

JEA
BOARD AGENDA

DATE: January 16, 2018

TIME: 12:00 PM

PLACE: JEA
21 West Church Street
19th Floor

I. WELCOME

- A. Call to Order
- B. Time of Reflection
- C. Pledge to Flag
- D. Adoption of the Agenda
- E. Safety Briefing
- F. Sunshine Law/Public Records Statement – Jody Brooks, Chief Legal Officer

II. PRESENTATIONS AND COMMENTS

- A. Comments from the Public
- B. Council Liaison's Comments – Matt Schellenberg
- C. Office of the Mayor Liaison's Comments – Dr. Johnny Gaffney
- D. J. D. Power Business Customer Results – Kerri Stewart, Chief Customer Officer

III. FOR BOARD CONSIDERATION

- A. Consent Agenda – The Consent Agenda consists of agenda items that require Board approval but are routine in nature, or have been discussed during previous public meetings of the Board. The Consent Agenda items require no explanation, discussion or presentation, and are approved by one motion and vote.
 - 1. Approval of Board Meeting Minutes December 12, 2017 – **action**
 - 2. Sole Source and Emergency Procurement/Procurement Appeals Board Report – information
 - 3. Monthly JEA Financial Review & Statements – information
 - 4. Monthly JEA Operations Report – information

5. Monthly FY18 Communications & Engagement Calendar and Plan Update – information

B. Strategic Discussions/Action

1. Recommendation to Call a Public Hearing to Modify the Water and Sewer Rate Document – Melissa Dykes, Chief Financial Officer – 10 minutes – presentation/**action**
2. Real Estate Purchase & Sale Agreement for Southside Generating Station (SGS) Property – Fifth Amendment Request By City of Jacksonville – presentation/**action**
3. CEO Contract Modification and Extension – Jody Brooks, Chief Legal Officer – 10 minutes – discussion/**action**
4. JEA Electric Distribution: Options for Storm Resiliency – Mike Brost, Vice President/General Manager, Electric Systems – 10 minutes – presentation/information
5. Monthly Operational and Financial Review – Melissa Dykes, Chief Financial Officer – 10 minutes – presentation/information

C. Open Discussion

D. Other New Business

E. Old Business – none

IV. REPORTS

A. Managing Director/CEO's Report

B. Chair's Report

V. CLOSING CONSIDERATIONS

A. Announcements – Next Board Meeting February 20, 2018

B. Adjournment

Board Calendar

Board Meetings: 12:00 PM – Third Tuesday of Every Month

Exceptions: December 11, 2018

Committees:

Finance & Audit Committee: March 12, 2018

Compensation Committee: TBD

Government Affairs Committee: TBD

-
- A. If you have a disability that requires reasonable accommodations to participate in the above meeting, please call **665-7550** by **8:30 AM** the day before the meeting and we will provide reasonable assistance for you.
- B. If a person decides to appeal any decision made by the JEA Board with respect to any matter considered at this meeting, that person will need a record of the proceedings, and, for such purpose, needs to ensure that verbatim record of the proceedings is made, which record includes the evidence and testimony upon which the appeal is to be based.



INTER-OFFICE CORRESPONDENCE

January 10, 2018

SUBJECT: BOARD MEETING AGENDA

FROM: Melissa Charleroy and Cheryl Mock, JEA Executive Assistants

TO: All Members, JEA Board of Directors

Scheduled times and locations for JEA meetings to be held **Tuesday, January 16, 2018**, are as follows:

12:00 PM Board Meeting 19th Floor, JEA Tower

We are looking forward to seeing you on the 16th. Please call Melissa Charleroy at 665-7313 or Cheryl Mock at 665-4202 if you require additional information.

/mmc

cc:

P. McElroy	M. Hightower	S. Tuten	W. Stanford
J. Brooks	T. Hobson	M. Charleroy	M. Evans
M. Brost	B. Roche	C. Mock	J. Gutos
P. Cosgrave	K. Stewart	B. Taylor	L. Bartley
M. Dykes	J. Bryant	M. Ruiz-Adams	S. Datz
A. Hiers	G. Boyce	D. Swain	J. Gabriel, OGC

e-copy:

Brandon Edwards
Security Desk
Security Office
Brandi Sneed
Russell Park
Ted Delay
Timothy Chrisp
Ontario Blackmon

I. F.
Sunshine Law/Public Records Statement

Florida's Government in the Sunshine Law
Office of General Counsel

This meeting is being held in compliance with Florida's Government in the Sunshine Law, §286.011, Florida Statutes, and shall be open to the public at all times. Official acts of the JEA Board may be conducted at this meeting that will be considered binding on the JEA. Reasonable notice has been provided and minutes of this meeting shall be taken and promptly recorded.

II. D.

J. D. Power Business Customer Results

J.D. Power Business Survey FY18 Final Results

Update on Drivers
Important Trends
Strategic Focus

JEA Board of Directors Meeting
January 16, 2018



J.D. Power Customer Satisfaction Studies FY18

Residential

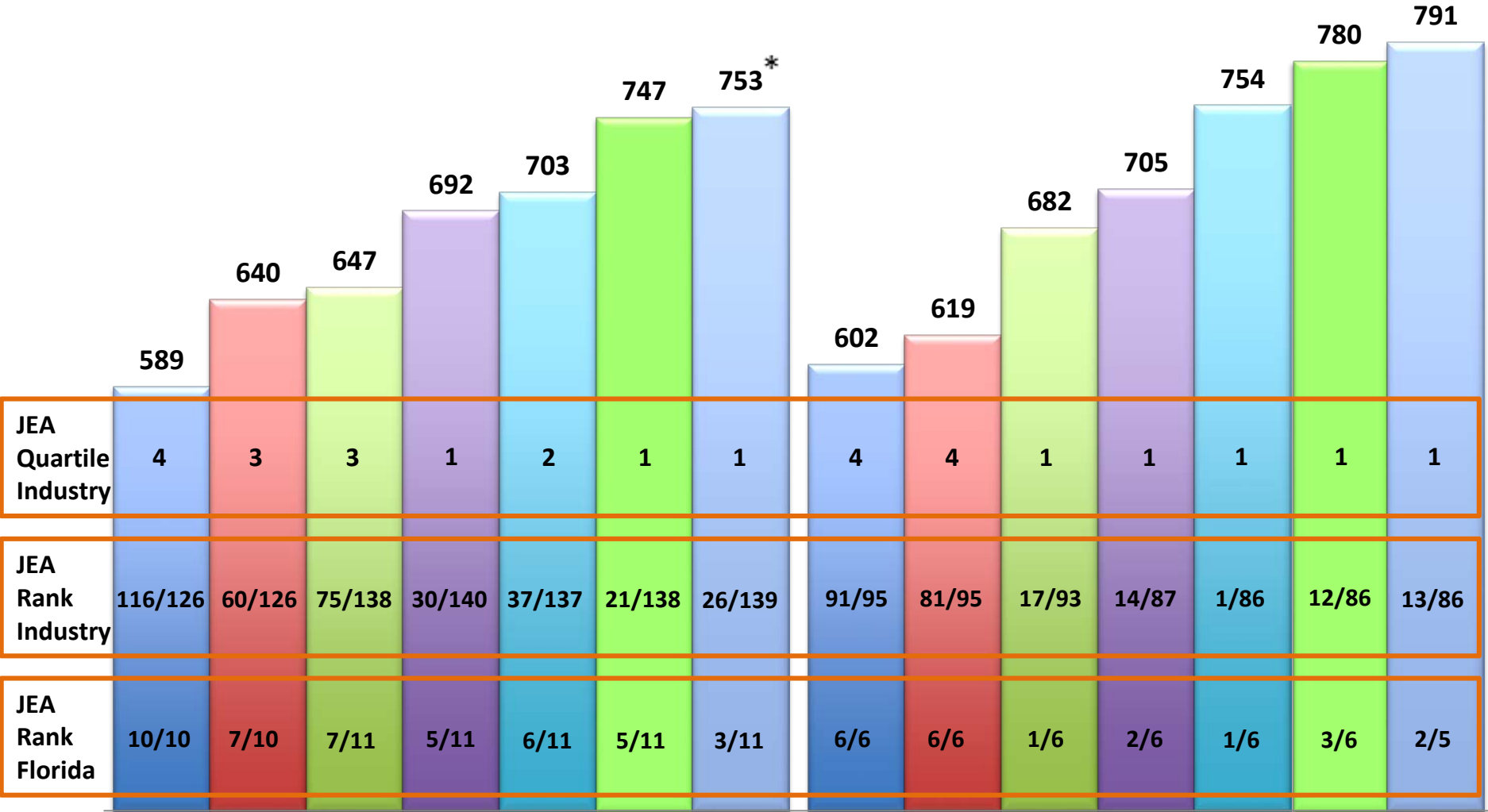
- * Now 138 electric companies
 - Twelve companies added to Midsize
Now 100,000 – 499,999 customers
 - Large : 500K or more customers
 - 4 regional areas: E, MW, S, W
- * 4 fielding periods
 - Jul/Aug 2017 & Oct/Nov 2017
 - Jan/Feb 2018 & Apr/May 2018
- * Online Survey
 - Over 140 questions & approx. 100,000 responses
 - JEA sample size is approximately 800 annually
- * Official score is reported each year in July

Business

- * Targets 99 electric companies
 - 25,000+ Business customers
With average monthly bill of at least \$250
 - Large: more than 85,000 customers
 - Midsize: 25,000 to 84,999 customers
 - 4 regional areas: E, MW, S, W
- * 2 fielding periods
 - Feb to Jun 2017 & Jul to Oct 2017
- * Online Survey
 - Over 140 questions & over 25,000 responses
 - JEA sample size is approximately 200 annually
- * Official score is reported each year in January

Customer Satisfaction Index Scores

FY12 FY13 FY14 FY15 FY16 FY17 FY18



Residential

Business

* FY18 Residential W1 YTD

FY18 Customer Satisfaction Goal

Achieve 1st Quartile Ranking for J.D. Power Customer Satisfaction Index for both Residential and Business Studies

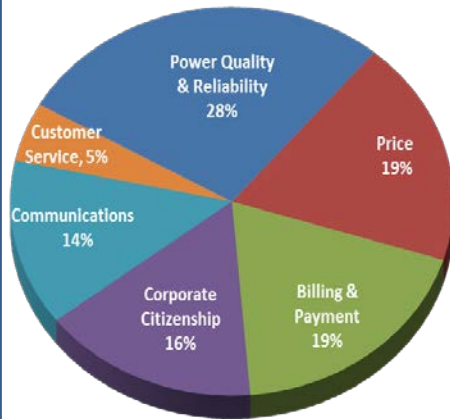
Residential (R)

