January 21, 2020

 (5:00 P.M.)

**AMENDED NOTICE**

**MEMORANDUM**

**TO:**  Honorable Scott A. Wilson, President

 Jacksonville City Council

 Members, Jacksonville City Council

**FR:** Honorable Michael Boylan, Chairman

 Special Committee – Future of JEA

**RE: 20200127 Amended Noticed Mtg –** Future of JEA -Session 5 Change Topics to Appropriate Process: Changing Charter and How to proceed in tandem with JEA Board Management Exploring Options Secure Continued Success of JEA

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**Amended -**Notice is hereby given that the Honorable Michael Boylan, Chairperson Committee on the Future of JEA will host a meeting to be held on **Monday, January 27, 2020, 11:00 am – 1:00 pm in the Lynwood Roberts Room located at 117 West Duval Street, 1st Floor City Hall, St. James Building Jacksonville, Florida 32202.**

* **-January 27, 2020 Meeting Topics :** A review of JEA’s Strategic Planning Process & Industry Trends other issues relevant to disposition of JEA **AMENDED TO:**

 **Meeting: January 27, 2020 – 11:00 am – 1:00 p.m. -**

**Topics:** 1) The appropriate process for changing the Charter to address given issues and concerns arising from the recent effort to privatize JEA.

 2) A consensus as to how we would like to proceed, in tandem with JEA’s board and management, in exploring the options available to secure the continued success of JEA.

**Overview**

At our last City Council agenda meeting it was decided that it was necessary to continue these fact-finding sessions and not delay them until we learned of the disposition of the JEA board regarding its next steps (as I was inclined to do). On Friday (1/17/2020) the Interim Managing Director of JEA, Melissa Dykes, advised us that she will recommend to the JEA Board (at its meeting on January 28th) that it will continue to operate as a municipal utility; taking off the table the prospect of a cooperative structure, an IPO as well as a privately owned entity. Earlier that day Mayor Curry announced that he would not support any effort going forward to privatize JEA. Given these announcements I have pivoted a bit as to the focus of our upcoming discussion.

**Changing the Charter**

The experience of the past few months brought to bare a number of issues and concerns relating to the autonomy (among other things) of JEA, but I would offer as we look into the following, we should consider whether these changes are applicable to other Independent Authorities. So, keeping this in the realm of fact-finding, we will use a portion of our time to review your ideas as to what changes you would like to see put in place, that address such issues as the qualifications of board members, the appointment process, selling of substantial assets etc. In turn the OGC will advise us of the necessary course of action in order to institute such changes. Please keep in mind we will not use the time to

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extensively advocate or debate any of the proposed changes, merely the path to implement them. Such proposals should be filed and considered as part of our SOP.

I had asked Ms. Sidman to compile a list of proposed ordinances and other possible Charter changes members have publically discussed to be explored. Further I asked the OGC to develop a response as to the appropriate path for their implementation which they will be sharing with us during the course of the workshop. Presently that list includes the following:

1. A requirement that Authorities respond within 48 hours from receipt of a request made by the Council Auditor (Ordinance 2020-40).
2. Changing the (JEA) board appointment process, granting the City Council the power to appoint three members of the board.
3. Incorporating language into the Charter that establishes the minimum qualifications of JEA board members and its CEO.
4. The ability of the City Council to review and change the structure of the JEA’s board composition.
5. Crafting greater clarity and/or specific restrictions regarding the sale of substantive assets of JEA as well as the necessary approval process.
6. Addressing changes to the Charter (and possibly Florida statutes) that allow JEA to develop additional product or service lines\*
7. Making the JEA a City department once again.
8. Instituting a process whereby the City Council has the wherewithal to review and approve an Authority’s intention to retain outside counsel and/or consultants (above a certain threshold).

Should you have other changes or additions you may consider proposing I would ask that you forward them to Ms. Sidman in a timely manner so that they have an opportunity to provide you with a response during the course of the workshop.

\* At the December 9, 2019, Future of JEA Workshop, JEA was requested to provide recommendations of the Charter changes needed for JEA to enter into other lines of business. A copy of the JEA presentation “Viability of Initiatives with Constraints” is attached for your review. Please bring a copy of Article 21 (JEA), City Charter, to the 1/27/2020 workshop. I have extended an invitation to them to provide the OGC items they would like to see addressed or clarified (an offer we should subsequently extend to the other Authorities as well).

**Exploring JEA’s Future Success Together**

While I expect much of our time will be taken up with the above, I would like for us to discuss our role going forward as it pertains to exploring JEA’s future success. I have had multiple conversations with both the JEA Board Chair and the Interim Managing Director regarding the prospect of us (the City Council) working in tandem with the JEA board and management in doing that work. As I understand it there have been other instances in the past where the Council and the board of an Authority have traveled such roads together.

There are a number of different forms that could take. And while it would be an opportunity for us to learn together, it won’t preclude the traditional process of the JEA board determining the appropriate strategic path going forward, and then subsequently seeking the approval of City Council should it be warranted.

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**Future Workshops**

Quite frankly given the fluid nature of all this, while I fully intend for these fact-finding workshops to continue as long as necessary, the timeline for them and the respective focus of each is likely to change. I do plan however to continue with the two scheduled for February as (roughly) outlined below.

* **Monday, February 10, 2020 11:00 am – 1:00 pm: Topic:** – A review of the strategic planning process that was implemented by JEA with the assistance of its consultants McKinsey & Company and how that may change going forward. Included in that would be a discussion regarding how we can make it a coordinated effort (JEA board & management and City Council) so as to build consensus and assure transparency.
* **Monday, February 24**, **2020 11:00 am – 1:00 pm: Topic:** – Presentations by one (or more) recognized industry experts that address the “headwinds” that utilities throughout the state are facing and what steps they are exploring/pursuing to address them.

Jacksonville City Council Members, JEA Board Members, all Board and Commission Members holding positions as appointed by the Jacksonville City Council, all Elected and Constitutional Officers, and interested parties are invited to attend.

For additional information or correspondence please contact Dr. Cheryl L Brown, Director Jacksonville City Council at CLBrown@coj.net or 904.255.5133 or Jeff Clements, Chief of Research at JeffC@coj.net or 904.255.5137.

MB/CLB/clb

XC: Jason Gabriel, General Counsel, City of Jacksonville Leeann Krieg, Office of the Mayor

 Jordan Elsbury, Office of the Mayor Stephanie Burch, Deputy CAO, Office of the Mayor

 Brian Hughes, CAO, Office of the Mayor Trustee Board Members, JEA

 Paige Hobbs Johnston, Chief, Office of General Counsel Kyle Billy, Council Auditor

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 JEA Government Liaison- JEA Carol Owens, Jacksonville City Council

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