

MEMORANDUM



FY24 Budgetary Amendment

Board Meeting Date: September 24, 2024

Outcome: INFORMATION ONLY ACTION FUTURE BOARD CONSIDERATION

If Action, Provide a Recommended Motion: Staff recommends that the Board approve the attached Resolution 2024-60, which is a replacement of Resolution 2024-47 approved on August 27, 2024.

Consent Agenda Item: Yes No

Presenter: Located within Consent Agenda

Chief: Ted Phillips, Chief Financial Officer

Strategic Focus Area: DEVELOPING AN UNBEATABLE TEAM DELIVERING BUSINESS EXCELLENCE EARNING CUSTOMER LOYALTY

Purpose of Agenda Item: The update is a result of discussions with the City Council Auditor’s Office who have recommended substantial changes to the initially proposed amendment. Recommendations include for the amendment be limited to appropriating the use of the FY2023 Budget Surplus Funds for Electric and Water and use of previous year revenue in the form of higher than budgeted withdrawals from Stabilization Funds. The amendment for District Energy System Base Revenue has also been removed, per request of the City Council Auditor’s Office. In consideration of these substantial changes, the Office of General Counsel advised for the JEA Board to review and approve the proposed Amendment as revised before legislation can be filed for City Council approval.

Resolution 2024-60 authorizes the Interim Managing Director/CEO to make a budgetary amendment after the close of the fiscal year to appropriate revenues exceeding the approved budget, adjust expense budget for unbudgeted withdrawals of stabilization funds, and appropriate capital expenses. This includes authorizing the Managing Director/CEO to update Schedules A and B with amended budget values, seek legislative approval for the budget amendment through the City of Jacksonville Office of General Counsel, and notify the City Council President of intent to, reason for, and action of seeking legislative approval.

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Background Information & Analysis:

JEA's Operating and Capital Budgets are typically approved in September prior to October 1st of the new fiscal year. JEA's Operating and Capital budgets for Fiscal Year 2024 were approved by the City of Jacksonville in September of 2023. JEA is seeking a budgetary amendment after the close of the fiscal year to appropriate FY23 surplus revenues, adjust expense budget for unbudgeted withdrawals of stabilization funds, appropriate additional revenues, and appropriate capital expenses. See below tables for amended budget values:

SCHEDULES A & B

Electric System – Schedule A	Original Budget	Amended Budget	Change
Other Revenues	41,207,575	69,364,476	28,156,901
Environmental – Rate Stabilization	(1,323,637)	(3,400,000)	(2,076,363)
Operating Capital Outlay ¹	71,993,225	102,226,489	30,233,264

Total Schedule A budget increases from \$1,328,857,676 to \$1,357,014,577

Water & Wastewater System – Schedule A	Original Budget	Amended Budget	Change
Other Revenues	18,369,380	34,430,045	16,060,665
Environmental – Rate Stabilization	-	(650,000)	(650,000)
Operating Capital Outlay ¹	66,039,093	82,749,758	16,710,665

Total Schedule A budget increases from \$612,721,663 to \$628,782,328

District Energy System – Schedule A	Original Budget	Amended Budget	Change
Investment Income	-	200,000	200,000
Operating Capital Outlay ¹	2,204,643	2,404,643	200,000

Total Schedule A budget increases from \$12,561,440 to \$12,761,440

¹ Original Budget does not include Funds Transfers performed throughout Fiscal Year 2024 and reflects budget as approved in September 2023.

Electric System - Schedule B Capital Funds	Original Budget	Amended Budget	Change
Operating Capital Outlay ¹	71,993,225	102,226,489	30,233,264
Other Proceeds	129,155,037	107,048,722	(22,106,315)

Water System - Schedule B Capital Funds	Original Budget	Amended Budget	Change
Operating Capital Outlay ¹	66,039,093	82,749,758	16,710,665
Debt Proceeds	294,220,813	292,944,953	(1,275,860)

District Energy System - Schedule B	Original Budget	Amended Budget	Change
Operating Capital Outlay	2,204,643	2,404,643	200,000
Debt Proceeds	13,945,366	13,745,366	(200,000)

¹ Original Budget does not include Funds Transfers performed throughout Fiscal Year 2024 and reflects budget as approved in September 2023.

Electric System Capital Projects - Schedule B	Original Budget	Amended Budget	Change
Generation Projects	48,084,000	51,776,988	3,692,988
Transmission & Distribution Projects	160,727,000	166,785,218	6,058,218
Other Projects	62,113,000	60,488,743	(1,624,257)

Total Schedule B Budget Electric System Capital Projects increases from \$270,924,000 to \$279,050,949

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Background Information & Analysis:

Water System Capital Projects - Schedule B	Original Budget	Amended Budget	Change
Water Projects	133,995,000	169,434,170	35,439,170
Sewer Projects	332,425,000	319,117,506	(13,307,494)
Other Projects	48,053,000	41,356,129	(6,696,871)
Total Schedule B Budget Water System Capital Projects increases from \$514,473,000 to \$529,907,805			

Financial Impact:

Electric System: Environmental Rate Stabilization withdrawals have been adjusted to reflect the projected end of year actual withdrawal. Projected higher than budgeted O&M expense related to Kennedy Generating Station Remediation has increased the value of the projected withdrawal.

In addition, the Other Revenue category has been adjusted to reflect the additional \$28.2M contribution to Operating Capital Outlay that was carried over from a remaining surplus in FY2023.

Water System: Due to unbudgeted withdrawals from the Environmental Rate Stabilization Fund, the FY2024 expense budget is being adjusted to reflect the total withdrawal from the fund.

In addition, the Other Revenue category has been adjusted to reflect the additional \$16.1M contribution to Operating Capital Outlay that was carried over from a remaining surplus in FY2023.

The offsetting adjustments are to Operating Capital Outlay for a balanced budget.

District Energy System: Due to increased Investment Income, total District Energy System revenues are projected to exceed the original budget. The resulting additional overall revenue has been contributed to the Operating Capital Outlay for a balanced revenue and expense budget.

Electric Capital: The Electric System Fiscal Year 2024 Capital Budget is projected to exceed the original projected budget of \$271M. The amended amount is \$279M and accommodates the final fiscal expenses for over 200 total Electric System projects.

Water Capital: The Water System Fiscal Year 2024 Capital Budget is projected to exceed the original projected budget of \$514M. The amended amount is \$530M and accommodates the final fiscal expenses for over 200 total Water System projects.

Committee/Board Meeting/Workshop & Date Previously Presented:

JEA Board of Directors Meeting – August 27, 2024

Appendix:

Original Schedules A & B
 Amended Schedules A & B
 Resolution 2024-60