FY16		FY17		Final		Wave 2	Wave 3	Wave 4	FY18	
2Q	703	1Q	747	1Q	753				1Q	753

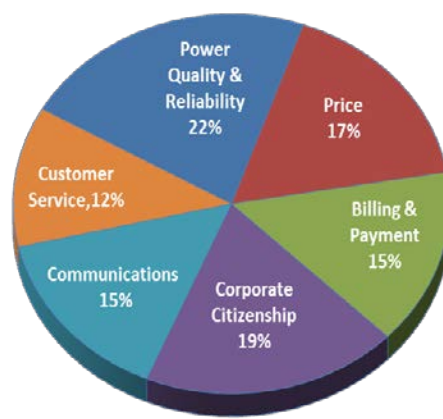
Business (B)

FY16		FY17		Final		Wave 2	FY18		
1Q	754	1Q	780	1Q	787	1Q	796	1Q	791

Residential



Business



FY18 Residential # of companies ranked: 139
 FY18 Business # of companies ranked: 86

1Q= 1st quartile 2Q= 2nd quartile 3Q = 3rd quartile 4Q = 4th quartile

Achieve 1st Quartile Ranking on All Drivers

Be Easy to Do Business With

Customer Service

FY17		Final		Wave 2	Wave 3	Wave 4	FY18	
R	1Q 800	1Q 824					1Q 824	
B	1Q 829	3Q 790	1Q 839				2Q 813	

Power Quality & Reliability

FY17		Final		Wave 2	Wave 3	Wave 4	FY18	
R	1Q 792	2Q 781					2Q 781	
B	1Q 816	1Q 823	2Q 810				2Q 816	

Empower Customers to Make Informed Decisions

Billing & Payment

FY17		Final		Wave 2	Wave 3	Wave 4	FY18	
R	1Q 807	1Q 807					1Q 807	
B	2Q 803	1Q 830	1Q 830				1Q 830	

Communication

FY17		Final		Wave 2	Wave 3	Wave 4	FY18	
R	1Q 712	1Q 716					1Q 716	
B	1Q 757	1Q 766	1Q 797				1Q 781	

Price

FY17		Final		Wave 2	Wave 3	Wave 4	FY18	
R	2Q 679	1Q 708					1Q 708	
B	1Q 735	2Q 730	1Q 751				2Q 741	

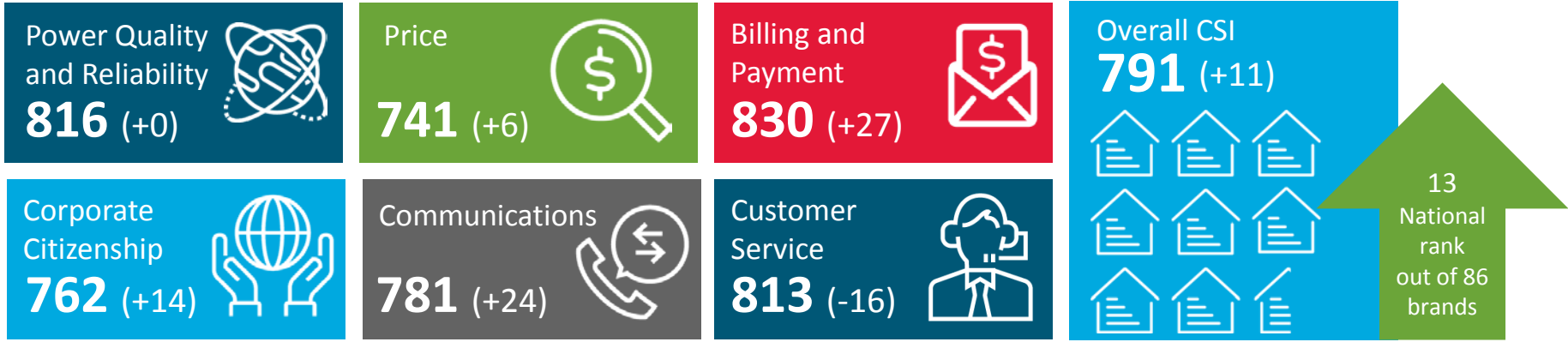
Demonstrate Community Responsibility

Corporate Citizenship

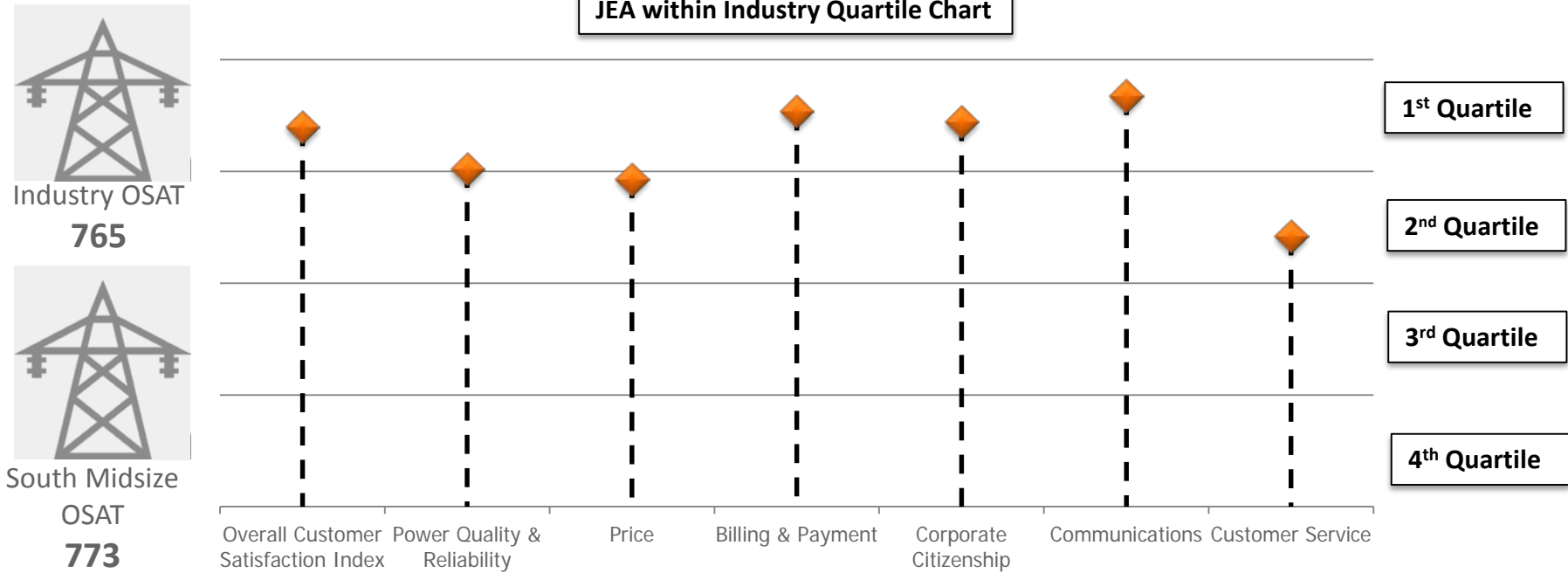
FY17		Final		Wave 2	Wave 3	Wave 4	FY18	
R	1Q 685	1Q 700					1Q 700	
B	1Q 748	1Q 762	1Q 762				1Q 762	

J.D. Power Business FY18 Final											
Top Quartile (1st)	Mean	Rank	2nd Quartile	Mean	Rank	3rd Quartile	Mean	Rank	Bottom Quartile (4th)	Mean	Rank
Alabama Power	819	1	Duke Energy-Midwest	779	23	PECO	761	43	NYSEG	752	64
Duquesne Light	816	2	Atlantic City Electric	776	24	NES	761	43	West Penn Power	752	64
Portland General Electric	804	3	Con Edison	775	25	NorthWestern Energy	760	45	The Illuminating Company	752	64
Georgia Power	801	4	Kentucky Utilities	775	25	Entergy Louisiana	759	46	Dayton Power & Light	748	67
Entergy Mississippi	800	5	Ameren Missouri	774	27	OG&E	759	46	San Diego Gas & Electric	748	67
Gulf Power	799	6	Indianapolis Power & Light	774	27	Southern California Edison	759	46	NV Energy	747	69
Public Service Co. of Oklahoma	799	6	Ohio Edison	773	29	Louisville Gas & Electric	758	49	Delmarva Power	744	70
SRP	798	8	Xcel Energy - Midwest	773	29	Westar Energy	758	49	National Grid	742	71
Entergy Texas	797	9	PPL Electric Utilities	771	31	Rocky Mountain Power	757	51	Appalachian Power	741	72
SMUD	796	10	We Energies	771	31	PSE&G	756	52	El Paso Electric	741	72
DTE Energy	793	11	Duke Energy-Florida	771	31	AEP Ohio	756	52	Alliant Energy	736	74
Idaho Power	793	11	South Carolina Electric & Gas	771	31	Consumers Energy	756	52	Austin Energy	736	74
JEA	791	13	Duke Energy-Carolinas	769	35	L. A. Dept. of Water & Power	756	52	NIPSCO	735	76
BGE	790	14	Tampa Electric	766	36	Jersey Central Power & Light	755	56	Potomac Edison	734	77
Seattle City Light	790	14	ComEd	765	37	Met-Ed	755	56	Central Maine Power	731	78
Florida Power & Light	789	16	Indiana Michigan Power	765	37	Ameren Illinois	755	56	Penelec	725	79
MidAmerican Energy	784	17	Southwestern Electric Power	765	37	Puget Sound Energy	755	56	Eversource Energy	722	80
WPS	784	17	APS	765	37	Pepco	754	60	Avista	719	81
Dominion Virginia Power	784	17	Entergy Arkansas	763	41	KCP&L	754	60	MLGW	718	82
Omaha Public Power District	783	20	Xcel Energy - West	762	42	Pacific Gas and Electric	753	62	PSEG Long Island	710	83
CPS Energy	783	20				Pacific Power	753	62	Central Hudson Gas & Electric	710	83
Duke Energy-Progress	780	22							PNM	709	85
									Mon Power	708	86

