major utilities that have gotten in the business, meaning that they provide that for residential customers, potential residential customers, or commercial customers, on the same basis of sales people that are running around selling renewable energy right now -- or solar energy to customers.

MR. POPE: Through the Chair to Councilman Gulliford, there may be. As a matter of fact, there probably are. I know there are energy companies that, as a
separate business -- they own a regulated utility, but as a separate business are producing renewable energy to sell to other utilities. So they're operating these solar farms and then through PPPs producing energy.

COUNCILMAN GULLIFORD: Right. That was the basis of my question to you about comparison of cost, you know, how efficient are these residential and commercial systems as to the cost of kilowatt hour produced versus what you can do with a big solar farm. It's got to be significantly different. So that's one issue.

But the other issue is through an economy of scale, if you could go out and -- if that was a major part of JEA's business, or a significant part of JEA's business, for those that didn't want to buy directly from JEA that wanted to have something on their house roof, why shouldn't JEA be out there competing for that?

Because you have the ability of economy of scale, I would think you could buy volumes of solar panels, if you built that
business up, at substantially less cost than
the smaller sales entity, the contractor
that's out pushing these solar systems,
these residential and commercial solar
systems.

MR. POPE: Through the Chair to
Councilman Gulliford, to your point, I think
that's why we need to do that evaluation
now.

COUNCILMAN GULLIFORD: Yeah. I think
it's very important, because I suspect
you're going to see that trend with
utilities, just, if nothing else, for
self-preservation and protection it seems
like you would want to pursue something like
that and seek it.

And for those that get all warm and
fuzzy about sticking solar panels on their
roofs, residential, what they haven't hit
yet is what if I put the solar panel on my
roof, what if I put it on there 10 years ago
and now it's time to replace my roof
shingles.

By the way, we didn't put it on the roof
in Montana. We put it on a separate post.
And that's a significant issue. Although, Tesla now has come out with panels that are double functioning as both a solar panel and a roof panel, but that is certainly a factor that I bet those guys out pitching solar panels don't necessarily share with their customers or potential customers, the thought of that. Because the customer doesn't want to put that in their backyard, do they, normally?

MR. POPE: To the Chair, I'm not sure, but I imagine they don't.

COUNCILMAN GULLIFORD: I don't think so either. But I think that, when we look out at opportunities that -- I hope that JEA is going to look at everything, including a potential opportunity like that, because there is no doubt that the trend is heading that way more and more. And with the panels becoming more efficient, it surely is going to be a continuing and ongoing thing.

In fact, with my 33 seconds left, when I went to England on a trip as Council president, that trip to London, we sat down and talked to some fellows that had
developed a solar panel. One of your big problems with solar panels is he -- they developed a solar panel that the heat was substantially reduced. They came up with some cooling methodology. I often wondered whatever happened to them. Maybe it didn't really work. Thank you.

CHAIRMAN CRESCIMBENI: Thank you, Mr. Gulliford.

Councilman Love.

COUNCILMAN LOVE: Thank you.

Through the Chair to Mr. Pope, I agree with Councilman Gulliford. I think we ought to look into that. I think economies of scale would be great. I think there is a lot of folks that can't afford a solar panel, but if JEA can put it in and lease it to them for $40 a month but it saves them $50 a month, then it would be well worth it. And then in 10, 20 years when it's time to put in a new panel, about the same time as a new roof, you just do them both at the same time. And I think it's a great idea.

I would say that -- wouldn't you agree that in most cases, if you just have some
solar panels on your roof, just your roof, does it -- it doesn't provide 100 percent of the energy, does it? Because they're not aimed properly and it's not enough of an array to make it happen, especially if you're running an AC.

MR. POPE: Through the Chair to Councilman Love, that's just it, there are so many different factors in any one solar application.

COUNCILMAN LOVE: So if you're running air conditioning and you have a normal sized house, you just have it on your roof, you're not having a field, you probably don't have enough power anyway, you're not going to sell it back because you're going to use it all, which there's nothing wrong with that, so you're going to get the full value of that electricity. So lowering your price only matters when you can outproduce your needs. And not many people do that. Some people might be able to, but not many people. So again, I think we need to look into that, particularly since we're going to get a solar panel builder right down the
street, hopefully. Maybe that's a match
made in heaven, who knows.

CHAIRMAN CRESCIMBENI: Thank you,
Mr. Love.

Okay. Any other questions on the solar
before we move on? Councilwoman Boyer.

COUNCILWOMAN BOYER: Well, I haven't
gone on the queue because most of this page
seems to be personal solar. But to
Councilman Dennis' conversation, he was
asking you about the discussion that has
generally been going on about conversion to
solar and the challenges that presents for
JEA. My question to you, Jordan, is isn't
that at least as much from an industry
perspective as it is from an individual
consumer perspective in that, if other
utilities are converting their power sources
to solar and that becomes a cheaper energy
source, then power that comes from fossil
fuels of one type or another is somewhat
outdated and the plants may become outdated
or overpriced compared to other things?
Isn't that really the other dimension of
that conversation?
MR. POPE: Through the Chair to Council Member Boyer, it is. And I think one of the challenges in regards to what you just said is solar is below our current fuel rate, but what it is not is a consistent, continuous source of power. And that's where I think we've got to get that figured out. It's in the renewable realm.

CHAIRMAN CRESCIMBENI: All right. Thank you, Ms. Boyer.

Mr. Pope, let's move on to the comparison between St. Johns River Power Park and the Plant Vogtle.

MR. POPE: The question was really to compare the cost of operating SJRPP versus closing SJRPP and then generating power at Plant Vogtle. The comparison you have here does not take Plant Vogtle into consideration. We do not -- we are not communicating the cost. We do not, quite honestly, know the full cost. We have an idea of Plant Vogtle. So what we have here is comparison of the cost of running SJRPP to the 200 megawatt power purchase agreement we have with Plant Wansley in Georgia. And
so you can see that the total cost to
operate SJRPP in fiscal year '16 was roughly
$123 million.

As we've said before, we were long on
capacity. We had more capacity than what we
needed. We had 1,000-megawatt power plant
to fulfill what was a 200-megawatt need. So
as opposed to operating that 1,000-megawatt
building at $123 million in fiscal year '16,
we were able to purchase 200 megawatts of
power, or anticipate purchasing 200 -- I'm
sorry. It's an agreement. We would
purchase 200 megawatts of power from plant
Wansley in FY '18 at roughly $35 million.
So we weren't purchasing from Plant Wansley
in fiscal year '16 and '17, so it's not an
exact fiscal-year-to-fiscal-year comparison,
but it is a general comparison of operating
the power park as opposed to purchasing what
was really needed to fulfill the needs of
our customers, their power needs, from Plant
Wansley.

So you can see there is a significant
savings there. And the savings are even
more significant when you consider that the
operating agreement with JEA and FPL for the
power park would have increased JEA's cost
to operate that plant beginning with the --
beginning with fiscal year '19.

CHAIRMAN CRESCIMBENI: These are all
predicated on what amount of consumption,
200 megawatts, is that what you said?

MR. POPE: To the Chair, the power park
was about a thousand megawatt power plant.

Plant Wansley we purchased 200 megawatts.

CHAIRMAN CRESCIMBENI: So is the -- but
the thousand watts was more capacity than
what you're selling. So is the 122.8
million in fiscal year '16 for a thousand
watts, a thousand megawatts of power, or is
that just the cost to operate the plant that
only may have produced 200 megawatts?

MR. POPE: To the Chair, the operating
cost was $44.2 million roughly. The fuel
cost -- so the -- that's basically
reflective of how often we were running the
power park was about $79 million. So I
don't know. The power park, I'm sure, did
not run all year, so.

CHAIRMAN CRESCIMBENI: So your savings
is coming in the operating cost side, maybe not necessarily the fuel cost side?

MR. POPE: Through the Chair, I'm not certain. I mean, by looking at the sheet, I think you could probably make that assumption, but I could look into that.

CHAIRMAN CRESCIMBENI: Okay. Any questions on that comparison? I see none.

Mr. Pope, do you want to move on to capital projects?

MR. POPE: The next tab, tab 6, follow-up information in response to a request from Council Member Boyer. The first page is -- I believe these are -- the first two pages are actually a highlight of how JEA prioritizes its capital budget that we actually produced for the comp committee that is currently ongoing chaired by Councilman Schellenberg to just communicate how JEA looks at developing its capital plan. And these are -- the categories are consistent across the two systems. The electric system and water/wastewater system.

