

CITY COUNCIL RESEARCH DIVISION LEGISLATIVE SUMMARY



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Bill Type and Number: Resolution 2020-42

Introducer/Sponsor(s): Council Member Becton

Date of Introduction: January 14, 2020

Committee(s) of Reference: TEU, F, R

Date of Analysis: January 16, 2020

Type of Action: Request to JEA Board of Directors; direction to Chief of Legislative Services

Bill Summary: The bill urges the JEA Board to take or refrain from four actions:

- 1) Take or initiate all actions necessary to renegotiate, rescind, cancel and/or terminate all executed non-CEO employment agreements between JEA and senior leadership employees approved by the JEA Board at its July 23, 2019, board meeting in connection with Scenario 3 (Non-Traditional Utility Response), subject to the consent of affected senior leadership employees as may be required by law;
- 2) Direct the Interim JEA CEO to reopen collective bargaining negotiations and renegotiate applicable JEA collective bargaining agreements to remove from the agreement terms any JEA employee retention payments that are contingent upon a Recapitalization Event;
- 3) Refrain from including as a condition to a Recapitalization Event or JEA reorganization that JEA employees, non-JEA employees, or JEA customers receive grants, refunds, rebates or other cash or in-kind incentives in any JEA proposed Recapitalization Event (as defined in Section 120.201(HH), Ordinance Code) or JEA proposed reorganization to be approved by Council; and
- 4) Fully engage and inform all stakeholders, ratepayers, and other interested parties in any strategic planning process and/or decision-making process regarding the future of JEA to enable such stakeholders, ratepayers, and other interested parties to participate in any strategic planning process and/or decision-making process regarding the future of JEA to the greatest extent practicable.

The Chief of the Legislative Services Division is directed to forward a copy of the adopted resolution to the JEA Board and the Interim CEO.

Background Information: As part of its exploration of various possible future scenarios, the JEA Board authorized consideration of several different privatization options. As a contingency in the event a privatization option was chosen and came to fruition, the board also authorized the JEA CEO to pursue and implement employee retention payments for all JEA employees, non-CEO employment agreements with senior leadership employees, long-term performance incentives for JEA and non-JEA employees, and customer rebate programs, all of which were either subject to, associated with, or to be implemented in the context of a Recapitalization Event. The purpose of the various programs was to retain key management personnel through a privatization transition period, to protect the interests of unionized employees, particularly with regard to their pensions, to incentivize employees and to provide JEA's customers with rebates in the event of a Recapitalization Event of at least \$400 million. The purpose of this bill is to urge JEA to cancel all of these privatization-contingent programs and to involve JEA's stakeholders and ratepayers in any future discussion of strategic planning for JEA's future.

Policy Impact Area: JEA operations

Fiscal Impact: Estimated at nearly \$545 million for the retention payments, incentives and customer rebates.

Analyst: Clements