JEA Business FY18 Final Results

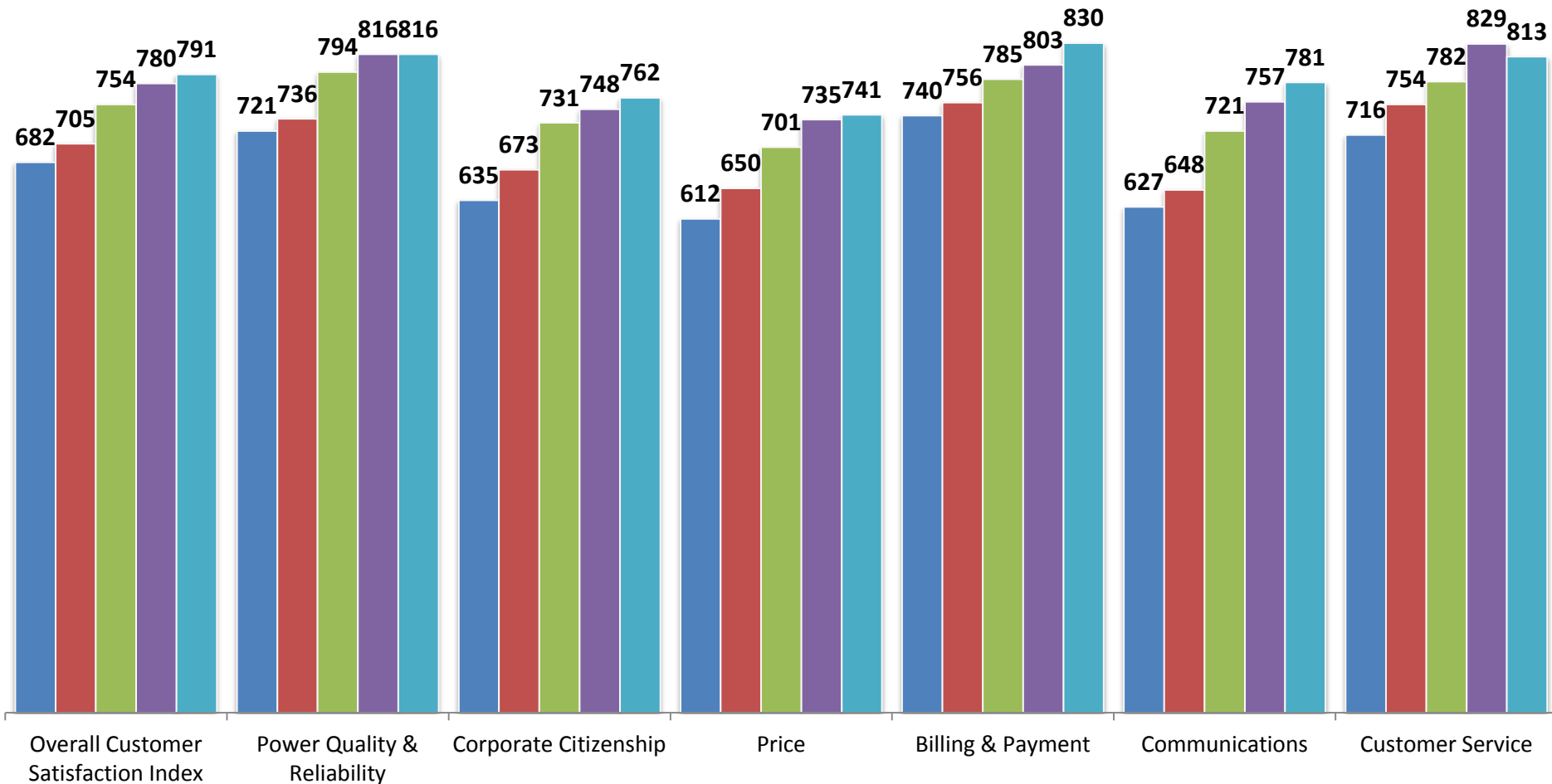


JEA within Industry Quartile Chart

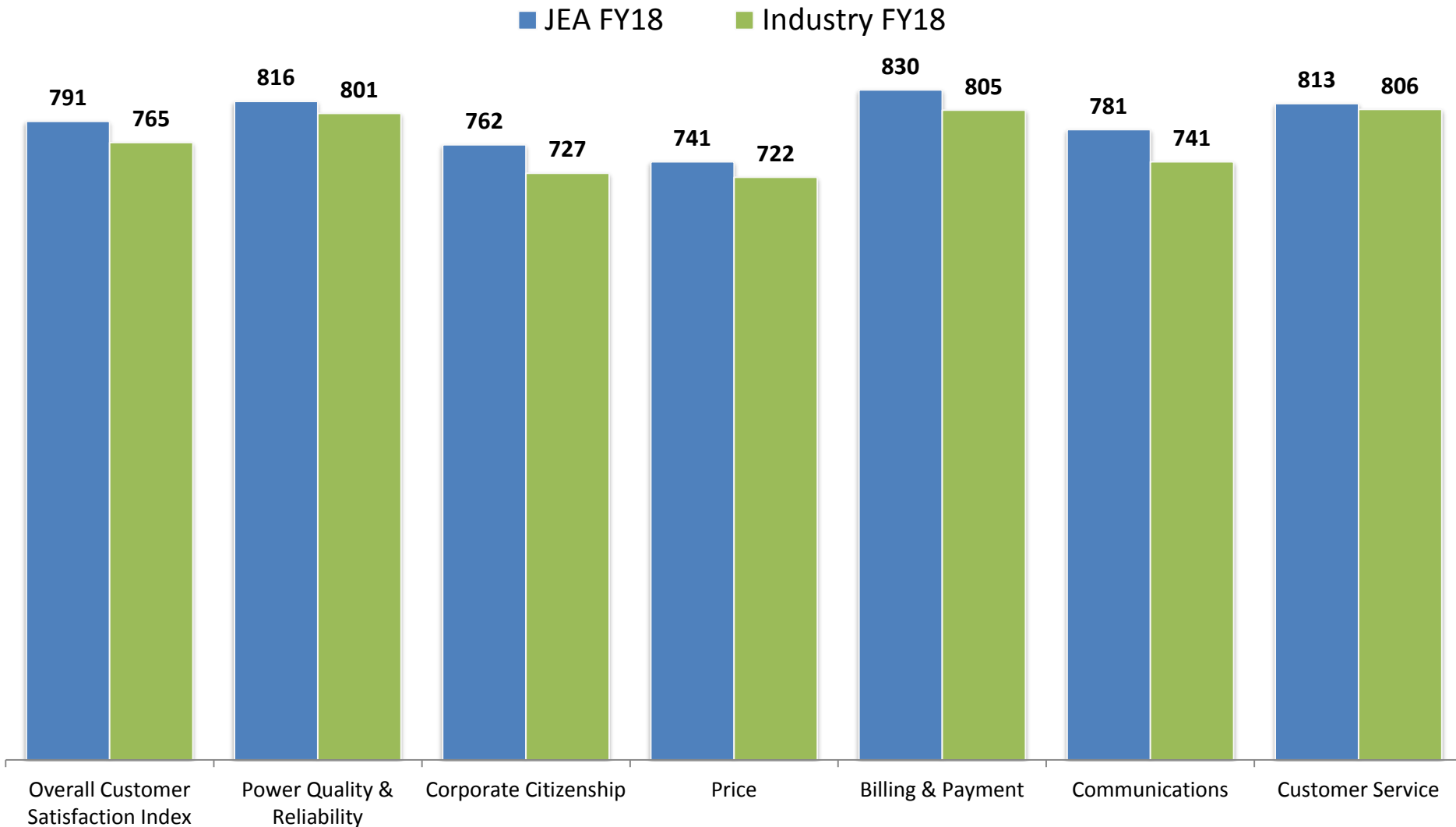


Overall CSI and Factor Performance

FY14 FY15 FY16 FY17 FY18

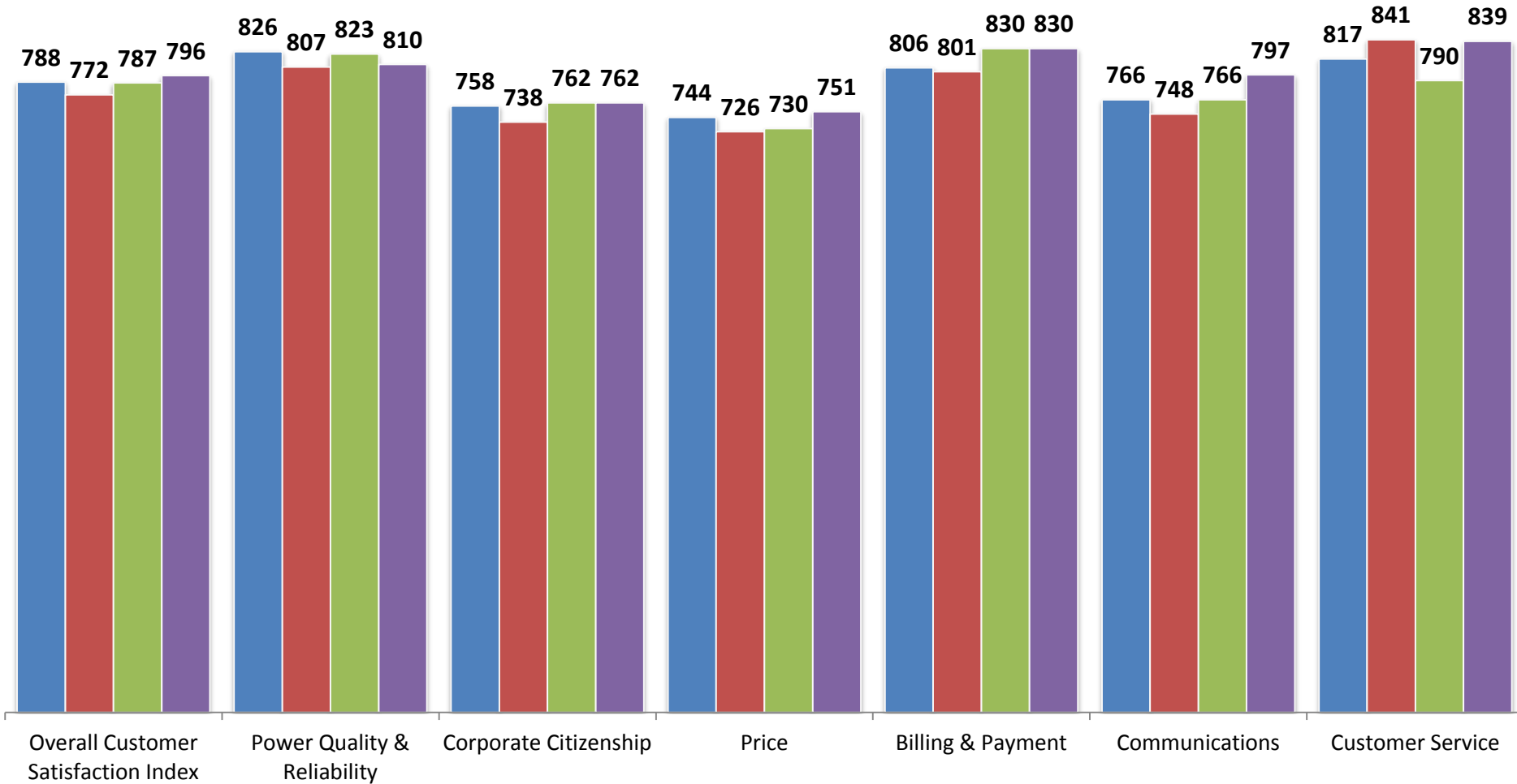


Overall CSI and Factor Performance

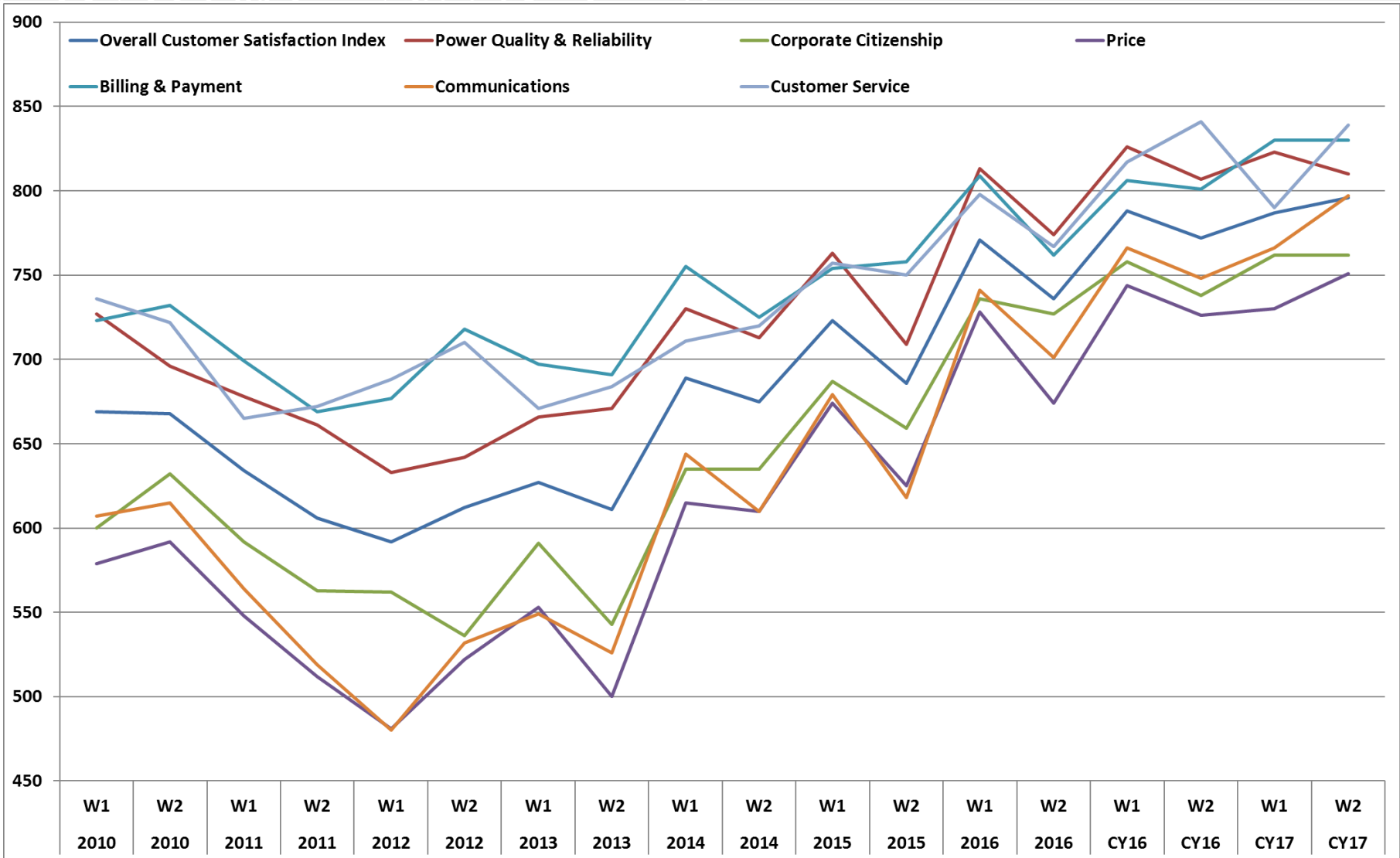


JEA CSI and Factor Performance

■ FY17 W1 ■ FY17 W2 ■ FY18 W1 ■ FY18 W2



Overall CSI and Factor Trends



Strategic Business Focus for Study Year 2018

PQ&R FY19 Potential Focus

	Diagnostics	JEA FY18 Baseline	FY18 Best in Industry Target	(-) Reduce (+) Raise	PQ&R Gain	CSI Gain
PQ&R	# of Brief interruptions	1.48	0.78	-0.7	6	4
	# of Lengthy interruptions	1.61	0.61	-1	5	1
	Does a good job maintaining current infrastructure	92%	98%	6%	8	5
	Receive alerts when power is out	36%	70%	34%	0	1
	# of outage updates	1.84	3.64	1.8	7	4
	Told cause of outage	32%	57%	25%	2	2
	Received equipment repair updates	6%	23%	17%	3	1
	Told exact duration of when power would be restored	6%	20%	14%	1	1
	Utility restored power before or when promised	36%	57%	21%	4	2
	Utility contacted to confirm power was restored	54%	83%	29%	2	3
	JEA potential points:					38
JEA PQ&R FY18 Baseline:					816	
JEA potential PQ&R:					854	



CC FY19 Potential Focus

Diagnostics		JEA FY18 Baseline	FY18 Best in Industry Target	(-) Reduce (+) Raise	CC Gain	CSI Gain	
CC	Familiarity with energy efficiency programs	2.57	2.77	0.2	6	5	
	Familiar with environmental actions	49%	61%	12%	3	1	
	Aware of utility efforts to increase safety	46%	52%	6%	1	1	
	Utility supports economic development of community	71%	87%	16%	16	11	
	Seen employees volunteering in community	35%	46%	11%	4	1	
	JEA potential points:					30	19
	JEA CC FY18 Baseline:					762	
	JEA potential CC:					792	

B&P FY19 Potential Focus

Diagnostics		JEA FY18 Baseline	FY18 Best in Industry Target	(-) Reduce (+) Raise	B&P Gain	CSI Gain	
B&P	On alternative rate plan (other than general service)	13%	28%	15%	0	1	
	Pay bill through auto deduction	15%	25%	10%	1	0	
	Option to select your own billing due date	34%	52%	18%	3	2	
	# of billing alerts	1.31	1.61	0.3	2	1	
	Have online account setup	69%	78%	9%	2	1	
	Thanked for being a customer when paying bill by phone	52%	100%	48%	1	1	
	# web page clicks when paying bill online	3.27	2.17	-1.1	1	1	
	JEA potential points:					10	7
	JEA B&P FY18 Baseline:					830	
JEA potential B&P:					840		

Comm FY19 Potential Focus

	Diagnostics	JEA FY18 Baseline	FY18 Best in Industry Target	(-) Reduce (+) Raise	Comm Gain	CSI Gain
Comm	Communicate company information/news	8%	24%	16%	2	1
