

**CITY COUNCIL RESEARCH DIVISION
LEGISLATIVE SUMMARY**



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Bill Type and Number: Ordinance 2023-724

Introducer/Sponsor(s): Council President at the request of the JEA

Date of Introduction: October 10, 2023

Committee(s) of Reference: F, TEU

Date of Analysis: October 12, 2023

Type of Action: Authorization of bond issues; declaration that debt issuances are limited obligations of the JEA

Bill Summary: The bill authorizes the JEA to issue revenue bonds in varying capped amounts to support acquisition and/or construction of additions, extensions and improvements to its electric, water and sewer, and district energy systems, or to refund previously issued bonds. The bonds are declared to be limited obligation debts of the JEA payable solely from the pledged revenues and do not constitute general obligation debts of the JEA or the City.

Background Information: JEA needs to increase its borrowing authorizations to finance capital improvements approved in its FY23-24 budget and is using this opportunity to change to a new system of borrowing authorization. Prior authorizations were incremental and tied to multiple issuance amounts over time, making it complicated to track how much authorization was still available for use and how much had been paid off on the multiple bonds. Also, adding together all prior borrowing authorizations without also totaling and subtracting out all borrowing previously paid off or refunded would produce a very high cumulative borrowing authorization figure that could be easily misinterpreted. JEA's Board approved a resolution that established a not-to-exceed debt outstanding amount (or "debt ceiling") for each of its systems: Electric System (Enterprise) - \$1.9 Billion, Water and Sewer System - \$2.5 Billion, & District Energy System - \$150 Million. The proposed not-to-exceed amounts consider debt-to-asset ratio targets needed to maintain JEA's credit rating and compliance with JEA's Pricing Policy over time. The debt ceiling approach is simpler and more transparent, allowing anyone to see clearly how much debt JEA is allowed to borrow for each system.

Policy Impact Area: JEA capital projects and debt authorization

Fiscal Impact: The bill authorizes \$352.6 million in new borrowing for the water and sewer system and \$21.6 for the district energy system for FY23-24. No new borrowing for the electric system is planned for FY23-24.

Analyst: Clements