

**CITY COUNCIL RESEARCH DIVISION
LEGISLATIVE SUMMARY**



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Bill Type and Number: Ordinance 2019-863

Introducer/Sponsor(s): Council Member DeFoor

Date of Introduction: November 26, 2019

Committee(s) of Reference: F, R

Date of Analysis: November 27, 2019

Type of Action: Expression of Council sentiment

Bill Summary: The bill encourages the JEA board to take formal action to rescind its Performance Unit Plan at the next JEA board meeting. The Chief of Legislative Services is directed to forward copies of the adopted resolution to the JEA Board and to CEO Aaron Zahn.

Background Information: At its July 23, 2019 meeting the JEA board of directors adopted a Performance Unit Plan (PUP), a long-term incentive pay plan that would reward employees who chose to voluntarily participate in the plan if the JEA met pre-established financial targets after 3 years. Employees could purchase PUP “units” for \$10 apiece (JEA would sell a maximum of 100,000 units) that could increase in value in proportion to the utility’s success in meeting the long-term performance goals. The Council Auditor recently released a report raising cautions about the PUP and making several recommendations, including the imposition of a cap on ultimate value of the units.

Policy Impact Area: JEA performance incentive program

Fiscal Impact: According to the Council Auditor the financial impact to JEA and the City of the Performance Unit Plan would fall in a range between zero and unlimited. Based on JEA’s FY20-FY22 forecast, the financial impact would be \$15,778,000 if 100,000 units were purchased at \$10 and achieved a redemption value of \$167.78. Based on JEA’s last three years of actual audited performance, the financial impact would have been \$101,350,000 if 100,000 units were purchased at \$10 and achieved a redemption value of \$1,023.50.

Analyst: Clements