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**CITY COUNCIL FUTURE OF JEA WORKSHOP MEETING MINUTES
Lynwood Roberts Room, 1st floor, City Hall**

**March 9, 2020
11:00 a.m.**

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

In attendance: Council Members Michael Boylan (Chair), Randy DeFoor, Joyce Morgan, Randy White, Ron Salem, Ju’Coby Pittman, Al Ferraro, LeAnna Cumber, Garrett Dennis, Brenda Priestly Jackson, Scott Wilson, Danny Becton, Tommy Hazouri

Also: Peggy Sidman and Lawsikia Hodges – Office of General Counsel; Kyle Billy, Kim Taylor, Heather Reber, Jeff Rodda – Council Auditor’s Office; Anthony Baltiero – Council Research Division; Carol Owens and Steve Cassada - Council Staff Services; Cheryl Brown – Council Secretary/Director; Steve Busey – Smith, Hulsey and Busey

Meeting Convened: 11:05 a.m.

Chair Boylan called the meeting to order and noted that it is important to remember that the purpose of these workshops is on the future of JEA and asked for a rollcall. Chair Boylan recognized multiple people in attendance including some of the proposed new JEA board members and the guest speakers, Susan Kelly – American Public Power Association (APPA), and Amy Zubaly – Florida Municipal Electric Association (FMEA), providing a brief introduction of each speaker.

Presentation by Amy Zubaly & Susan Kelly – The State of the Public Utility Industry

Ms. Zubaly provided a brief introduction of her professional experiences and started a presentation regarding the public utility industry. Ms. Zubaly provided information about the Florida Municipal Electric Association (FMEA) noting that the organization is not a utility, but rather a collective of Florida-based utilities. The presentation covered multiple topics, including participation in the Florida Lineman Competition. Ms. Kelly provided a brief overview of her professional background and provided information about the American Public Power Association (APPA) noting that APPA is a national version of FMEA. Ms. Kelly provided multiple statistics regarding national public power utility providers noting that there are 2,011 public utility companies operating in the United States.

Mr. Hazouri asked if JEA is a member of both organizations, APPA and FMEA. Ms. Zubaly said that JEA is a member of the APPA, but noted that JEA dropped their membership to FMEA in October of

2019. She said that JEA had recently asked to rejoin FMEA. Mr. Hazouri asked if JEA has utilized the resources of APPA or FMEA to create any recent policies. Ms. Zubaly said that JEA is very active in APPA sending staff members to conferences and professional development opportunities. She said that she is unaware of any direct link from the professional development services through to creating policy, but again noted that JEA is active in APPA training and development.

Mr. Ferraro asked how JEA ended their membership to the FMEA. Ms. Kelly said that the APPA typically stays out of local issues, but noted that there was a mischaracterization of the FMEA model portrayed by JEA and that JEA left the FMEA through a telephone call by Aaron Zahn, JEA CEO at the time. Mr. Ferraro asked if the JEA workers can still compete in the annual Lineman Competition despite leaving FMEA. Ms. Kelly said that because JEA has asked to rejoin the JEA workers can compete in the Lineman Competition. Mr. Ferraro asked if JEA was the biggest utility within the state. Ms. Kelly said that JEA is the third largest in the state and the eighth largest in the country. Mr. Ferraro asked for another utility in the state that is closely comparable to JEA. Ms. Kelly said that JEA is probably the most comparable to the Orlando utility.

Ms. Zubaly added that JEA is a part of the Large Public Power Council (LPPC) and listed other utility services that are comparable to JEA from other cities/areas such as Los Angeles, Long Island, Salt River, and others. Ms. Pittman asked if there is a cost to membership to the APPA and/or FMEA and if there are requirements to be members of the other organizations. Ms. Kelly said that because of the differences in size, scope, and location between all of the utility services, the APPA has a complicated formula for calculating each utility's annual dues. She is unsure of the latest amount, but will get the figure to the Council Members. Ms. Zubaly said that FMEA dues are based on kilowatt hour usage and stated that JEA pays about \$175,000.00 annually in dues. Ms. Pittman asked what the annual fees pay for. Ms. Zubaly said that with the dues the utility gets mutual aid and coordination during natural disasters, advocacy, professional development services, conferences, networking, and the Lineman Competition.