Behind that is JEA's five-year capital plan, but we have categorized a little bit
differently than how we provided it last time and broken it down into three buckets, which is capacity, renewal and replacement, and then those support services like fleet, IT, et cetera, for those systems.

So without reading through all of the capital projects, I hope the overview is helpful as far as how JEA looks at prioritizing its capital budget. And I will note, at the end of each system's list, we break down the spending, the proposed spend in fiscal year '19 by county. When you see "all," that generally means that those are groups and buckets that may be used at any given time at any point in the system to replace failing infrastructure and any other number of items.

CHAIRMAN CRESCIMBENI: All right. Thank you, Mr. Pope.

Councilwoman Boyer.

COUNCILWOMAN BOYER: Thank you. Through the Chair to Mr. Pope, so let's go back to your pages that you handed out to the comp plan committee. Are they in order of priority? So do you first focus on things
you need to do for safety, and then you
focus on things you need to do for
environmental and regulatory, and then you
do renewal? I mean, is it in an order or
are these just a whole list of things you
think about?

MR. POPE: Through the Chair to Council
Member Boyer, they are in an order. But I
will note that all six are very important.
So I don't know that we've ever really had
an issue with funding projects to make sure
we're capturing these six buckets, but I can
certainly say safety within our system for
our employees and the community is at the
top.

COUNCILWOMAN BOYER: Okay. So seeing
those priorities and then looking back at
how you have divided the sheets that you've
provided, they're obviously not following
the same category designations.

MR. POPE: They're not.

COUNCILWOMAN BOYER: And so I'm not sure
that it's getting to the question that I
asked or that I'm trying to understand. So
for example, I can't tell whether safety is
driving your decision to make any of the
capacity projects or the renewal and
replacement, my guess is probably not
driving any of the projects, but it might be
driving renewal and replacement.

MR. POPE: Yes, ma'am.

COUNCILWOMAN BOYER: But it's not clear
whether that's safety or obsolescence or,
you know, what's the basis. And what I was
really trying to understand is, when we look
at your debt paydown and the fact that you
have had excess cash flow generated that you
have used for debt paydown, but we also know
that your system has aging infrastructure
and capital demands, I am trying to
understand how you decide that you are going
to do -- you're going to spend X amount on
renewal and replacement and upgrading
infrastructure that's at least 20 years old
and then, once you've exceeded that budget,
you use it for debt paydown or -- I mean,
how do you make those decisions? That's
what I was trying to get at by understanding
how you prioritized your capital spending
and how much of the budget you devote to it.
Because whether we're on the water/sewer side where there is a whole discussion going on there or whether we're on the electric side about undergrounding and that discussion, the issue somewhat remains the same, is we need to have a better picture to understand capital reinvestment versus debt paydown and what drives your decisionmaking so that we can kind of do that.

And I understand capacity, I assume that is because you have unmet demand. But that's an assumption I'm making and I don't know why you're making those particular capacity improvements. So the only thing I can say is I'm not there yet with the answer you've provided. And I'm happy to take it offline for Mr. Pope if the Committee as a whole is not interested, but I do think it's something that I want to understand better as we look going forward.

CHAIRMAN CRESCIMBENI: How can they get you there with this existing chart? Do you want them to rearrange the chart? Do you want to code some of these entries that might deal with a different issue like
safety, even though it might be listed in a category for renewal or capacity?

COUNCILWOMAN BOYER: I mean, that would help. If what they did is -- if these are the factors they're looking at and they're in the order that they prioritize them, then what I would like to see is on the other chart where those factors play in. And, yes, you could code them, an S for safety -- and it might be an S for safety and an E for environmental regulatory. One might have multiple aspects to it that's what drove that to the top of the list.

CHAIRMAN CRESCIMBENI: Does that make any sense? Mr. Pope, do you understand where I'm trying to get you to go?

MR. POPE: To the Chair, yes, sir.

And that's exactly right, Council Member Boyer, safety and R&R are probably going to go hand in hand a lot of times, because you can enhance the safety of an asset as it's aging, even efficiency and optimization, once you replace that asset, you want to look at something that's more efficient. So I hear your request. I don't think it's a
request I could necessarily color code this list next week, but we're happy to work towards that.

CHAIRMAN CRESCIMBENI: All right.

Ms. Boyer, if you'll work with Mr. Pope on that. And then when you're satisfied, bring a copy back to the full committee, that would be great.

COUNCILWOMAN BOYER: I'd be happy to.

MR. POPE: I was just glad she didn't ask me about small cell installations.

COUNCILWOMAN BOYER: Not today.

CHAIRMAN CRESCIMBENI: Actually, I have a couple questions about that.

Mr. Anderson.

COUNCILMAN ANDERSON: Thank you, Mr. Chairman.

Jordan, good afternoon. I was looking on page 10 of 10. And the biggest item there is technology services, water -- and that's pretty substantial, $41 million over five years. What is that, Jordan?

MR. POPE: Through the Chair to Councilman Anderson, I can tell you it is several different technology projects rolled
up into a bucket, all technology services. If I had to -- I knew this a lot better two years ago when I was the capital budget manager and I knew exactly what all of those were. But it can include smart meters or projects to support that type of project. We have -- we can certainly get you a list of what's included in that.

COUNCILMAN ANDERSON: Yeah. I'd like to see that. I get the sense and I see that we're going to continue to invest in making sure that the water that we're putting into the St. Johns River is as clean as possible. And I wandered if that was part of this, if we're going to continue to invest in this to make sure the nutrients are getting smaller and smaller. And I just kind of wanted to know that.

MR. POPE: Through the Chair to Councilman Anderson, absolutely, nitrogen reduction of the river is important. The purified water pilot we've talked about is certainly part of that, because that would mean, in that case, probably no discharge to the river, I believe. So it is certainly a
part of what we're doing.

COUNCILMAN ANDERSON: Okay. Thank you.

CHAIRMAN CRESCIMBENI: Thank you,

Councilman Anderson.

Any other questions on the capital

projects list?

All right. Mr. Pope, let's go to the

electric sales projections.

MR. POPE: This is two follow-up charts

extending sales projections on both systems

out another five years at the request of

Council Member Boyer.

And to your point, I believe a couple

weeks ago, Council Member Boyer, it's

probably not one or the other, but these are

definitely projections that we look at. We

want to make sure we're looking at any

number of projections so that we are

producing enough, have the capacity, but are

also being financially conscious of what may

happen in regards to sales in any system.

CHAIRMAN CRESCIMBENI: Council Member

Boyer.

COUNCILWOMAN BOYER: Just so I'm making

sure I understand the chart then, so the
blue line on the chart that is the IRP based is the data that you provide to the Public Service Commission that is ensuring that there is adequate capacity, and that is showing a sales projection that is still going up substantially. It's below the annual growth rate, the old annual growth rate number, but it's still an upward trend; correct? That's the line I should be looking at.

MR. POPE: Through the Chair, the orange -- orange or red line, 2017, is the 10-year site plan we submit.

COUNCILWOMAN BOYER: What is IRP based?

MR. POPE: It's an integrated resource plan from 2006. It's on there to illustrate the vast difference between basically 10 years ago.

COUNCILWOMAN BOYER: Was that filed with PSD also?

MR. POPE: I believe so, but let me confirm that. But I'm confident it was.

COUNCILWOMAN BOYER: So the variance we're looking at -- and you only started it now in 2017, because you're talking -- you
started with the 2017 sales projection, so
you don't have the data that we were looking
at online. It was based not on a 2017
number, I think it maybe was a 2016 number
or something else, which had a higher -- had
a split already this year. So are those
filed every year?

MR. POPE: Yes, ma'am. We file a
10-year site plan every year.

COUNCILWOMAN BOYER: So there is a new
10-year site plan filed every year?

MR. POPE: Yes, ma'am.

COUNCILWOMAN BOYER: Okay. And if I
looked at last year's or 2015's, that's
where I was seeing a projected growth that
may be different than what the reality is?

MR. POPE: Yes, ma'am.

COUNCILWOMAN BOYER: Thanks.

CHAIRMAN CRESCIMBENI: Councilman
Anderson.

COUNCILMAN ANDERSON: Thank you.

This is an interesting chart. What it
doesn't do is really, when it talks about
sales -- so it's in kilowatts, right, or
megawatts? Megawatts.
MR. POPE: Yes, sir.