	Communicate safety around electricity	4%	16%	12%	1	1
	News stories were very positive/positive	28%	28%	0%	0	0
	JEA potential points:				3	2
	JEA Comm FY18 Baseline:				781	
	JEA potential Comm:				784	

CS FY19 Potential Focus

	Diagnostics	JEA FY18 Baseline	FY18 Best in Industry Target	(-) Reduce (+) Raise	CS Gain	CSI Gain
CS Rep	IVR feature to go directly to a representative	52%	76%	24%	4	3
	Hold time (minutes)	6.13	3.83	-2.3	3	2
	Put on hold during call	45%	19%	-26%	3	2
	Addressed by name	54%	74%	20%	3	2
	Had to provide same information	35%	13%	-22%	5	3
	Problem resolved on first call contact	63%	83%	20%	8	4
	Did not experience any website problems	60%	87%	27%	4	1
	# web page clicks when paying bill online	2.42	1.82	-0.6	1	1
	Problem resolved on first online contact	67%	81%	14%	2	2
	Problem resolved on first assisted online contact	56%	83%	27%	1	1
	JEA potential points:					34
JEA CS FY18 Baseline:					813	
JEA potential CS:					847	

Other FY19 Potential Focus

Diagnostics		JEA FY18 Baseline	FY18 Best in Industry Target	(-) Reduce (+) Raise	Price Gain for Other	CSI Gain
Other	Field service representative left worksite in original condition	88%	100%	12%	1	1
	One or more proactive account rep contacts	38%	55%	17%	2	1
	# of product/service offerings used	0.82	1.32	0.5	3	2
	JEA potential points:				6	4
	JEA Price FY18 Baseline:				741	
	JEA potential Price:				747	



Note: Price was not in the J.D. Power simulator as a grouping for the diagnostic line items, but it was present for the effective change in the Price

III. A. 1.

Approval of Board Meeting Minutes December 12, 2017

JEA
BOARD MINUTES
December 12, 2017

The JEA Board met in regular session on Tuesday, December 12, 2017, on the 19th Floor, 21 W. Church Street, Jacksonville, Florida. Present were Alan Howard, Husein Cumber, Kelly Flanagan, Frederick Newbill and April Green. Vice Chair Delores Kesler and Tom Petway were absent and excused.

Agenda Item I – Welcome

- A. The meeting was **called to order** at 12:01 PM by Chair Howard.
- B. A **Moment of Reflection** was observed by all.
- C. The **Pledge of Allegiance** was led by Chair Howard.
- D. **Adoption of Agenda** – The agenda was approved on **motion** by Secretary Newbill and second by Mr. Cumber.
- E. The **Safety Briefing** was given by Paul McElroy, Managing Director/Chief Executive Officer.
- F. **Sunshine Law/Public Records Statement** – Jody Brooks, Chief Legal Officer, stated this Board Meeting is being held in compliance with Florida’s Government in the Sunshine Law, §286.011. The complete statement can be found in section I. F. of the Board package.