Mr. Dennis asked the speakers to share best practices on staffing a utility board, particularly asking if there should be any specific qualifications or background experiences for board members. He also asked who made the decision to drop the membership to the FMEA. Chair Boylan asked if Mr. Dennis could hold the governance questions until the speakers get to that portion of the presentation. Ms. Zubaly did answer the latter question saying that she is unsure who made the decision to drop the FMEA membership and that all that she knows is that there was a telephone call from Aaron Zahn asking to drop the FMEA membership. She said that it seemed odd because Mr. Zahn asked for JEA to be dropped soon after the new fiscal year had started.

Mr. Hazouri asked if there are conflicts between JEA and utilities from other cities because of Jacksonville's consolidated government. Ms. Zubaly said that conflicts rarely happen within FMEA. Ms. Kelly said that conflicts are more common at the national level because of diverse nature of the different utilities, but said that there aren't direct conflicts due to Jacksonville's consolidated government structure. Mr. Hazouri added that the timing of when JEA dropped their FMEA membership is very questionable.

The speakers continued their presentation discussing the benefits of public power, including that they are locally owned, not-for-profit, eligible for FEMA assistance, affordable rates, faster outage response time, and that they are a high value to the City and customers. Mr. Ferraro asked about the possibility of having underground powerlines in Jacksonville. Ms. Kelly said that if the City owns the utility, it is much easier to transition to underground powerlines, but noted that the cost is still very high and that it would need to be a major priority of the city. Ms. Zubaly continued the presentation by showing a monthly bill comparison between the different FMEA utilities. JEA falls just below the municipal average for monthly rates. The data also showed yearly rate averages and a reliability comparison. JEA is highly rated in their

outage response time. The data also showed statistics regarding hurricane restoration for both hurricanes, Irma and Matthew.

Mr. Salem asked if there are any new methods or technologies that could reduce the cost of transitioning to underground powerlines. Ms. Zubaly reiterated that the process is very expensive and that the best practice would be to break down the project of many years with only a small portion of powerlines transitioned underground annually. Ms. Priestly Jackson asked which other Florida utility service area is most comparable to JEA/Jacksonville socioeconomically. Ms. Zubaly said that she would need to see more data to give an accurate answer, but her guess is that it would probably be one of Orlando, Lakeland, Tallahassee, or Jacksonville Beach. Mr. Becton asked if utility coops are included in FMEA. Ms. Zubaly said that they are not included, but they are a part of a similar organization that acts as a trade association for utility coops. Mr. Becton asked if there is coordination between FMEA and the coops. Ms. Zubaly noted that FMEA has a very close working relationship with the local utility coops. Mr. Becton asked about mutual aid coverage since JEA dropped from FMEA. Ms. Zubaly said that because JEA has asked to rejoin that they are now covered by all of the FMEA benefits, but if they would have needed aid in the fall they would not have been covered.

Ms. DeFoor asked how FMEA and APPA can be beneficial to economic development. Ms. Kelly said that the APPA works closely with cities to find out their particular needs and to identify new business opportunities based on those needs. Chair Boylan asked if the APPA is anticipating “flat growth” in the coming years. Ms. Kelly said that seeing flat growth is a “big if” noting that there are multiple variables to consider. She noted that it is true that as energy efficiency grows, less power is consumed, but said that variables such as the electrification of vehicles and other areas of municipal use will offset the higher efficiency. Ms. Zubaly said that in Florida the per person usage is dropping, but the population is steadily growing and when combined with more electrification there may actually be a growth in the coming years. Mr. Boylan asked Ms. Zubaly for her opinion on whether or not potential suiters were looking to buy JEA because of the possibility of growth. Ms. Zubaly said that was most likely the case.

Ms. DeFoor asked for clarification of what the “demand rate” is within utilities. Ms. Kelly said that the demand rate is a way to raise funds for fixed utility costs regardless of power usage. She explained that there are costs such as materials and day-to-day operation costs that exist regardless of power usage. She said that a demand charge will appear on customers’ bill to help offset these fixed costs.