COUNCILMAN ANDERSON: But it doesn't translate to revenue. I mean, if the rates go up and down over a period of time, that would change; right?

MR. POPE: Yes, sir.

COUNCILMAN ANDERSON: Is that in there? Have we got that analysis as well?

MR. POPE: We can give you that analysis.

COUNCILMAN ANDERSON: I think that would be important to look at, to be honest with you. Clearly the projection is the sales are going to go down in terms of usage, but I'm wondering also how that translates into sort of real revenue numbers for the system.

MR. POPE: Through the Chair to Councilman Anderson, the green line is actual projections based on sales.

COUNCILMAN ANDERSON: Okay. So you mean that includes the revenue? I mean, that's the price per megawatt?

MR. POPE: That's sales for each of -- so it's not necessarily revenue. It's the number of megawatt hours sold over that
period of time.

COUNCILMAN ANDERSON: You understand my question?

MR. POPE: Yes, sir.

CHAIRMAN CRESCIMBENI: There hasn't been a rate increase in how long, Jordan?

MR. POPE: We did a rate restructuring 16 months ago, which effectively lowered everyone's bills. It was a restructuring of both the base rate and the fuel rate.

The last, 2012 or '13.

CHAIRMAN CRESCIMBENI: So that rate has only gone down; right?

MR. POPE: Yes. And -- well, I think --

CHAIRMAN CRESCIMBENI: If your volume is going down, then your revenues are going down; right? Tell me how it wouldn't work.

COUNCILMAN ANDERSON: Because they raised rates in --

CHAIRMAN CRESCIMBENI: 2012 was the last rate change, and the only thing that's happened since 2012 is you had a restructuring, which probably resulted in a lower cost to the average customer; right?

MR. POPE: That's correct. And we also
did a number of fuel rebates over those years.

CHAIRMAN CRESCIMBENI: So if your volume is going down, which is what this chart is telling you, and your rate stays the same or has decreased, your revenue has to go down.

COUNCILMAN ANDERSON: That makes sense.

CHAIRMAN CRESCIMBENI: And I think he's given us charts with revenue, so you might want to pull one of those out and compare it to the updated 10-year projection.

MR. POPE: To the Chair, I can send to the Committee, I think it was the first meeting, there was a revenue chart going back to 2010 or something like that.

CHAIRMAN CRESCIMBENI: Councilman Love.

COUNCILMAN LOVE: Thank you.

Through the Chair to Mr. Pope, Mr. Pope, when sales go down, doesn't your cost go down, you buy less fuel? I mean, what's the biggest part of your cost?

MR. POPE: Fuel, yes, sir.

COUNCILMAN LOVE: It's fuel. So if your sales drop in half, your fuel cost drops in half; is that correct? So that mitigates
MR. POPE: Yes, sir.

COUNCILMAN LOVE: And also, when we put new power plants online, aren't they more efficient?

MR. POPE: Yes, sir.

COUNCILMAN LOVE: I mean, like this one that you're buying from, it looks like a pretty efficient plant. What's it called, Mansley or something like that?

MR. POPE: Wansley.

COUNCILMAN ANDERSON: So it looks like a very efficient plant. So it's producing energy at a better rate than an old coal fire plant; is that correct?

MR. POPE: Through the Chair to Councilman Love, I'm not certain, but I would imagine a plant built 30 years ago and a plant built last year, the plant built last year would be more efficient.

COUNCILMAN LOVE: And if our fuel costs go down as well -- I mean, the cost of a gallon of fuel goes down, you also -- it helps your bottom line too, doesn't it?
MR. POPE: Fuel in -- like a barrel of oil, is that what we're referring to?

COUNCILMAN LOVE: Well, a barrel of oil, natural gas is what we use a lot now, so that helps your bottom line as well.

MR. POPE: Certainly.

COUNCILMAN LOVE: And that's been pretty good as of late.

MR. POPE: Yes, sir, it has.

COUNCILMAN LOVE: Also, if we go more solar, will that help your -- you'll have to build less power plants in the future or they'll last a little bit longer; is that correct?

MR. POPE: Through the Chair to Councilman Love, that's an interesting question with a lot of informing factors. We can only build so much solar right now in that we have the London fog for a week and they produce nothing. We're going to be running -- we have to run all these plants and make sure we have enough capacity to serve everyone. So in theory, yes, and that's something we look at.

COUNCILMAN LOVE: As long as we keep
looking at it and keep adjusting, that's the key. Thank you.

MR. POPE: To the Chair, the last increase was 2011.

CHAIRMAN CRESCIMBENI: Thank you,

Mr. Love.

Councilman Dennis.

COUNCILMAN DENNIS: Through the Chair to Mr. Pope, just to kind of piggyback on Councilman Love, what plays into the decision to pursue a new plant, a new power station and to close a power station or a plant? What plays into those factors?

MR. POPE: Through the Chair to Councilman Dennis, a number of different factors could come into play: Environmental and regulatory; capacity needs, do you have too much, do you have too little; end of life of one plant, do you re-power that plant, basically can you rebuild it or do you shut it down and build another one. There is a variety of inputs that go into that decision.

COUNCILMAN DENNIS: So through the Chair, do you think -- and I know we're
going to get into Plant Vogtle a little later. And I know JEA has their own --
their own governing body. But do you think that there should be some type of policy to
where, if there is a purchase or an expenditure or a contract over a certain
dollar amount, that it should be passed through the Council for its blessing, not really to say that they can or cannot do it, but as for its blessing to know what's going on over a certain dollar amount? Because just recently there was a lot of conversation about shutting down the St. Johns power plant and, of course, Plant Vogtle is -- it's like that 800-pound gorilla, you know. And probably if more eyes, especially eyes from the elected body, saw the deal prior to its happening, we wouldn't be in this situation.

So again, you answered the first question, what factors play a part in deciding to purchase another facility and close a facility. And then oversight, your thoughts on oversight on a certain dollar amount before JEA goes to contract or makes
a large purchase.

MR. POPE: Through the Chair to

Councilman Dennis, so your question is

should the City Council have the opportunity
to review JEA expenditures over a given
amount. Through the Chair, somebody else

besides me should probably be answering this

question.

CHAIRMAN CRESCIMBENI: I was going to

suggest maybe you take that back and bring
back an answer from further up the corporate
ladder.

MR. POPE: I'll give this answer and

I'll bring the rest later: No. And I'll

bring the rest later.

COUNCILMAN DENNIS: And through the

Chair, I have a few more seconds. Jordan, I

think you -- and I apologize for putting

you, you know, in a corner and asking that

question. I don't have any vacancies on my

staff, so you did the right thing.

CHAIRMAN CRESCIMBENI: Thank you,

Mr. Dennis.

Councilman Hazouri.

COUNCILMAN HAZOURI: Thank you,
Mr. Chairman.

Just off the ledger just a second, how many companies now or governmental entities that we get do we give the discount to today, do you know?

MR. POPE: Governmental entities at discount?

COUNCILMAN HAZOURI: School board building, or schools, and City Hall, and Naval Air Station, et cetera.

MR. POPE: Through the Chair to Councilman Hazouri, we have a tariffed electric rate for large users such as the City, School Board, Navy. The government -- the number of governmental entities under that rate --

COUNCILMAN HAZOURI: Eighteen percent, is it, discount?

MR. POPE: That discount off of what would be a normal tariffed rate? Well, it's not necessarily a discount. It's a tariffed rate that takes into consideration the large amount of power that that entity is consuming over a number of different sites. I believe the number of governmental
entities is -- it may be four, City, School Board, Navy --

COUNCILMAN HAZOURI: Are they the only ones we give a discount? What about the larger companies that come -- well, let me just go back to how many we've lost. Anhueser-Busch, for example, is producing their own power pretty much right now. How does that project with your projections with companies like that or maybe Amazon? I don't know. I know it's an attraction for companies, but also it does hit your bottom line too. So how does that work in your projections? The more companies we bring, for example, larger companies, you're going to probably give some discounts to, maybe. And do you-all project all that?

MR. POPE: Through the Chair to Councilman Hazouri, we do have two economic development programs which provide an incentive for companies that are a certain size or have a certain number or hire a certain number or add a certain number of employees. In our projections, necessarily, I don't know that that's in there. We
certainly work closely with Kirk Wendland and his group and the Chamber on -- when those companies are looking to come to Jacksonville and inform them of our programs. But I don't know to the extent that we necessarily project that in our --

COUNCILMAN HAZOURI: And I'm not against us doing that; I think it's a great incentive. Again, at the same time, these companies that exist, and I think they're a great contributor to our city, I've used Anhueser-Busch as a great example, they're going solar, they're inhouse, whatever all they do. I know they told us they do a bunch of different things. I don't know what Maxwell House does.