Agenda Item II – Presentations and Comments

- A. **Comments from the Public**
 - 1. Dave Brudderly addressed the board regarding distributed energy
- B. **Council Liaison’s Comments** – Council Member Matt Schellenberg wished a Happy Hannukah, Merry Christmas and Happy New Year to all the members of JEA.
- C. **Office of the Mayor Liaison’s Comments** – Dr. Gaffney indicated that the Mayor wishes everyone a happy and safe holiday season. Jessica Laird, Director of Boards and Commissions, indicated she is happy to be working with the Board.

The Chair recognized new Board Member, April Green and welcomed her to the Board.

Agenda Item III – For Board Consideration

- A. **Consent Agenda** – used for items that require no explanation, discussion or presentation and are approved by one motion and vote. On **motion** by Mr. Cumber and second by Secretary Newbill, item 1 was unanimously approved and items 2 through 4 were received for information.
 - 1. Approval of Board Meeting Minutes November 28, 2017 – approved
 - 2. Monthly JEA Financial Review & Statements – received for information
 - 3. Monthly JEA Operations Report – received for information
 - 4. Monthly FY18 Communications & Engagement Calendar and Plan Update – received for information

At the discretion of the Chair, the Strategic Discussions/Action Items were heard out of order, but will be reflected in the minutes in the original agenda.

B. Strategic Discussions/Action

1. JEA Board Policy Manual: Executive Limitation – Compensation and Benefits – Angie Hiers, Chief Human Resources Officer presented to the Board the affirmed Board Policy Manual item providing authority to the CEO to establish total compensation philosophy in accordance with Board policy, as recommended by the JEA Board of Directors Compensation Committee at their November 27, 2017 meeting. Upon **motion** by Mr. Cumber and second by Ms. Flanagan, the Board approved the affirmation of authority of the CEO to establish total compensation philosophy in accordance with JEA Board Policy 2.7.3.
2. CEO Contract Modification and Extension – Jody Brooks, Chief Legal Officer – At the request of the Chair, this item was deferred to the January Board Meeting.
3. Amendments to Prior Board Authorizations for Fixed Rate Debt Refundings for Electric System and Water and Sewer System – Melissa Dykes, Chief Financial Officer, advised staff is requesting Board approval of modifications to authority delegated to the Managing Director/Chief Executive Officer to price and execute fixed rate debt refunding transactions for the Electric and Water systems, which were approved and modified by the Board at the December 13, 2016 and the November 28, 2017 meetings. Upon **motion** by Mr. Cumber and second by Ms. Flanagan, Resolutions No. 2017-42, 2017-43, 2017-44 and 2017-45 were unanimously approved by the Board.
4. Monthly Operational and Financial Review – Melissa Dykes, Chief Financial Officer, indicated that there were rating agency reports at each Board Member seat and advised that all rating agencies had affirmed JEA's strong credit ratings, although Moody's had changed JEA's electric system rating outlook to negative. Ms. Dykes also provided the Board with a review of the operating and financial results for November, including key operating statistics, safety performance and financial metrics. This item was received for information.

C. Open Discussion – The Board discussed privatization and its impact on a new headquarters.

D. Other New Business – none

E. Old Business – none

Agenda Item IV – Reports

A. Finance & Audit Committee – Kelly Flanagan, Committee Chair

1. Approval of Minutes – August 7, 2017 – On **motion** by Mr. Cumber and second by Ms. Flanagan, the minutes were approved.
2. Audit Services – Quarterly ERM/Audit Update – received for information
3. Ethics Officer Quarterly Report – received for information
4. Electric System and Water and Sewer System Reserve Fund Quarterly Report – received for information
5. JEA Energy Market Risk Management Policy Report – received for information
6. Ernst & Young FY2017 External Audit Report – received for information
7. Announcements
 - a. Next Meeting, March 12, 2018, 8:00 – 10:00 AM

8. Committee Discussion Sessions
 - a. Ernst & Young – information
 - b. Director, Audit Services – information
 - c. Council Auditor’s Office – Council Auditor’s representative was not in attendance
- B. Managing Director/CEO’s Report** – Paul McElroy, Managing Director/CEO wished those in attendance Happy Hannukah, Merry Christmas and a happy and safe holiday season and then provided an update on the following items:
 1. The ratings results were a confirmation of past ratings and outstanding results in light of flat and/or lowered sales, JEA’s ability to maintain reserves and liquidity, record results in employee engagement, leading the state in the business sector, proactive management, an engaged Board and a strong relationship with the city and its council. JEA will be sharing information in the coming months to obtain a change in the negative outlook received from Moody’s.
 2. Privatization - JEA will be bringing in external resources, such as regulatory agencies and legal advisors and will provide a report in 60 days.
 3. Mr. McElroy thanked Mr. Bruddey for his comments on the North Florida Transportation Planning Organization (TPO) and indicated that energy has made great strides and JEA will continue work in the area of lowering CO² emissions. Mr. McElroy advised that JEA partnered with TPO to obtain a \$300k grant for solar charging stations.
- C. Chair’s Report** – The Chair expressed an appreciation of the presentations provided to the ratings agencies and reiterated that JEA disagrees with the outlook provided by Moody’s and indicated that JEA can justify why. The Chair further discussed the issue of privatization and the need for its examination without taking away from the work being done by JEA.

Agenda Item V – Closing Considerations

A. Announcements – Next Board Meeting – January 16, 2018

B. Adjournment

With no further business claiming the attention of the Board, Chair Howard adjourned the meeting at 12:40 PM.

APPROVED BY:

SECRETARY

DATE: _____

Board Meeting recorded by:

Cheryl W. Mock
Executive Assistant

III. A. 2.

Sole Source and Emergency Procurement/Procurement Appeals Board Report



Building Community

AGENDA ITEM SUMMARY

January 2, 2018

SUBJECT:	SOLE SOURCE & EMERGENCY PROCUREMENT/PROCUREMENT APPEALS BOARD REPORT
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Purpose:	<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: Sections 1-113 and 1-114 of the JEA Purchasing Code require the Chief Purchasing Officer to submit a report on all Sole Source and Emergency procurements and all Procurement Appeals Board decisions to the JEA Board on a quarterly basis.

Significance: Full transparency of these procurement actions is necessary to maintain public confidence in JEA's bidding process and to ensure competition is achieved when in JEA's best interest.

Effect: JEA's Procurement Department is responsible for maintaining these records and reporting to the JEA Board.

Cost or Benefit: To maintain public confidence in JEA's bidding process and to ensure competition is achieved when in JEA's best interest.

Recommended Board action: This item is submitted for information. No action by the Board is required.

For additional information, contact: John McCarthy, Sr. Dir. Supply Chain Mgmt & Ops Support, 665-5544

Submitted by: PEM/MHD/JPM/RMW

MISSION	VISION	VALUES
Energizing our community through high-value energy and water solutions.	JEA is a premier service provider, valued asset and vital partner in advancing our community.	<ul style="list-style-type: none"> • Safety • Service • Growth² • Accountability • Integrity

Commitments to Action

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

**INTER-OFFICE MEMORANDUM**

January 2, 2018

**SUBJECT: SOLE SOURCE & EMERGENCY PROCUREMENT/PROCUREMENT
APPEALS BOARD REPORT**

FROM: Paul E. McElroy, Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

Sections 1-113 and 1-114 of the JEA Purchasing Code require the Chief Procurement Officer to submit a report on all Sole Source and Emergency procurements and all Procurement Appeals Board decisions to the JEA Board on a quarterly basis.

DISCUSSION:

This report is submitted for the quarter ending December 31, 2017. Summary information for all awards is provided below. A detailed listing for the Formal Sole Source and Emergency Awards is attached. Detailed back-up information for all other awards is retained by the Chief Procurement Officer and is available upon request. There were two (2) Procurement Appeals Board (PAB) actions this quarter.

Quarter Ending December 31, 2017

Formal Awards	Number	%	Dollar Amount	%
Total	64		\$ 158,630,192.17	
Sole Source Awards	0	0.00%	\$ 0.00	0.00%
Emergency Awards	1	1.56%	\$ 1,746,642.00	1.10%
Informal Awards	Number	%	Dollar Amount	%
Total	2,797		\$ 24,499,069.00	
Sole Source Awards	0	0.00%	\$ 0.00	0.00%
Emergency Awards	3	0.11%	\$ 285,687.00	1.16%

RECOMMENDATION:

This item is submitted for information. No action by the Board is required.

 Paul E. McElroy, Managing Director/CEO

PEM/MHD/JPM/RMW

Total Sole Source & Emergency Procurement Actions

	FY17 Q2	FY17 Q3	FY17 Q4	FY18 Q1
Total Awards	\$119.33M	\$96.34M	\$131.53M	\$183.13M
Sole Source (\$)	\$0.07M	\$0M	\$0.24M	\$0M
Sole Source (%)	0.06%	0%	0.18%	0%
Emergency (\$)	\$0.72M	\$1.60M	\$0.03M	\$2.03M
Emergency (%)	0.60%	1.67%	0.02%	1.11%

Formal Sole Source Awards by Department - Detailed Listing

12 months ending December 31, 2017

Sole Source Awards (0 Item totaling \$0.00)

Award Date	Amount	Requesting Dept.	Vendor	Description	Sourcing Basis
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Formal Emergency Awards by Department - Detailed Listing

12 months ending December 31, 2017

Emergency Awards (5 Item totaling \$3,978,570.15)

