



Building Community

**AGENDA ITEM SUMMARY**

June 13, 2018

<b>SUBJECT:</b>	<b>SHAREHOLDER FRAMEWORK</b>
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**Purpose:**       Information Only       Action Required       Advice/Direction

**Issue:** On April 17, 2018, the Board and Interim Managing Director/CEO contemplated a transition period and plan for JEA and its management ("Transition"). The Transition period contemplated by the Board included a process and mechanism for ensuring alignment of JEA with the City Council and Mayor's Office relative to financial, operational and community expectations of JEA.

**Significance:** Alignment of Board, management, City Council and Mayor is critically important to JEA's success. The City being a "Shareholder" and the City Council / Mayor being "Shareholder Trustees" is still a relatively new concept. Furthermore, ensuring alignment of Shareholder Trustees with JEA's strategic plan implemented by its Board and management team is a new concept. A full appreciation for alignment is a prerequisite for optimum corporate and operational structuring. Creating an optimum alignment among the stakeholders can dramatically improve organizational success. Failure to create alignment often leads directly to failure to execute financial, operational and community improvement strategies.

**Effect:** A consensus around the Shareholder Framework document will provide JEA with a simple measuring stick upon which to develop, implement and execute a corporate strategic plan through 2028.

**Cost or Benefit:** Long term planning and value creation for JEA.

**Recommended Board action:** This agenda item is provided for information only.

**For additional information, contact:** Aaron Zahn – 904-665-4396

Submitted by: AFZ

<b>MISSION</b>		<b>VISION</b>		<b>VALUES</b>	
Energizing our community through high value energy and water solutions		JEA's premier utility provider, valued asset and active partner in achieving a sustainable community.		<ul style="list-style-type: none"> <li>- Safety</li> <li>- Service</li> <li>- Growth</li> <li>- Accountability</li> <li>- Integrity</li> </ul>	

**Commitments to Action**

- 1** Earn Customer Loyalty
- 2** Deliver Business Excellence
- 3** Develop an Unbeatable Team