But it has to have an impact on your revenue at some point in time. And the more companies that come here, while they help your revenue, they also must have an impact too on the negativity of your bottom line; is that not true?

MR. POPE: Through the Chair to Councilman Hazouri, we cannot give away service for free. So there is no -- there
is no customer JEA has that is, I would say, in your words, negatively impacting our bottom line, even when we provide an incentive.

COUNCILMAN HAZOURI: Okay. Thank you.

CHAIRMAN CRESCIMBENI: Thank you, Mr. Hazouri.

All right. Jordan, you want to go ahead with the last item. I think this was a Councilwoman Morgan question.

MR. POPE: Yes, sir. This is some additional information on some of the different ways that other utilities are diversifying. Again, not necessarily what JEA would do or wouldn't do, or would look at or wouldn't look at. So in the energy market arena, what I didn't know last time is this is what Plant Wansley is. So JEA is purchasing power from another energy company that is the owner of that plant. And this is what they do. They own power plants and sell that energy. So we are purchasing that power from Plant Wansley under that energy marketing-type business.

And I'll note that renewable energy
development, the third bullet, is basically
the same thing as the first bullet just with
renewable energy.

Distributed generation, so there are
companies who will come in, design,
implement, own systems that will capture
by-product of an industrial or manufacturing
process to produce energy to offset costs to
that company. And there are some other
examples there. And then on the back side
are some examples of what GRU is doing in
the Internet data cellular arena.

CHAIRMAN CRESCIMBENI: Okay. I think
that completes your list for today.

Any questions, remaining questions, for
Mr. Pope?

All right. Well, Mr. Pope, I think I
speak for the Committee, we thoroughly
appreciate all your efforts and research
from week to week when you leave one of
these Thursday meetings. You give us
detailed information. Sometimes we rule it
out a little further with additional
questions and points on what you bring back
to us. But I want to tell you that I think
every one of us appreciates what you're doing to supply us with relevant information that we need to talk about this subject and the wide arena that it requires to be discussed in. So I want you to leave here today knowing that you have been a great contributor to this effort.

    I regret that it's a weekly effort on your part, majority of the time at the podium I think you've occupied. I can only imagine what kind of time is required between Thursdays to decompress from the Thursday meeting and prepare for the next Thursday meeting. So thank you very much for your efforts and you're to be commended for hanging in there with us.

    MR. POPE: Thank you, Mr. Chairman. And I'll say my prayer last week was only to have more time to prepare for this Thursday, not that I don't enjoy coming here.

    CHAIRMAN CRESCEMBENI: Thank you very much.

    All right. The court reporter, do you need a break? You do need a break. Ten minutes, is that adequate? Can it be less?
Five minutes? All right.

    We're going to take a five-minute recess. So it is 4:37. We'll reconvene at
4:42. So we'll stand at recess.

    (Brief recess.)

    CHAIRMAN CRESCIMBENI: If you'll -- the Committee Members will take their seats, we
    will reconvene.

    Mr. Hazouri.

    COUNCILMAN HAZOURI: Yes, sir. Thank you.

    CHAIRMAN CRESCIMBENI: Our next item on the agenda is a presentation by the
    Jacksonville Civic Council. I have on my agenda that Michael Ward is going to lead
    this.

    I don't know, Ms. Miller, are you participating in this?

    MS. MILLER: If you like, but Mr. Ward is.

    CHAIRMAN CRESCIMBENI: Did you have anything to distribute? All right.

    Mr. Ward, would you like to come to the podium? The floor is yours, sir.

    MR. WARD: Thank you, Mr. Chairman.
I want to thank you and the various
Council Members for the opportunity to come
and present to this group. Just to give you
a little background, I think you know,
Jacksonville Civic Council is a nonpartisan
group of CEOs of both for-profit and
not-for-profit organizations. We view our
role to bring facts and ideas to important
issues that affect the city of Jacksonville.
And when we look at this issue, JEA is
obviously one of the most important assets
that our city owns, so it really fits the
mission of what the Jacksonville Civic
Council is about. So we formed a
subcommittee of which Bobby Stein and I are
the co-chairs.

And just to start off, we've recognized
all decisions regarding JEA is made by the
City Council. We don't think that's our
role; that is your role. That's your
responsibilities. What we view our role as
is to bring facts and ideas for your
consideration as you think about what to do
with JEA.

To date, I think it would be safe to
say, this has been a highly charged, emotional issue to date. I'd say the good news is, if I look at JEA, one, their J.D. Power rating is in the top of the quartile, their rates are reasonable, the balance sheet and credit rating are strong. So we are not in any kind of crisis here. So we have the time to adequately look at this issue. And what we hope we can do is bring some facts to bear again for your consideration.

So I believe you have seen our work plan. Our number one point that was, I think, distributed as well here today was, you know, some of this is being framed up as should we sell or should we keep JEA. We don't think that's the right question. We think the right question is: We have this valuable asset, what is the best way to maximize and perform that asset for the benefit of the citizens of the city of Jacksonville. So we need that to be done. We need to start thinking about it.

In our view, to really adequately evaluate this issue is a 9-to-12-month
process. I know you have been doing some
great work on it all along. And it is
complicated, lots of variables. I just
listened to the conversation today,
incredible amounts of detail and issues to
be wrestled with in this process.

So we did welcome the Mayor's statement
that he will not be providing any
privatization plan for your consideration.
We think that really allows us and gives us
the proper time to adequately consider what
the issues are here. We intend to continue
our work despite the Mayor's announcement.
And we're in what I'll call the first phase
of it, it's really fact gathering. And a
lot of the work you have done in this
Committee already has been valuable to us in
building a fact base.

We've had several meetings with JEA, all
of which have been cooperative to date. And
we're encouraged they will continue to be.
And what we're doing right now, we have
Howard Serkin, who is of Heritage Capital,
is really leading the effort for the Council
at this point to build a financial model to
try to determine what the value of JEA as it is today and with the projections that are in JEA's records of what it might be worth to us.

But let me be clear, this is not an appraisal of JEA. This is really looking at the cash flows. It's more of a business-oriented model. It's looking at the expected cash flows and what are those values there. So our first goal is to get that model built. We're in the process of doing that. It will take some time to do that.

Once that is done and there is a baseline established, I think then we can look at other opportunities, other ways to enhance that value. We are not focussing on that at this point, but we will eventually be focussing on that to bring ideas to the conversation for your consideration.

A few obvious things: Obviously, the charter of JEA is controlled by this Council. There may be things that are recommended you consider to change that charter some. For instance, a lot of
discussion today on solar panels. My understanding is the current charter doesn't allow them to do the maintenance work on people who install their own solar panels. That may be something we suggest you consider allowing them to do as we go forward.

There may be tax strategies, if we're thinking about trying to create some valuable infrastructure dollars for the city, a sale lease back of some of our major assets could potentially make sense, because a third-party entity could potentially get tax benefits out of owning those and lease back to us at a reasonable rate.

In addition, we have a very strong balance sheet. I think most would say our balance sheet is stronger than most entities similar to us have. So there may be an opportunity to leverage some dollars there for the City, should you choose to do that.

And then, obviously, there are different operating models that can be looked at. We have not really investigated that.

So where we are at this point, we're
working hard at it. Again, it will take some time and we hope to be of value to you in looking at this.

So with that, Mr. Chairman, I'm open for any questions. Hopefully, I might be able to answer. I may have to call on Ms. Miller as well.

CHAIRMAN CRESCIMBENI: How often is your subcommittee meeting?

MR. WARD: We're meeting about once every 10 days. We're meeting again on Monday. So we're meeting about every 10 days.

CHAIRMAN CRESCIMBENI: Has the Civic Council in the past created any subcommittees; and if so, can you tell me what the topics were and what the findings were?

MR. WARD: I don't know if they were necessarily subcommittees, but we had a committee on the pension issue. We currently have one on education within the city. We have one on public finance.

And what is the other one, Jeanne?

MS. MILLER: Through the Chair, we have
a downtown task force, we have a newly convened downtown --

CHAIRMAN CRESCIMBENI: Say your name.

MS. MILLER: Jeanne Miller with the Jacksonville Civic Council.