Award Date	Amount	Requesting Dept.	Vendor	Description	Sourcing Basis
2/16/2017	\$650,000.00	M. Dykes (Finance)	Ernst & Young U.S., LLP	FEMA Grant Consulting Engagement - Hurricane Matthew	Emergency - JEA procured services through an emergency contract with Ernst and Young to manage and oversee all aspects of the federal disaster grant process and effectively obtain any reimbursement available for damages incurred during Hurricane Matthew.
4/13/2017	\$331,600.08	M. Brost (Electric Systems)	Asplundh Tree Expert Co.	Emergency Storm restoration for vegetation - Hurricane Matthew	Emergency - JEA procured services through an emergency contract with Asplundh Tree Expert Co. for restoration work on vegetation and debris removal incurred during Hurricane Matthew, in support of Mutual Aid crews.
4/13/2017	\$327,054.07	M. Brost (Electric Systems)	Wolf Tree, Inc.	Emergency Storm restoration for vegetation - Hurricane Matthew	Emergency - JEA procured services through an emergency contract with Wolf Trees, Inc. for restoration work on vegetation and debris removal incurred during Hurricane Matthew, in support of JEA crews.
5/18/2017	\$923,274.00	M. Brost (Electric Systems)	Mitsubishi Electric Power Products, Inc.	Emergency purchase of sync breakers	Emergency - JEA procured services through an emergency contract with Mitsubishi Electric Power Products, Inc. for the purchase of six (6) 230 kV sync breakers, due to the shutdown of SJRPP and equipment lead times. Informal bids were obtained from three (3) companies and Mitsubishi submitted the lowest bid.
11/2/2017	\$1,746,642.00	M. Brost (Electric Systems)	Babcock & Wilcox Universal, Inc.	Emergency replacement GEC 1 & 2 Exhaust Stack Silencer & Duct Replacement	Emergency - JEA procured services through an emergency contract with Babcock & Wilcox Universal, Inc. for the replacement of exhaust stack silencers and silencer ducts for the December, 2017 outage. This work is required due to thermal degradation of materials which was discovered during routine maintenance and has downgraded GEC Unit 1's availability. Babcock & Wilcox was the only vendor who could meet JEA's needs and timeframe; and the contract amount is comparable to pricing on other stack replacement projects.
Total	\$3,978,570.15				

**Written Order from October 6, 2017 Hearing
Before the JEA Procurement Appeals Board (PAB)**

Protestor: ACME Barricades L.C. ("ACME")

Solicitation: JEA Solicitation No. 055-17 Barricade Services for JEA and City of Jacksonville ("City")

WHEREAS, on July 21, 2017, JEA announced its intention to issue a notice of intent to award the Contract for JEA Solicitation No. 055-17 ("**Contract**"), Barricade Services for JEA and City to Bob's Barricades, Inc. ("**Bob's**");

WHEREAS, by letter dated July 25, 2017, ACME filed a formal protest (the "Protest") with respect to JEA's Awards Committee agenda posted to the JEA website on July 21, 2017 and supplemented its Protest with two letters dated July 31, 2017 and August 3, 2017;

WHEREAS, on August 15, 2017, JEA's Chief Procurement Officer, after taking into consideration the Protest and information presented at the Chief Procurement Officer's informal protest meeting held on August 9, 2017, determined that the Protest was without merit and Bob's should be awarded the Contract;

WHEREAS, by letter dated August 16, 2017, Protestor's attorney filed an Appeal with JEA's Procurement Appeals Board ("**PAB**") with respect to JEA's Chief Procurement Officer's decision to award the Contract to Bob's (the "Appeal");

WHEREAS, on October 6, 2017, the PAB (consisting of Ted Hobson, Chair, Paul Cosgrave and Kerri Stewart) conducted a protest hearing on the Appeal, beginning at approximately 1:00 pm and ending at approximately 3:00 pm;

WHEREAS, the PAB heard arguments and testimony from (i) the Protestor, through its attorney, Jeff Regan and its representatives Christian Cummings, (ii) Bob's, through its attorney V. Robert Vezina, (iii) John McCarthy, JEA's Chief Procurement Officer and Jody Brooks, the attorney representing JEA's Chief Procurement Officer; and

WHEREAS, written information was provided prior to the hearing to the PAB members by JEA and the Protestor.

NOW THEREFORE, at the conclusion of the hearing, based on the information presented, the PAB decided as follows:

1. On a motion by Paul Cosgrave, seconded by Kerri Stewart, and approved by a majority of the PAB (Ted Hobson and Paul Cosgrave), the PAB denied the Appeal of ACME and upheld the decision of JEA's Chief Procurement Officer of the notice of intent to award the Contract to Bob's.
2. The PAB's denial of the Appeal was based on competent and substantial evidence presented to the PAB at the Appeal hearing on October 6, 2017, and such evidence may be found in the record of the proceeding.

Entered this 17th day of October, 2017, in Jacksonville, Florida.



Ted Hobson, Chair

**Written Order from November 30, 2017 Hearing
Before the JEA Procurement Appeals Board (PAB)**

Protestor: T.B. Landmark Construction, Inc. ("Landmark")

Solicitation: JEA Solicitation No. 085-17 T-Line to Busch Drive Transmission Force Main

WHEREAS, on July 20, 2017, JEA announced its intention to issue a notice of intent to award the Contract for JEA Solicitation No. 085-17 ("**Contract**"), T-Line to Busch Drive Transmission Force Main to DBE Management Inc. d/b/a DBE Utility Services ("**DBE**");

WHEREAS, by letter dated July 20, 2017, Landmark filed a formal protest (the "Protest") with respect to JEA's notice of intent to award the Contract pursuant to JEA's Awards Committee agenda posted to the JEA website on July 20, 2017 and supplemented its Protest with a letter from its attorney dated July 24, 2017;

WHEREAS, on October 6, 2017, JEA's Chief Procurement Officer, after taking into consideration (i) the Protest and information presented at the Chief Procurement Officer's informal protest meeting held on August 15, 2017, (ii) DEB submitting back-up documentation on September 1, 2017, (iii) Landmark submitting a challenge to the back-up information dated September 13, 2017 and (iv) a follow up meeting with DEB and Landmark on October 2, 2017, determined that the Protest was without merit and DBE should be awarded the Contract;

WHEREAS, by letter dated October 10, 2017, Landmark's attorney filed an Appeal with JEA's Procurement Appeals Board ("**PAB**") with respect to JEA's Chief Procurement Officer's decision to award the Contract to DBE (the "Appeal");

WHEREAS, on November 30, 2017, the PAB (consisting of Mike Brost, Chair, Paul Cosgrave and Angie Heirs) conducted a protest hearing on the Appeal, beginning at approximately 12 Noon and ending at approximately 2:00 pm;

WHEREAS, the PAB heard arguments and testimony from (i) the Landmark, through its attorney, Anthony B. Zebouni, (ii) DBE, through its attorneys, Fred Franklin and Emily G. Pierce, (iii) John McCarthy, JEA's Chief Procurement Officer and Jody Brooks, the attorney representing JEA's Chief Procurement Officer;

WHEREAS, written information was provided prior to the hearing to the PAB members by JEA, Landmark and DBE; and

WHEREAS, in supplemental materials filed by DBE, DBE requested either a change order or supplemental work authorization but DBE withdrew this request prior to the PAB hearing and confirmed the withdrawal of this request at the PAB hearing.

NOW THEREFORE, at the conclusion of the hearing, based on the information presented, the PAB decided as follows:

1. On a motion by Paul Cosgrave, seconded by Angie Heirs, and unanimously approved by the members of the PAB, the PAB denied the Appeal of Landmark and upheld the decision of JEA's Chief Procurement Officer of the notice of intent to award the Contract to DBE.
2. The PAB's denial of the Appeal was based on competent and substantial evidence presented to the PAB at the Appeal hearing on November 30, 2017, and such evidence may be found in the record of the proceeding.

Entered this 7th day of December, 2017, in Jacksonville, Florida.



Mike Brost, Chair

III. A. 3.

Monthly JEA Financial Review & Statements

Due to timing of the monthly financial closing as it relates to the date of the Board Meeting, the Monthly JEA Financial Review & Statements will be provided at the Board Meeting.

III. A. 4. Monthly JEA Operations Report

Due to timing of the monthly financial closing as it relates to the date of the Board Meeting, the Monthly JEA Operations Report will be provided at the Board Meeting.

[Return to Agenda](#)

III. A. 5.

Monthly FY18 Communications & Engagement Calendar and Plan Update

JEA Community Engagement Calendar - December - February 2018

(Events highlighted in blue are either JEA corporate or partner events)

	A	B	C	D	E
1	Date	Event/Activity	Location	Time	Type
2	Dec-17				
3	12/2/2017	Brook YMCA	Main St Lab Tour	10am	Ambassador Facility Tour
4	12/4/2017	Panama Park Tree Planting	Panama Park	8am	Ambassador Event
5	12/5/2017	Girl Scouts 1 Hour Power Pals	Ed EHITE High School	6:30pm	Ambassador Instructor
6	12/7/2017	Hope for FL Homeowners	Abyssinia Church - 10325 Interstae Center Dr.	1pm	Ambassador Event
7	12/7/2017	Pinedale Elem. Robotics Club	4229 Edison Ave.	5:30pm	Ambassador Speaker
8	12/8/2017	Matthew Gilbert Middle Robotics Team	1424 Franklin St	5:30pm	Ambassador Speaker
9	12/11/2018	Greenscape - Jax Digs Trees	Nthan Kresal Pk	8am	Ambassador Event
10	12/12/2017	Rotary Club of San Jose	7529 San Jose Blvd	6:30pm	Ambassador Speaker
11	12/14/2017	Pine Estates Science Fair	10741 Pine Estates Rd. E	6pm	Ambassador Event
12	12/15/2017	West Riverside Elem. Career Fair	2801 Herschel St	9am	Ambassador Event
13	12/16/2017	CC Brown's Resource Day	Legends Center - 5054 Soutel Dr.	10am	Ambassador Event
14	12/20/2017	JEA Senior Day	JEA Lobby	9am	Ambassador Event
15	12/27/2017	Girl Scout Troop 2273	Main St Lab Tour	10am	Ambassador Facility Tour
16					
17					
18	Jan-18				
19	1/6/2018	Ian Hawkins	NGS Tour	10am	Ambassador Facility Tour
20	1/18/2018	JEA Power Pals	RV Daniels Elem.	8:45am	Ambassador Instructors
21	1/20/20-18	Girl Scout Troop 2237	Main St Lab Tour	10am	Ambassador Facility Tour
22	1/24/2018	Junior Achievement School Takeover	Duval Charter School - West Campus	9am - 1pm	Ambassador Instructors
23	1/25/2018	JEA Power Pals	RV Daniels Elem.	8:45am	Ambassador Instructors
24	1/27/2018	Energy & Society workshop	Jax Zoo	9am - 2pm	Ambassador Speaker
25					

JEA Community Engagement Calendar - December - February 2018

(Events highlighted in blue are either JEA corporate or partner events)

	A	B	C	D	E
26	Feb-18				
27	2/1/2018	JEA Power Pals	RV Daniels Elem.	8:45am	Ambassador Instructors
28	2/6/2018	Orange Pk High School - Engineering Class	Northside Generating Station Tour	10:30am	Ambassador Facility Tour
29	2/7/2018	UNF Environmental Center	Buckman Plant Tour	12:30pm	Ambassador Facility Tour
30	2/8/2018	JEA Power Pals	RV Daniels Elem.	8:45am	Ambassador Instructors
31	2/8/2017	R L Brown Gifted & Talented Academy	1535 Minor St.	9am - 2pm	Ambassador Speaker
32	2/10/2017	Florida STEM Expo	River City Scie3nce Academy - 7565 Beach Blvd.	10:30am	Ambassador Event
33	2/10/2018	TEACH Conference	Hyatt Regency Hotel	8am	Ambassador Event
34	2/14/2018	JEA Power Pals	SP Livingston Elem.	1pm	Ambassador Instructors
35	2/21/2018	JEA Power Pals	SP Livingston Elem.	1pm	Ambassador Instructors
36	2/28/2018	St Joseph Catholic School	Main St Lab Tour	9am	Ambassador Facility Tour
37	2/28/2018	JEA Power Pals	SP Livingston Elem.	1pm	Ambassador Instructors



FY18 Communications & Community Engagement Overview and December/January Update

Overview: Each month we update the board on communications and community engagement activities for the previous and current months. The purpose is to keep you informed about these activities so that you are knowledgeable about JEA's efforts to keep our customers informed, to assist them in the management of their utility services and to be a good corporate citizen.