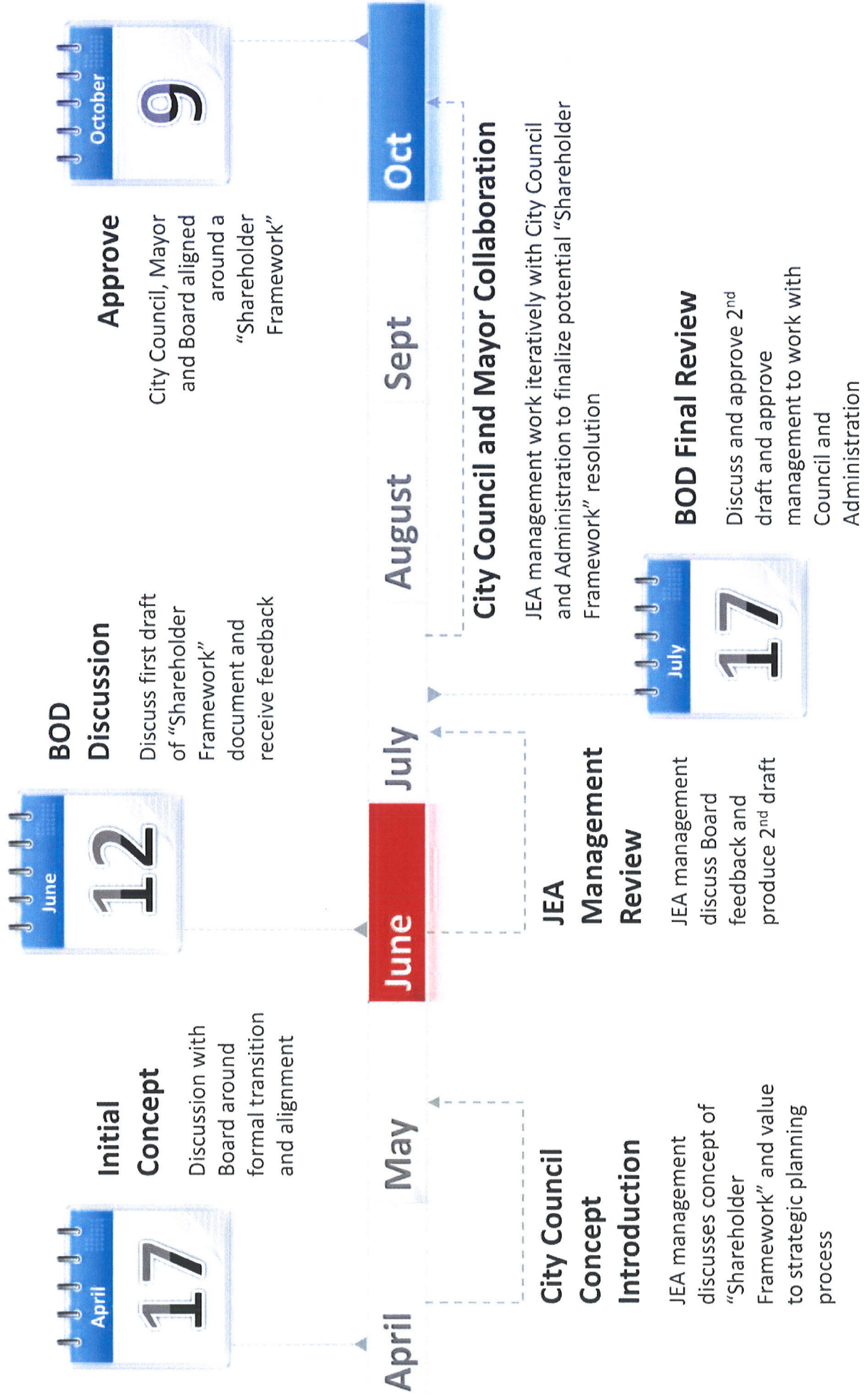
**Δ π EXHIBIT 31**

Deponent Howard

Date 6/19/2018 Rpt. tu

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# Collaborative “Shareholder Framework” Timeline





1 Jacksonville currently in the amount of \$116 million dollars annually  
2 pursuant to that Article 21 Section 21.07 (collectively over time,  
3 the "Contribution"); and

4 **WHEREAS**, the trends of technology and in the markets of JEA may  
5 create a more competitive market for the existing business model of  
6 JEA; and

7 **WHEREAS**, several stakeholders of the community of Jacksonville,  
8 including but not limited to, the Mayor, the City Council, the  
9 customers of JEA, and the employees of JEA, believe JEA must evaluate  
10 its position and business plan within its core industries in order  
11 best serve the citizens of Jacksonville; and

12 **WHEREAS**, JEA would benefit from a 10-year strategic plan that  
13 identifies the resources and initiatives needed to effectively  
14 anticipate and respond to the rapid changes in competition, technology  
15 and the utility industry; and

16 **WHEREAS**, previously, the Council adopted Part 3 Chapter 21 of  
17 the Ordinance Code of the City of Jacksonville, declaring, as City  
18 policy that the "services provided by the Consolidated Government  
19 should be delivered in the most expeditious and efficient manner  
20 possible with delivery of said services being continually evaluated  
21 so that inefficiency is eliminated and quality of services improved";  
22 and

23 **WHEREAS**, the policies of the City and the State encourage review  
24 of agencies in order to ensure "best in class" services are provided;  
25 and

26 **WHEREAS**, pursuant to Article 21, Section 21.11, the Legislature  
27 granted unique powers to the City Council to amend or repeal  
28 provisions of Article 21; and

29 **WHEREAS**, the City Council of the City of Jacksonville desires  
30 to express its will and intent as a fiduciary trustee for the City  
31 of Jacksonville related to JEA ("Shareholder Trustee"); and

1           **WHEREA**, the City Council of the City of Jacksonville desires to  
2 express its will and intent as a policy making body and advocate for  
3 the citizens of Jacksonville ("Customer Advocate"); now therefore

4           **BE IT RESOLVED** by the City Council of the City of Jacksonville:

5           **Section 1.           2028 Strategic Plan.** The City Council, as both  
6 a Shareholder Trustee and Customer Advocate, hereby encourages JEA  
7 to update its strategic plan for the JEA as a whole, and for each of  
8 its service divisions as outlined in the Charter ("Strategic Plan").