Downtown task force, that's our third time we've had a downtown task force; we've had in the past task forces as mentioned on the city budget; and pension reform; on UF Health regarding our safety net hospital and funding options; public education focussed around governance reform; public finance, as has been mentioned; and a number of other topics periodically; the human rights ordinance is another in the past over the last several years.

CHAIRMAN CRESCIMBENI: How many committees are underway right now?

MS. MILLER: Four to five.

CHAIRMAN CRESCIMBENI: Do you always publish a report on all those?

MS. MILLER: No, we don't always. It just depends on the topic. Frequently, our recommendations are directed at the relevant policymakers. And so they don't -- it does
not require a -- the goal of the Civic
Council is not to be recognized for its
accomplishments somehow, but rather to
effect positive change. And if we can
effect positive change, then I think, as
someone said, you know, it's amazing what
you can get accomplished when you're not
worried about who takes the credit. And the
Civic Council is not concerned with who
takes the credit. It's concerned about
effecting positive change in the community.

CHAIRMAN CRESCIMBENI: Does the Council
intend to publish a report with regard to
this special committee that relates to the
JEAs analytic frame work?

MS. MILLER: Yes, I would think so. A
lot of it will come down to what is the
result of this, what do we find, and then
there will be some type of report.
Ultimately, however, when that report is
issued and what is included in that report
will be the decision of our -- both the
subcommittee and the executive committee.

CHAIRMAN CRESCIMBENI: All right. We do
have some questions for the speakers.
We'll begin with Councilman Gulliford.

COUNCILMAN GULLIFORD: Thank you.

Through the Chair to Mr. Ward, when I was council president, I received an unsolicited report from an outfit that was recognized to be very well schooled in the operation of utilities. And they -- although the report was brief, it was -- it pointed out some areas of concern with respect to the expense side of the operating budget for the JEA. And when I got it -- and obviously -- well, maybe not obviously, but one might suspect they were looking for business. But I did forward it on, as I recall, to one of the Board members who had a certain amount of financial acumen. And I sort of forgot about it.

In all of this process, we've been pretty much focussed on revenues and, of course, we've talked about balance sheets. But I would hope that we would put a strong emphasis also on the expense side of the operations, especially comparative to what other utilities are doing, because I think there may be some room for improvements and
some possibility of savings on that if we
got more efficient on the operational side.
Your comments?

MR. WARD: Yes. Through the Chair to
Councilman Gulliford, I think that is an
excellent point. We would actually be very
interested if you still had access to that
report.

COUNCILMAN GULLIFORD: I'm going to look
through some old files and see if I can find
it. I thought about that. I can't even
remember the name of the outfit, but I will
find it if I can, certainly.

One other quick question, of course, it
says undertake formal appraisal. And you
mentioned even a financial model. But in
reality, even a very well presented and
in-depth study as to the developing of
financial model that might give you some
idea of an appraisal or maybe this goes to
the actual solicitation of a formal
appraisal, I suspect that would simply be
financial and nothing else; is that correct?

The other thing is this, Mr. Ward. And
you -- with your background, you're surely
aware of this, there are values based on just financial calculations and there are values based on strategic goals and directions. And I can see some that would drive the value of JEA higher than what just a simple financial model might bring. And there is no real way we can make that determination, I don't think, is there?

MR. WARD: Through the Chair to Councilman Gulliford, you have an excellent point. One of our concerns is that original PFM report that was done was done by a bond rating group, not an actual appraisal group. There were headline numbers of 8 to $11 billion. I think they did some deducts themselves that may not have been perfectly done. It said sort of 2.7 to 5.2 might be the net value to the City. We think that was a little bit oversimplistic. And we're not looking -- a full appraisal, as I understand it, is probably in the order of 800,000 to $1 million.

COUNCILMAN GULLIFORD: City Council is going to pick up that cost?

MR. WARD: Well, the JCC is certainly
not going to pick up that cost. We will probably hire some experts, but we're not going to spend those sorts of monies. But our thoughts are, with just that financial model, we can at least get some of the conversation in the right range. And you're quite right, there are strategic values that some may pay more than just what a straight discount of cash flow might indicate. I think we need to get ourselves a little bit into the right pew as to value creation here.

And one thing I would hope you all would consider, we need to think about what the goal of this evaluation is. Is the goal to create additional funds for the City to make other infrastructure investments? That's one question to be answered potentially. Or is the goal to say, gee, what could we potentially do to monetize or privatize pieces of JEA? Or third, is there a better way to run JEA?

My guess is, when this is all said and done, JEA will look different than it does today, because there will be some good ideas
that come out either on the cost savings side or on the revenue side. I know they're re-looking at some of their key strategies. So it will be an improved JEA no matter what this process produces. But it would be helpful to know if we're trying to create cash for the City or whether we're trying to, if you will, run JEA better.

COUNCILMAN GULLIFORD: And I appreciate that. And I also appreciate the fact that you do say that you would look at that in terms of the whole and component parts.

Lastly, I want to thank you all sincerely for what you're doing. What my major concern was, some people identified me as being for selling JEA. How can you make a determination like that if you have no idea of a value or what you might realize? What I was upset about was the lack of objectivity, the hysteria, the emotion and the rest of it, which doesn't lead to good fundamental sound judgments on the part of anybody.

So what you're bringing to the table is exactly what we need to have a reasonable
discussion and debate about the future of JEA. And you're to be applauded for doing that. I'm very appreciative of it. I think the Council probably is also.

MR. WARD: Through the Chair to Councilman Gulliford, thank you for those comments. We really do think that's a role we can play. As I said earlier, there was a lot of emotion around this whole issue. We think we can bring some fact base to it. Those of you that know me, I'm a very fact-based individual.

I'll also tell you that, when I was asked to do this by Tim Constagine (ph), I agreed I would do this, although I'm sure it was going to be no good deed goes unpunished before it was over with.

CHAIRMAN CRESCIMBENI: Thank you, Mr. Gulliford.

Council President Brosche.

COUNCILWOMAN BROSCHIE: Thank you, Mr. Chairman.

And thank you, Mr. Ward and Ms. Miller.

I want to echo Councilman Gulliford's appreciation for the work that you are --
have already started and will continue to do. I know we'll look forward to the outcome.

I did want to ask: So you're going to continue down the path and is this kind of -- this is a chronological step-by-step Q&A that you all are walking yourself through in terms of how it's laid out in the framework that you passed out?

MR. WARD: Yes. We will pretty much be doing it step by step. I think it's number five, some of the options, that may come a little later than is listed in there, but pretty much we're looking at a chronological process. We will have some experts to help us with certain aspects of it. We have retained one individual that Ms. Miller can tell you about.

MS. MILLER: Through the Chair to Councilman Brosche, we have retained, as I mentioned before Howard Serkin with Heritage Capital Group. He is a valuation expert who is contributing his services. But in addition to that, a Jerry Hartman from Central Florida, who is a diplomat in
engineer in public utility appraisals. So he is also providing several of the very specific industry specific items.

COUNCILWOMAN BROSCHÉ: So does that mean, I guess, some parts of this are going to involve a lot more data gathering and analysis, and so some of those might be being started with the engagement of those individuals who are helping?

MS. MILLER: Yes. At any given time right now, I would say almost all parts of that analysis of that framework are underway, but they're in various stages of development because there are different resources and they all take different amounts of time. But we're currently around number four. Through the work of this Committee, numbers two and three primarily have been filled in quite a bit. And even elements of number four and number six have also been partially filled in with the work of this Committee.

But we are currently working primarily on what is the number four, which is what is the current value to the City and what would
be the potential value to an external potential purchaser, including strategic value options.

COUNCILWOMAN BROSCHÉ: Okay. So you mentioned, Mr. Ward, that you had a number of meetings with JEA so far. And so I suspect that they're going to be a big part of the assistance in terms of being able to get the information that you need or whoever your consultants need and things like that. So has there been a discussion about providing information and meeting regularly with them in order to get the information that you need?

MR. WARD: So originally we met with Ms. Sykes (sic), who we had very good dialogue with, and we had another meeting with Ms. Sykes and Mr. Zahn as well. We told them the kind of information we would like to see, some of their internal studies projections, which they've indicated a willingness to share with us. And we're actually meeting with them again next Monday.

COUNCILWOMAN BROSCHÉ: Okay. Great.
Because it seems to me that this is the kind of independent analysis and information that this group and a number of other folks are interested in understanding. I know I'm interested in all the information that I can get as it relates to the question that was posed and has now been changed a little bit, but it's not the first time that it's come up. And so we appreciate your digging into this and look forward to updates, if needed, if there is a need to come back before us. So thank you so much.