Communications: Five JEA customers were selected as winners in our JEA Power of Thanks Giveaway in December. Through this special promotion, all customers enrolled in one of JEA's billing and payment programs by November 30 were automatically entered in a drawing to win either a \$500 Amazon gift card or a Jacksonville Jaguars package for four that included game tickets, sideline passes and a parking pass to the Dec. 10 game against the Seattle Seahawks. Two winners chosen at random selected this fun fan experience, with the remaining three winners opting for the Amazon gift card. December 12 – 19th we participated in the Salvation Army Holiday Toy Shop. Throughout this time JEA volunteers helped organize and pass out toys that were collected so that less fortunate children in our community could experience the magic of the holiday season. Otherwise we continued all key messages that were identified by J.D. Power as critical to customers. All paid and owned messaging is supported by social media, using Twitter, Facebook, LinkedIn, Google+ and YouTube to provide additional timely, relevant information.

Community Engagement: JEA employees are actively involved in our community engagement efforts. JEA Ambassadors participate in activities where we have an opportunity to help customers manage their utility services and/or to educate customers about how JEA provides critical utility services to our community. These employees are trained and certified ahead of time to help JEA deliver on our mission. On the other hand, JEA Volunteers go out into the community to assist nonprofits accomplish their goals by offering their time and talents to help the nonprofit deliver their mission. Volunteers do not have to have any special training or talent; they just have a caring heart.

In December, Ambassadors were requested to speak to several groups including Pinedale Elementary and Matthew Gilbert Middle School. Ambassadors conducted several facility tours for groups such as Brooks YMCA Lego Robotics Team and Girl Scouts Troop 2273. Ambassadors also participated in several community events including Hope for FL Homeowners Fair and Westside Elementary Career fair.

Below, JEA Ambassadors participated in Councilman Brown’s Annual Community Resource Fair and The Legends Center, providing customers with information conservation tips to use during the winter months to save on their monthly bills.



In December, JEA volunteers came out in support of the No More Homeless Pets Mega Adoption, Feeding Northeast Florida Food Bank, Salvation Army Holiday Toy Shop, Clara White Merry Hearts Christmas, and the City Rescue Mission Annual Christmas.

Salvation Army Holiday Toy Shop



As a community-owned utility, JEA employees take a great pride in the Ambassador and Volunteer programs and these programs go a long way to tangibly demonstrate to customers and the community the incredible “Heart of JEA.”

Communications Contacts* Generated Year to Date	54,446,579
• Number of Paid Communications Contacts (Radio, Television, Out of Home, Online, Print)	42,460,820
• Number of Other Communications Contacts (Bill Insert, Bill Envelop, Brochure, etc.)	3,248,025
• Number of E-communications Contacts (jea.com Visitors, Email, Social Media, Videos)	11,568,108
• Number of Community Engagement Communications Contacts (Events, Public Speaking, Presentations, Training, Workshops, etc.)	417,651

*Communications Contacts are the opportunities we have to communication information to our customers.

III. B. 1.

Recommendation to Call a Public Hearing to Modify the Water and Sewer Rate Document



Building Community

AGENDA ITEM SUMMARY

December 29, 2017

SUBJECT: RECOMMENDATION TO CALL A PUBLIC HEARING TO MODIFY THE WATER AND SEWER RATE DOCUMENT

Purpose: Information Only Action Required Advice/Direction

Issue: JEA has an ongoing plan to review, update, and where possible, expand its rate options, to provide customers more rate choices for their utility services.

Significance: High. JEA proposes to make the Limited Service Sewer rate available for new large commercial customers that offer a positive economic impact to the community as evaluated by factors determined by JEA. See attached memorandum for details.

Effect: The Board and public will be informed of the proposed modifications.

Cost or Benefit: Transparency of JEA's current and proposed rate options.

Recommended Board action: Staff recommends that the Board take action and call a public hearing to occur during the regularly scheduled Board meeting on February 20, 2018.

For additional information, contact: Melissa Dykes

Submitted by: PEM/ MHD/ RFW

MISSION	VISION	VALUES
		
Energizing our community through high-value energy and water solutions.	JEA is a premier service provider, valued asset and vital partner in advancing our community.	<ul style="list-style-type: none"> • Safety • Service • Growth? • Accountability • Integrity

Commitments to Action

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



INTER-OFFICE MEMORANDUM

December 29, 2017

SUBJECT: RECOMMENDATION TO CALL A PUBLIC HEARING TO MODIFY THE WATER AND SEWER RATE DOCUMENT

FROM: Paul E. McElroy, Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

JEA has an ongoing plan to review, update, and where possible, expand its rate options, to provide customers more rate choices for their utility services.

JEA established a Limited Service Sewer rate for large commercial sewer customers that place a lower requirement on JEA's sewer collection and transmission systems than a typical commercial sewer customer. A limited service sewer user is charged an appropriate basic monthly charge based upon meter or sewer connection size as appropriate, plus a unit rate per kgal of wastewater discharged into JEA's system that is lower than the standard commercial rate. This limited rate is currently not available to any new accounts.

Staff recommends the Limited Service Sewer rate be re-opened to new large commercial sewer customers with sewer volume in excess of 1MGD and offer a positive economic impact to the community based on job creation and retention. Additional considerations for eligibility include customer sewer characteristics, JEA sewer treatment plant capacity, , and other factors as determined by JEA. All applicable sewer plant and growth capacity charges still apply.

DISCUSSION:

Subject to Board direction, staff will prepare for a February 20, 2018 Public Hearing to modify the Water and Sewer Rate Document to re-open the Limited Sewer rate to new large commercial sewer customers that offer a positive economic impact to the community, as determined by JEA.

RECOMMENDATION:

Staff recommends that the Board take action and call a public hearing to occur during the regularly scheduled Board meeting on February 20, 2018.

Paul E. McElroy, Managing Director/CEO

PEM/MHD/RFW

JEA

202 - Commercial Rates

Basic Monthly Charge

<u>Meter Size</u>	<u>Water</u>	<u>Sewer</u>	<u>Irrigation</u> ⁽¹⁾	<u>Reclaimed</u> ⁽¹⁾⁽²⁾
5/8"	\$12.60	\$21.15	\$12.60	\$12.60
3/4"	\$18.90	\$31.73	\$18.90	\$18.90
1"	\$31.50	\$52.88	\$31.50	\$31.50
1 1/2"	\$63.00	\$105.75	\$63.00	\$63.00
2"	\$100.80	\$169.20	\$100.80	\$100.80
3"	\$201.60	\$338.40	\$201.60	\$201.60
4"	\$315.00	\$528.75	\$315.00	\$315.00
6"	\$630.00	\$1,057.50	\$630.00	\$630.00
8"	\$1,008.00	\$1,692.00	\$1,008.00	\$1,008.00
10"	\$1,974.55	\$2,432.25		
12"	\$3,691.55	\$4,547.25		
20"	\$7,726.50	\$9,517.50		

- (1) Includes Multi-Family Irrigation and Multi-Family Reclaimed Service
- (2) Non-bulk reclaimed customers will be charged an additional \$6.00 regardless of meter size to cover costs due to regulatory requirements.

Volume Charges per Thousand Gallons (kgal)

<u>Tier</u>	<u>Water</u>	<u>Sewer</u>	<u>Irrigation</u> ⁽¹⁾	<u>Reclaimed</u> ⁽¹⁾
≤ 8" All kgal	\$1.49			
≥ 10 " All kgal	\$1.24			
All kgal		\$6.02		
1 – 14 kgal			\$3.44	\$3.44
>14 kgal			\$3.96	\$3.96
<u>Limited Service Sewer</u> ⁽²⁾				
All kgal		\$4.74		
<u>Bulk Reclaimed</u>				
All kgal				\$0.14 ⁽³⁾
All kgal				\$0.28 ⁽⁴⁾

- (1) Includes Multi-Family Irrigation and Multi-Family Reclaimed Service
- (2) ~~Applicable to new large commercial customers as determined by JEA with sewer volume in excess of 1MGD.~~
- (3) Bulk Reclaimed rate per kgal for bulk reclaimed irrigation customers that are relinquishing, suspending, or foregoing an application for a Consumptive Use Permit or ground water withdrawals from SJRWMD. Rates apply in accordance with JEA standard bulk reclaimed water service agreement until such time as JEA may no longer offer reclaimed water service under such agreement.
- (4) Bulk Reclaimed rate per kgal for all other bulk reclaimed irrigation customers. Rates apply in accordance with JEA standard bulk reclaimed water service agreement until such time as JEA may no longer offer reclaimed water service under such agreement.

Deleted: No new Limited Service Sewer accounts shall be allowed.