9           **Section 2.           Shareholder Trustee Framework.** As Shareholder  
10 Trustee, the City Council, invested in the financial and operational  
11 success of JEA, and desiring to provide guidance to the JEA in  
12 measuring the efficacy of a Strategic Plan, recommends to the Board  
13 of JEA, the Strategic Plan establish financial and operational  
14 initiatives that result in:

- 15           (a) maintain financial performance metrics necessary to  
16           preserve Aa3 / AA- ratings, or similar 3<sup>rd</sup> party risk  
17           measures as adopted and deemed appropriate by JEA from time  
18           to time;
- 19           (b) preserve or increase the Contribution of JEA to the City;
- 20           (c) establish and maintain open and transparent communication  
21           of the review, creation, deliberation, implementation and  
22           execution of JEA's Strategic Plan;
- 23           (d) provide JEA customers with electric, water and wastewater  
24           services at a rate structure equal to or less than industry  
25           average;
- 26           (e) maintain customer service standards within the top quartile  
27           of industry standards;
- 28           (f) continue investment and development of employment within  
29           Jacksonville; and,
- 30           (g) establish growth initiatives with respect to electric,  
31           water, sewer, natural gas and such other services, systems

1                   and/or products.

2           **Section 3.           Customer Advocate Framework for Electric**  
3 **Services.** As Customer Advocate, the City Council, desiring to provide  
4 guidance to the JEA in measuring the efficacy of a Strategic Plan,  
5 recommends to the Board of JEA that, the Strategic Plan, where  
6 possible while first meeting the prerequisite conditions of the  
7 Shareholder Trustee Framework, should:

- 8           (a) provide for expansion of electric services within the  
9           current JEA service territory;
- 10          (b) provide for overhead to underground transportation  
11          conversation;
- 12          (c) provide value-add electric services behind the meter to  
13          enhance customer experience;
- 14          (d) provide for renewable energy initiatives;
- 15          (e) provide for economic development support within the JEA  
16          service territory;
- 17          (f) provide for reduction in carbon emissions from electric  
18          generation; and,
- 19          (g) provide for small and emerging business opportunities.

20           **Section 4.           Customer Advocate Framework for Water and**  
21 **Wastewater Services.** As Customer Advocate, the City Council, desiring  
22 to provide guidance to the JEA in measuring the efficacy of a  
23 Strategic Plan, recommends to the Board of JEA that, the Strategic  
24 Plan, where possible while first meeting the prerequisite conditions  
25 of the Shareholder Trustee Framework, should:

- 26           (a) provide for expansion of water and wastewater services  
27           within the current JEA service territory;
- 28           (b) provide for environmental stewardship and improvement of  
29           surface and ground water quality within JEA service  
30           territory;
- 31           (c) provide value-add water and wastewater services behind the

1 meter to enhance customer experience;

2 (d) provide for sustainable and efficient management of water  
3 supply within JEA service territory;

4 (e) provide for economic development support within the JEA  
5 service territory; and,

6 (f) provide for small and emerging business opportunities.

7 **Section 5. Customer Advocate Framework for Other Services.**

8 As Customer Advocate, the City Council, desiring to provide guidance  
9 to the JEA in measuring the efficacy of a Strategic Plan, recommends  
10 to the Board of JEA that, the Strategic Plan, where possible while  
11 first meeting the prerequisite conditions of the Shareholder Trustee  
12 Framework, should:

13 (a) provide services, partnerships and support of Smart City  
14 enhancements with the City of Jacksonville;

15 (b) provide services, partnerships and support for economic  
16 development with the City of Jacksonville;

17 (c) provide for services and/or partnerships that enhance the  
18 environment of the City of Jacksonville; and,

19 (d) provide for operational support and partnerships with the  
20 City of Jacksonville.

21 **Section 6. Effective Date.** This Resolution shall become  
22 effective upon signature by the Mayor or upon becoming effective  
23 without the Mayor's signature.

24 Form Approved:  
25