CHAIRMAN CRESCEMBENI: Thank you,

Councilwoman President Brosche.

Councilman Hazouri.

COUNCILMAN HAZOURI: Thank you,

Mr. President.

MR. WARD: You've done this once before, maybe, once or twice before?

COUNCILMAN HAZOURI: Well, I asked you some questions before if that's what -- no. Thank you, Mr. Ward.

MR. WARD: I mean, evaluation of JEA.

COUNCILMAN HAZOURI: I have. So has a litany of all the mayors, former mayors.
And the beat goes on.

Just some basic questions. So you all have been working on this for how long now?

MR. WARD: About five to six weeks.

MS. MILLER: Since January 24.

MR. WARD: Time passes quickly when you're having a good time. Since January 24th.

COUNCILMAN HAZOURI: Well, I thank you for your participation, what you're doing, and especially for the HRO. I know you all are doing education issues too. And you're another hand for us with our Council Auditor, with the Mayor's initial report and what you all are doing.

Let me ask what is your -- do you have a timeline at all?

MR. WARD: Well, again, when we developed a work plan, we thought it was a 9-to-12-month process. I was just informed we're on our fourth month, so probably in another five to nine months. As the work progresses, I think we'll see more and more definitive timeline. I would anticipate we come back to this Committee as we develop
further our work product just to give
updates periodically, if you desire us to do
so.

COUNCILMAN HAZOURI: So when you -- and
I'm looking forward now. When you come up
with your report, you said you probably will
have a written report?

MR. WARD: Yes, sir.

COUNCILMAN HAZOURI: All right. If
we're looking at the JEA, sell, don't sell,
will you also be looking at if we can do the
same thing that a private company can do as
well, if we have that ability to do that,
will that be part you-all's conversation?

MR. WARD: Yeah, absolutely. I alluded
earlier to the issue of maintenance of solar
facilities. IOU would do those kind of
activities. JEA is not allowed to do that
at this point in time, so we would look at
things like that.

And I think what's going to end up
looking at, we're actually going to probably
end up looking at a water system and an
electrical system, because they're really,
in a way, two different interties.
COUNCILMAN HAZOURI: So you're not going in, obviously, with the idea, you know, the end justifies the means that we're going to sell it? I don't think that's what I got from this conversation that you're giving today.

MR. WARD: We have no preconceived notion what the best course of action is. I just reiterate, we think our role is to provide facts and ideas. These decisions would be made by you. We may consider things -- say things we think you should consider as you're making those decisions, but we do not, I don't think, intend to come and say you ought to do this, this and this; that's not our role.

COUNCILMAN HAZOURI: With those savings, I hope you are and I'm sure you are considering the fact we may be able to do the same thing within the existing JEA just maybe changing the structure or what have you.

MR. WARD: Absolutely.

COUNCILMAN HAZOURI: Well, I certainly appreciate what you—all are doing. I'm
looking forward to it. With what the
University of Florida is doing with this
Committee and what you—all are doing and
what the Council Auditor is doing, somewhere
the twain -- no pun intended -- the twain in
this case is going to meet. And hopefully
we'll have a better product no matter what
happens. Thank you very much.

MR. WARD: Thank you.

CHAIRMAN CRESCIMBENI: Thank you,
Mr. Hazouri.

Council Vice President Bowman.

COUNCILMAN BOWMAN: Thank you.

Through the Chair, I too want to thank
you. And it's a lot of work and a lot of
people involved. And the value of that is
enormous, something we couldn't do
ourselves.

One thing, you and I met and talked
about this. The one thing I think you
shared with me that should be of interest to
the Council is that everybody on the
Committee, you know, makes sure that they've
got no connection, no biases, no potential
involvement in anything in one direction or
the other. So could you expand on that a little bit?

MR. WARD: Yeah. We were very deliberate on that. We wanted to make sure nobody had any conflict nor appearance of conflict in this process. So anybody that potentially could envision that there would be some conflict in this work, either they did not volunteer to act on our subcommittee or we discouraged them from doing so if they had an interest.

The other thing we did, you may note, we named all -- we usually do not do this, we named all of our committee members for the purpose of transparency, so everybody knows who is on our committee, who is working on it, because we wanted to make sure since it -- I think it's calmed down some, but clearly it was a very emotional dialogue at first. And we didn't want to fuel that emotion even more. So we wanted to make sure that we were being as clean as we can, as transparent as we can and then avoiding any conflicts that potentially could be out there.
COUNCILMAN BOWMAN: Thank you for sharing that. I think that's really important. Because like Mr. Gulliford, I think it's really time to take a nonemotional look at our greatest asset and see how we maximize its value to all of our residents. And so I'm looking forward to seeing what you come up with.

Council President asked kind of a question, but I want to make sure I understood. So you're meeting with JEA. Are they giving you 100 percent support?

MR. WARD: They have expressed great willingness to cooperate with us. They haven't produced everything as quickly as we might hope they can, but I think after we meet Monday that will accelerate. But they have not been hesitant to share information with us.

I would have to say they probably have a little bit of concern that they don't want to look like -- some of the things we're asking will help us do this financial model. I don't think they want to appear to be in the process of doing evaluations of
themselves because of some of the emotion around this in the past. So we're going to be very careful and deliberate with them to make sure that all the work we're doing is our work. They're providing us information to allow us to do that work. Because they don't want the appearance they're out there trying to shop themselves.

COUNCILMAN BOWMAN: Okay. Super. Thank you so much.

MR. WARD: Thank you.

CHAIRMAN CRESCIMBENI: Thank you, Vice President Bowman.

Councilman Dennis.

COUNCILMAN DENNIS: Through the Chair, I want to just echo my colleagues, thank you for doing what you all are doing to help the City to better understand our most valuable asset.

And but you made a couple statements, and so I just want a little clarification of your statements. You said, at the end of your process, it will take about nine months, at the end of your process, that JEA will look totally different than it does.
today. And so I would like a little more
clarification. Because at the end of the
day, you started off by saying this body
will make the final decision on JEA. So can
you kind of share --

MR. WARD: Yeah. I'll clarify that. I
did not intend to say they would be totally
different. What I meant to say is JEA will
be different because in this evaluative
process, good ideas will come up to make
them even a stronger entity. And my guess
would be the management of JEA will embrace
those ideas to make themselves even
stronger.

If you really think about it, any
entity, private or public, you have to
constantly work to improve yourself. I did
that from my years at CSX, you're always
looking at what can you do better, how can
you change things. And I think this whole
dialogue going on at this point will provide
opportunities for JEA to run even better
going forward.

So I'm not saying there is any decision
made of what should happen, but just this
evaluative process will come up with ideas to make them better.

COUNCILMAN DENNIS: And I kind of figured that, but I just wanted for you to clarify that.

Now, would you agree that governance is a big part of moving an organization forward or changing the culture or direction of an organization?

MR. WARD: Well, I believe that leadership of an organization is critical. I think there is really two things, from my experience: It's the leadership and it's the team you assemble. Because I don't care how good a leader you are, if you don't have good people working for you that are competent and capable, you're not going to succeed at whatever your mission is. But having clarity of mission and a leadership that reinforces and acts consistent with that is critical to a high level of success.

COUNCILMAN DENNIS: Would you -- I know you have a framework here, but would you consider or take back to the organization to add governance, leadership? Because I don't
know all the individuals that make up the Civic Council, but the Civic Council has a lot of leadership, could give a lot of wisdom on, you know, what a great leader, what an organization should look like. And so would you consider adding governance, leadership? I don't know how you would frame it, but adding that in your framework.

And you may or may not know I've introduced a bill kind of going to the core of governance, you know, with not having all the board members appointed by the Mayor, but some appointed from the City Council and some appointed from the Mayor's -- from the Mayor. You don't have to speak specifically, because I don't want you to be on the record where if you're in favor or against, but again, you know, leadership, governance, moving JEA forward in the future.

MR. WARD: So, one, any of the workflow we do is approved by the executive committee, so I will speak with them about the possibility of that. I would have one caution, though, one of the things we're
trying to do here is be as factually based as we can and not get involved in some of the more, if you will, controversial issues that are potentially around this for fear that we will be viewed as partisan to some view or another, which we don't want to do. We want to make sure that we're viewed strictly as down-the-middle factfinders here.