Ms. Priestly Jackson opined on JEA dropping their FMEA membership and said that she would like to include language in a Charter amendment to not allow JEA to discontinue membership in any trade association without good cause.

Mr. Dennis again asked the guest speakers to talk about best practices in utility governance. Ms. Zubaly said that governance is tricky and depends a lot on the make up of the local community. She stated that specializations and background qualifications may be different from utility to utility based on the local government structure and needs of the population. Ms. Zubaly continued the presentation talking about the different governance options for local utilities, including City Council/Commission, Commission/customer committee hybrid, appointed utility authority, elected utility authority, customer advisory committee, and public service commission. She provided a brief description of each governance option.

Chair Boylan asked what the biggest City Council/Commission utility in Florida is. Ms. Zubaly said that she believes it is either Tallahassee or Gainesville. Chair Boylan asked if it is common practice for utility board members to be compensated. Ms. Kelly said that there are some utility boards that are compensated, but it is not a common practice. Ms. Zubaly said that there are very few compensated utility boards in Florida and that the compensation is nominal.

A discussion was had regarding the role of the Public Service Commission (PSC) as it relates to utilities, particularly JEA. Jody Finklea, General Counsel for FMEA, briefly explained the PSC process and role within the utilities industry noting that they are an arm of the legislative branch of government. Councilmembers Hazouri, Salem, DeFoor and Priestly Jackson asked about red flag indicators that the PSC would look for in the utility reports. Mr. Finklea said that in the particular case of JEA there weren't any red flag indicators of something being off because the report that was given to PSC was different than the report that was presented to the JEA board and it did not have any glaring red flags. Mr. Finklea said that the PSC has the ability to sanction utilities if necessary. Ms. Priestly Jackson stressed that it is imperative to have uniformity in the information from external JEA documentation with any differences or discrepancies noted and explained. Ms. Morgan talked about different hurdles that utility companies have to overcome. Mr. Finklea said that many of the issues are able to be handled at the local level.

The guest speakers concluded their presentation talking about expanded energy services and programs such as smart lighting, neighborhood solar power, customer rebates, and more. Chair Boylan said that a huge part of what FMEA and APPA does is sharing best practices and advocacy. Ms. Kelly and Ms. Zubaly strongly agreed.

Ms. Pittman asked how the FMEA and APPA engage the community and pertinent unions regarding getting involved when a transition of power or sale of the entity is proposed. Ms. Kelly said that there are a variety of methods for engaging the community, including sending surveys, community meetings, reaching out to community groups and educational programs within the local schools. Mr. Ferraro asked about energy independence and the shift away from coal. Ms. Kelly agreed and said that the national trend is leaning toward reducing emissions and using fossil fuels in a more ecofriendly manner. Mr. Ferraro asked for a percentage of utilities that are still using coal and Ms. Kelly said that she does not know offhand and will get those figures to the Council. Ms. DeFoor asked about areas that JEA have previously claimed are off limits including the use of "dark fiber". Mr. Finkly said that there could possibly be some minor contractual issues, but noted that there are no restrictions with using dark fiber.

Mr. Salem asked about the nuclear power plant, Plant Vogtle. Ms. Kelly said that she is hesitant to comment because both utility companies with ties to Plant Vogtle are APPA members, but stated that nuclear energy is clean energy and could be a part of any utility' clean energy future plans.

Chair Boylan shared the memo that he sent out and went over details relating to the process of making changes to Article 21 of the Charter. He noted that there are five sections that he would like members of the group to help edit, including privatization, applicable powers, procurement, real estate, and the JEA Board manual. Three of the five topics have been given out: Privatization – Ms. DeFoor, applicable powers – Ms. Priestly Jackson, and JEA Board manual – Chair Boylan.

Next meeting

Due to time constraints, the proposed presentation by Peggy Sidman, Office of General Counsel, relating to the proposed Article 21 changes has been postponed to the next workshop session. Additionally, Chair Boylan noted that the next meeting will focus more on the water side of the utility. The next workshop session is scheduled for 3/23/2020.

Meeting adjourned: 1:16 p.m.

Minutes: Anthony J. Baltiero, Council Research Division

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3.10.20 Posted 5:00 p.m.