So I'll take it back to the executive committee to evaluate whether we wanted to add that to our scope. But theoretically, that could get to be a little bit out of the range of what we intended to do.

COUNCILMAN DENNIS: Sure. Again, thank you for all the work that you're doing for our city.

MR. WARD: Thank you.

CHAIRMAN CRESCIMBENI: Thank you, Mr. Dennis.

Councilwoman Boyer.

COUNCILWOMAN BOYER: Through the Chair to Mr. Ward, Ms. Miller, thank you so much for being here. And I want to echo everyone else's gratitude for your decision to become
engaged in the process and provide a lot of much-needed information and advice.

I did have one question on something you mentioned, and I'm not sure at what point in the process that you are referring to it. But you mentioned at some point that there was -- you had to understand what the goal was: Was the goal to have more money to be able to do infrastructure projects; was the goal to run the company more efficiently; what was the goal.

At what point in your deliberation do you think that you start to look at that question or do you never look at that question and that just becomes something that we're supposed to look at after? Because that's kind of one of the perplexing things here is not having a stated goal.

MR. WARD: Right. Well, absent guidance from you, what we'll do is try to, in effect, do both. But if you said, our real goal here is to find a way for JEA to find more money for infrastructure investments, we would probably look more strongly at things like the sale lease back I mentioned,
or using of balance sheet to lower our rate a little bit but not take it into a dangerous zone, if the goal was to create more money for infrastructure.

Absent guidance from the Council, what we would probably do is do elements of both of those things. So -- but if they are clear, hey, one of our primary goals here is to create more cash for infrastructure, we would probably do it just a little bit differently. I don't know if that's clarifying or muddying the waters.

COUNCILWOMAN BOYER: No. It is clarifying. I mean, I'm one Council Member out of 19. But I will tell you that, from my own personal perspective, I am much more interested in additional cash that could be reinvested in utility infrastructure. So whether that is undergrounding electric, whether that is phasing out septic tanks, it is that aspect, which was kind of my capital conversation, as opposed to free cash that could be used for the City budget on whatever other purpose that would just be coming into the general fund, so if that is
relevant.

MR. WARD: I can tell you that I'm smart enough to know this: If there is any cash created out of this, that is going to be completely at your discretion. I have no interest whatsoever to be in the middle of decisions of where those monies should be spent. I'm sorry, that's above my pay grade.

COUNCILWOMAN BOYER: But to my point is that, if from a structural analysis standpoint there were opportunities that might not generate free cash that we could all decide we wanted to build parks with, but they would generate an opportunity for additional infrastructure investment at JEA or at whoever was operating the utility at that point or something, I think that is of more interest to me personally than the free cash conversation.

MR. WARD: Right. Well, off the top of my head, and that's always risky, so if -- I could see where potentially, if you're making investment in utility-based things and combined it with a sale lease back, it
could be particular to utility investments. But if it's just cash, cash is cash, and that can be used wherever; it's the decision of the Council.

CHAIRMAN CRESCIMBENI: Thank you, Councilman Boyer.

Councilman Anderson.

COUNCILMAN ANDERSON: Thank you.

Frankly, that conversation was exactly where I wanted to go, because -- so I'll do the same thing, thank you very much for doing this. We really appreciate it.

You know, we at least -- well, I don't know how long this discussion has been going on, but it seems like years at this point. But it always sort of starts with this idea of, gee, guess what we could do if. And then you heard we've had different conversations, oh, we could wipe the debt out; we could pay the pension down; we could build whatever.

And so I guess I'm really just wanting to build on Councilwoman Boyer's point. I think you-all are in a unique position to provide guidance, because this Council will
not be seated beyond next year. And if this comes up again, then it might be helpful for the next Council or the Council 5 years, 10 years, 20 years down the road, if they wrestle with this again, what your thoughts were.

So for example, is it, you know, is -- when you're looking at a city, is it best to look at the reduction in liabilities or investment infrastructure? Is there some --

MR. WARD: I'm going to ask Ms. Miller to expand to that, because we do have a public finance task force, so please.

MS. MILLER: Through the Chair, and I think to both of your points, we are conducting -- for over a year and a half now we've been conducting a very intensive study. It's a comparative tax analysis of city, county taxes within Florida and outside of Florida, comparing Duval County and Jacksonville to four, five other cities, counties in Florida and then several cities outside of Florida. And the purpose of that is really to understand the various sources of public revenue, but also to understand
the uses of public revenue.

There is a theory in, you know -- around that we're under-revenued. Well, what does that mean? And so our goal is to provide a lot of data and analytic structure around that to say, here is what we spend per capita on our public -- on public expenditures, and that breaks down into parks and hospital care and infrastructure. But here is what other communities spend and here is how they spend it. Here is what Charlotte does or here is what Indianapolis spends, and break that down in a per capita sense.

So while -- and our hope is that that analysis will be informative to all of you and hopefully to the administration going forward when you make decisions on capital improvement structure, on your capital improvement planning, how is it best, what can I invest best to leverage the most money later on.

For example, we know that from a recent study with the Jax Chamber called Elevate 2.0 that most people who work in
Jacksonville live outside -- and live outside live outside of Jacksonville for two reasons: One is public education and two is crime rate. So we have that data. And it's St. Johns, Clay, Nassau.

But the question is what can we do to organically grow and enhance our tax base to hopefully improve. And it doesn't necessarily mean throwing more money at each one of those, it could, but what are those counties doing, but what are we also doing as a city to encourage development. Because part of this is a lack of housing stock or a lack of new housing stock. So how can we invest in our current older neighborhoods to make them more attractive to developers.

So there is a lot to unravel and unpack in all that. And that's why JEA has been a part of this, because, as we all know, all the sources of revenue from JEA account for over 20 percent of our annual budget. And that's a very significant part, unlike any other city, county in the state of Florida and maybe in other counties we're looking at. So it all comes together in all of
this.

But at the end of the day, our hope is to provide you with options and analysis so that you can make the most informed decisions.

COUNCILMAN ANDERSON: Okay. Well, I do really value this. And I believe going forward it will be a document that will be used by future council members.

One of the things that I would -- it would be helpful maybe is if you have recommendations for how future councils ought to look at either the disposition of assets or valuations going forward. This one, I think, was messy, at the best. And I think part of that was because nobody really knew what process we ought to go through or how often we ought to look at these things. So I know you from a business standpoint, I imagine you did it very often. And as you're walking through this report, it might be helpful if you could opine on that.

Thank you.

CHAIRMAN CRESCIMBENI: Thank you, Mr. Anderson.
Ms. Miller, Mr. Ward, that completes questions. We thank you for being here today. Good luck. And keep us posted. If you want to come back and give us any updates before we conclude our process, you're welcome to do that.

MR. WARD: Thank you for the opportunity, Mr. Chairman.

CHAIRMAN CRESCIMBENI: Thank you very much for being here.

All right. Council President Brosche.

COUNCILWOMAN BROSCHÉ: Thank you, Mr. Chairman.

As we come to the close of our meeting, I wanted to -- and I'm asking Nikki to pass out to everybody, I just wanted to let the rest of the Special Committee know that I have sent to Mr. Chairman of the Board, Mr. Howard, a list of questions in connection with the selection process for the interim CEO and wanted to let you all know the questions, because I think this has come up in a number of meetings and discussions that I too am fielding a lot of all the same questions.
And as it relates to the future of JEA and the selection of a CEO in the future, I think it's important that we understand the answer to some of the questions that we are all receiving from the community; and therefore, I have put together a list of questions in hopes that Mr. Howard will help us understand. And it will also help frame our understanding of how JEA does its hiring and how they plan to move forward with the selection of a permanent CEO.

And so, Mr. Chairman, while I have not yet coordinated or understood how we'll have the answers to these questions, I'm hoping that it can be done for the benefit of everyone versus a one-on-one meeting. And if he is so willing, it's my hope that he'll come and answer the questions before the Special Committee that we have presented.

And so I just wanted to let the entire Committee know that that's my desire. And that these are the questions that I asked so that you all will have the benefit of seeing them. So thank you.

CHAIRMAN CRESCIMBENI: Thank you,
Council President Brosche. We appreciate that.

Are there any -- I only have one public speaker card. No one else? Oh, we have two. So the first one is Karen Morente, followed by Valerie Gutierrez.

Ms. Gutierrez, if you'd come up to the front row, we'd appreciate you being a little closer when your turn gets --

MS. MORENTE: Hello, your honorable Council. I'm Karen Morente, obviously.

I have done a little research of my own I would like to give you. And it won't cost you or anybody else $100,000. It's absolutely free.

JEAs has employees of 1,966 full-time employees. And of these there are 1,923 who are actively under their medical plan. And this does not include their 1,903 employee dependents. We currently have 192 Randstad employees at JEA. And in 2017 we used 36 JSEB subcontractors in our city. So it's not an exaggeration to say easily 4,000 people in the community would be impacted by the sale of JEA should that occur.
And if that was not significant, then
I'm quite sure we would not be describing
Amazon jobs and other corporate and company
jobs, who I am not at all against. We need
work, we need houses, et cetera, of course,
but they all receive incentives to come
here. And yet, we are all here in the
auditorium today -- and I don't and have
never worked for JEA, I should say that --
with people who do and there are unseen
people I'm trying to enter into the room, if
you will. And this does not include the
retirees or, of course, remarks about the
retirees' pension.

There is virtually no investor who will
do any kind of investment, much less in the
billions or super millions, who is not going
to do it with the idea for sure that they're
going to make a fortune in profit. And we
all know who will be paying for that.

Problems can be fixed. I think it's
great and I commend that. And it's vital
that the charter for the city of
Jacksonville should definitely include a
vote by the citizens should it come down to
the sale of JEA as an actual admitted proposal. And I would thank you all to very carefully consider these things. And the citizens should be able to vote on such an important matter.

And there is no single parent or elderly person or limited income people or the many people that work minimum wage in our town who will not be impacted by the rates that are surely going to come. And more people, I think, historically are losing their homes to foreclosure and property taxes than any time before. So I ask that you consider all those people. And I thank you for your time.

CHAIRMAN CRESCIMBENI: Thank you, Ms. Morente.

Any questions from the Committee? All right. I see none.

Ms. Gutierrez.

MS. GUTIERREZ: All right. Good afternoon, Committee. I guess I wanted to just kind of clarify some of the things that Mr. Gulliford said. Thanks to Google I was able to look up some of the things that he
had mentioned earlier.

He was talking about Germany being at 80 percent renewable. Well, that's not true. It's 27 percent, which is only 6 percent being solar. They would like to be at 80 percent, but that's at 2050. And who knows what will change between now and then.

The other thing, you know, I know a lot of Council persons that had indicated maybe that JEA should be in the solar business. Well, installing and monitoring, leasing. But we also need to take into account, you know, who is going to be liable -- or responsible for the liability of replacing panels. I worked at this last Hurricane Irma and it was just so much devastation out there, it was just -- it just blew me away. So I would think that where a lot of the solar farms are now, I'm sure there is a lot of stuff that -- clearing that has to happen, so they would minimize their damage, but just keeping that in mind.

And I hope that the Council, when it comes to next regular council meeting, will continue to sponsor Mr. Love's resolution
2018-248, even though we understand we're kind of at a standstill about the sale of JEA, I think that would speak volumes to the employees of JEA if that did pass. And that way, you know, they felt like, you know, there is still not something lingering over them.

And as some of you guys have said, it is an emotional issue. I have been with JEA 20 years. And for the way the process had been rolled out, it was, to me, a personal issue. And if we would have started maybe in this kind of -- with a committee and the individuals from the Jacksonville Civic Council, you know, getting more information and finding out what is the best course with JEA, whether it's to make it stronger as we move forward, I think it would have probably been received a little bit different. But it is going to take a little while for JEA -- or the employees to heal based on this process.

But I appreciate the Council continuing with this Committee. And hopefully the next president, council president, maybe not on a
weekly basis, but at least continues to have
something in this forum so people can
express their concerns and also get the
information that is needed. So thank you.

CHAIRMAN CRESCIMBENI: Thank you,
Ms. Gutierrez. I have no questions for you.
So thank you for being here.

Any other matters to come before the
Committee or any announcements or
anything -- oh, we have one more card, all
right. I know who this person is.

Ms. Grant, go ahead.

MS. GRANT: Thank you. Alicia Grant. I
wasn't going to speak, but then something
just occurred to me as I was listening to
the others that I had thought of when
Mr. Pope was making his presentation on the
solar panels and their location within
wetlands. And I think we need to be very
careful in considering the environmental
impact of -- on those wetlands when we are
starting to install panels there, because I
understand these panels get very hot. And
to have something that could create a heat
effect on our wetlands where we have to be
concerned about the habitat and what those wetlands are supposed to be doing, we just need to consider the environmental impact on those.

CHAIRMAN CRESCIMBENI: I think I understood Mr. Pope to say, maybe I didn't hear him correctly, but I thought he said that all the panels were on upland property not in wetlands. But we can get clarification.

MS. GRANT: Thank you.

CHAIRMAN CRESCIMBENI: All right. Thank you, Ms. Grant.

Any questions for Ms. Grant?

All right. Any further business to come before the Committee or any announcements?

All right. Thank you all -- oh I'm sorry, Council Vice President Bowman.

COUNCILMAN BOWMAN: Thank you, Mr. Chair. I just want to share with my fellow Council Members that I intend to file legislation that is going to make a recurring, I think, 18-month-or-so requirement for the independent authorities to come give us a state of the authority,
because I think what we all found out on this is that there is a lot of stuff we should have known that we didn't. And the only real time we get to understand what they're doing is when they come to our -- during the budget hearings.

So I'm still drafting that, but the concept would be about a half day for each independent authority to come up and talk us from top to bottom on what they're doing, any of their future plans, any of their risks that they have, so we as a Council know at all times what's going on. And I hope that you support it and that's coming up.

CHAIRMAN CRESCIMBENI: Sounds like a good idea, Mr. Bowman. I would like to maybe set up a noticed meeting with you. I'd be willing to cosponsor that. And I would like to talk to you about the 18-month time frame and your reasons for why you think that's the adequate number.

Councilman Anderson.

COUNCILMAN ANDERSON: Thank you, Mr. Chairman. I just wanted to kind of
recap kind of where we are. I'm trying to -- because we've got a couple bills coming up in Committee on Monday and Tuesday. So, so far we have had one bill on JEA that's passed, and that was your bill which puts on the ballot if the citizens want to have a say in the sale; right?

CHAIRMAN CRESCIMBENI: That's a straw ballot question.

COUNCILMAN ANDERSON: That's the only legislation that's been passed so far?

CHAIRMAN CRESCIMBENI: Right.

COUNCILMAN ANDERSON: And then but on Monday and Tuesday, Councilman Schellenberg has a bill which is sort of a resolution encouraging the expiration of the sale that will come up in the same committees that Councilman Love's bill will come up, which is to say we don't -- you know, don't want to sell at all. There is a board composition bill that Mr. Dennis has got in front of us too, and that will be in two weeks.

And then the final bill that I know of is the bill that would actually put on the
ballot -- it's your bill, and it would say that the citizens do have a right to say --

CHAIRMAN CRESCIMBENI: That's not a ballot measure. That is simply a charter change.

COUNCILMAN BOWMAN: Just a charter change. Is that kind of the recap of the legislation landscape that we have?

CHAIRMAN CRESCIMBENI: As far as I know.

COUNCILMAN BOWMAN: Thank you.

CHAIRMAN CRESCIMBENI: Councilman Dennis.

COUNCILMAN DENNIS: There is an additional one. There is a resolution asking the current interim CEO not to apply for the permanent position, also asking the Board to not consider his application if he applies.

COUNCILMAN ANDERSON: Okay.

COUNCILMAN DENNIS: So that's the one that is coming --

COUNCILMAN ANDERSON: Just trying to keep count.

COUNCILMAN DENNIS: -- in a couple weeks.
CHAIRMAN CRESCIMBENI: Got to have a scorecard these days, Mr. Anderson.

All right. Anything else to come before the Committee? Thank you all for hanging in here until the very end. I certainly appreciate that. Some of you all have been here every meeting to the end and I think that speaks highly of your desire to participate in this process.

If nothing else, this meeting is adjourned.

(Meeting adjourned at 5:36 p.m.)
CERTIFICATE OF REPORTER

STATE OF FLORIDA
COUNTY OF DUVAL

I, Amanda E. Robinson, Registered Professional Reporter, Florida Professional Reporter, do hereby certify that I was authorized to and did report the foregoing proceedings; and that the transcript, pages 1 through 111, is a true record of my stenographic notes.

DATED this 16th day of May, 2018.

Amanda E. Robinson, Registered Professional Reporter, Florida Professional Reporter
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