Deleted: Limited Service Sewer available

Environmental Charges per Thousand Gallons (kgal)

See Section 204 for environmental charge

Deleted: ~~Section Break (Next Page)~~

III. B. 2.

Real Estate Purchase & Sale Agreement for Southside Generating Station (SGS) Property

January 8, 2018

SUBJECT:	REAL ESTATE PURCHASE & SALE AGREEMENT FOR SOUTHSIDE GENERATING STATION (SGS) PROPERTY – FIFTH AMENDMENT REQUEST BY CITY OF JACKSONVILLE
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Purpose:	<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: The JEA Board approved a Fourth Amendment to the Southside Generating Station at its regular meeting on December 12, 2017. The fourth amendment allowed for an extension of time on the Purchase and Sale (P&S) Agreement between the Elements Development of Jacksonville, LLC (“Elements”) and JEA, with a requirement to have the P&S agreement assigned to the City of Jacksonville (“COJ”) by March 30, 2018 and a closing by July 16, 2018. The City has asked for additional changes to the P&S agreement and deal structure before proceeding to the City Council for its approval of the development agreement for the property between Elements Development of Jacksonville, LLC (“Elements”) and the City.

Significance: As part of the proposed development agreement between the City and Elements, the City has asked that JEA amend terms in the P&S agreement to (i) substitute a purchase money obligation of the Downtown Investment Authority (“DIA”) for a major portion of the purchase price and (ii) amend other terms in the P&S agreement. The documents include the Fifth Amendment, a Promissory Note, a Put Option and a Profit Participation Agreement.

Effect: The proposed changes would have JEA receive payment for the property through a down payment and annual payments over time. Additionally, the Put Option would allow the City to return the land to JEA if the development does not occur within a limited timeframe. The Profit Participation Agreement allows JEA to receive a portion of the profits in the event the City continues as the developer under certain circumstances.

Cost or Benefit: Substantial planning and approval work by Elements has occurred including several successful development approvals from the City. Agreement to the changes requested by the City would allow the development agreement to proceed to City Council for its review and approval. JEA would receive payment over time.

Recommended Board action: The City has asked JEA to consider changes to the P&S Agreement terms including modification of purchase price payment and other terms in order to move forward with a development agreement with Elements for development of the SGS Property. If approved, execution of the documents would be delegated to the Managing Director/CEO.

For additional information, contact: Jody Brooks, 665-4383

Submitted by: PEM/JLB/JLB

 <p>MISSION</p> <p>Energizing our community through high-value energy and water solutions.</p>	 <p>VISION</p> <p>JEA is a premier service provider, valued asset and vital partner in advancing our community.</p>	 <p>VALUES</p> <ul style="list-style-type: none"> • Safety • Service • Growth? • Accountability • Integrity
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Commitments to Action

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



INTER-OFFICE MEMORANDUM

January 8, 2018

SUBJECT: REAL ESTATE PURCHASE & SALE AGREEMENT FOR SOUTHSIDE GENERATING STATION (SGS) PROPERTY – FIFTH AMENDMENT REQUEST BY CITY OF JACKSONVILLE

FROM: Paul E. McElroy, Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

The JEA Board approved a Fourth Amendment to the Southside Generating Station at its regular meeting on December 12, 2017. The fourth amendment allowed for an extension of time on the Purchase and Sale (P&S) Agreement between the Elements Development of Jacksonville, LLC (“Elements”) and JEA, with a requirement to have the P&S agreement assigned to the City of Jacksonville (“COJ”) by March 30, 2018 and a closing by July 16, 2018. The City has asked for additional changes to the P&S agreement and deal structure before proceeding to the City Council for its approval of the development agreement for the property between Elements Development of Jacksonville, LLC (“Elements”) and the City. The original contract was executed on February 18, 2015. Elements forfeited earnest deposit money and extension fees of \$250,000 as consideration for the Fourth Amendment.

DISCUSSION:

As part of the proposed development agreement between the City and Elements, the City has asked that JEA amend terms in the P&S agreement to (i) substitute a purchase money obligation of the Downtown Investment Authority (“DIA”) for a major portion of the purchase price and (ii) amend other terms in the agreement. The documents include the Fifth Amendment, a Promissory Note, a Put Option and Profit Participation Agreement.

RECOMMENDATION:

The City has asked JEA to consider changes to the P&S Agreement terms including modification of purchase price payment and other terms in order to move forward with a development agreement with Elements for development of the SGS Property. If approved, execution of the documents would be delegated to the Managing Director/CEO.

Paul E. McElroy, Managing Director/CEO

PEM/JLB/NKV

III. B. 2.

Real Estate Purchase & Sale Agreement for Southside Generating Station (SGS) Property

Additional documentation will be provided at the
January 16, 2018 JEA Board Meeting.

III. B. 3.

CEO Contract Modification and Extension



Building Community

AGENDA ITEM SUMMARY

January 8, 2018

SUBJECT:	CEO CONTRACT MODIFICATION AND EXTENSION
-----------------	--

Purpose:	<input type="checkbox"/> Information Only <input checked="" type="checkbox"/> Action Required <input type="checkbox"/> Advice/Direction
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Issue: The current Employment Agreement dated August 21, 2015, for the Chief Executive Officer/Managing Director (“CEO”) will terminate effective September 30, 2018. Direction was given at the November 27, 2017 JEA Compensation Committee meeting for the JEA Board Chair to work with the CEO to modify and extend the CEO Employment Agreement.

Significance: To have assurance that the CEO will be engaged in providing the proper management and direction to JEA for an additional two years.

Effect: The JEA Board of Directors is tasked with appointing a CEO to operate the eighth largest community-owned electric utility company in the United States and the largest in Florida, with total assets of \$8.4 billion (2017), total revenue of \$1.8 billion (2017), and approximately 2000 employees (2017).

Cost or Benefit: The proposed Employment Agreement removes the provision of an annual performance compensation incentive, provides an increased annual base salary and modifies the termination section to be consistent with Florida Statutes and extends the term an additional two years.

Recommended Board action: Staff recommends that the JEA Board of Directors approve the CEO Employment Agreement modification and extension effective as of October 1, 2017 and terminating on September 30, 2020.

For additional information, contact: Jody Brooks 665-6383

Submitted by: PEM/JLB

MISSION	VISION	VALUES
 Energizing our community through high-value energy and water solutions.	 JEA is a premier service provider, valued asset and vital partner in advancing our community.	 <ul style="list-style-type: none"> • Safety • Service • Growth² • Accountability • Integrity

Commitments to Action

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

III. B. 3.

CEO Contract Modification and Extension

A copy of the proposed Employment Agreement will be provided at the January 16, 2018 JEA Board Meeting.

III. B. 4.

JEA Electric Distribution: Options for Storm Resiliency



Building Community

AGENDA ITEM SUMMARY

December 29, 2017

SUBJECT:	JEA ELECTRIC DISTRIBUTION: OPTIONS FOR STORM RESILIENCY
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Purpose:	<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: The occurrence of Hurricanes Matthew and Irma, both within a year's time, had a significant impact on JEA's electric system. JEA stakeholders have expressed concerns regarding the performance of the system, and are typically interested in information on any potential opportunities for improvement. This Board item presents information on both storm hardening and underground conversion. It will also outline past and ongoing system improvements, along with plans for the future.

Significance: Performance of the JEA electric system is key for service reliability for JEA customers. The investment in storm hardening for the distribution system is significant. It is also important to know and understand the advantages and disadvantages associated with underground power lines.

Effect: Past and future storm hardening efforts result in cost-effective methods of making the electric system more resilient.

Cost or Benefit: JEA has invested approximately \$120M over the last 5 years, and has \$20M in the FY18 capital plan. The benefits include improved electric service reliability—fewer outages and shorter outage duration.

Recommended Board action: This item is being presented as information only. No action is required.

For additional information, contact: John Coarsey, 904 665-6739.

Submitted by: PEM/MJB/JBC

MISSION

Energizing our community through high-value energy and water solutions.

VISION

JEA is a premier service provider, valued asset and vital partner in advancing our community.

VALUES

- Safety
- Service
- Growth?
- Accountability
- Integrity

Commitments to Action

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



INTER-OFFICE MEMORANDUM

December 29, 2017

SUBJECT: JEA ELECTRIC DISTRIBUTION: OPTIONS FOR STORM RESILIENCY

FROM: Paul E. McElroy, Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

The occurrence of Hurricanes Matthew and Irma, both within a year's time, had a significant impact on JEA's electric system. JEA stakeholders have expressed concerns in the past regarding the performance of the electric system, and are interested typically in information on any potential opportunities for improvement.

DISCUSSION:

This Board item presents information on both storm hardening and underground conversion options to improve the resiliency of electric systems. It also outlines past system improvements at JEA, along with plans for the future.

Performance of the JEA electric system is key for service reliability for JEA customers. The investment in storm hardening for the distribution system is significant. It is also important to know and understand the advantages and disadvantages associated with underground power lines.

JEA has invested approximately \$120M over the last 5 years, and has \$20M in the FY18 capital plan for storm hardening and resiliency improvement projects. Past and future storm hardening efforts result in cost-effective methods for making the electric system more resilient—fewer outages and shorter outage duration.

RECOMMENDATION:

This item is being presented as information only. No action is required.

Paul E. McElroy, Managing Director/CEO

PEM/MJB/JBC

[Return to Agenda](#)

III. B. 4.
1/16/2018

Board of Directors Meeting January 16, 2018

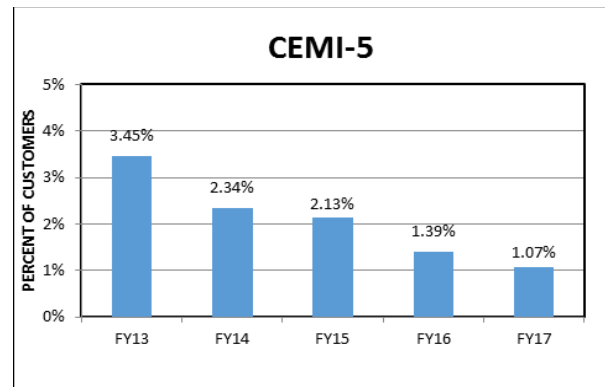
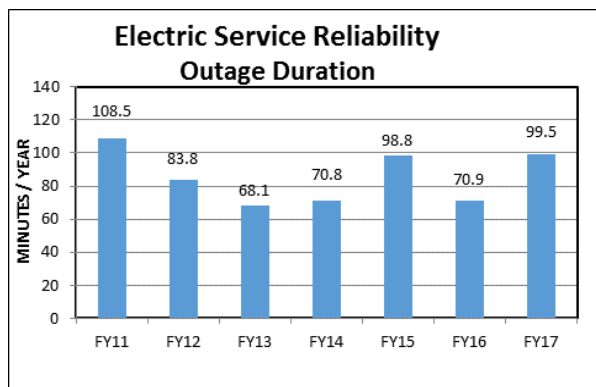
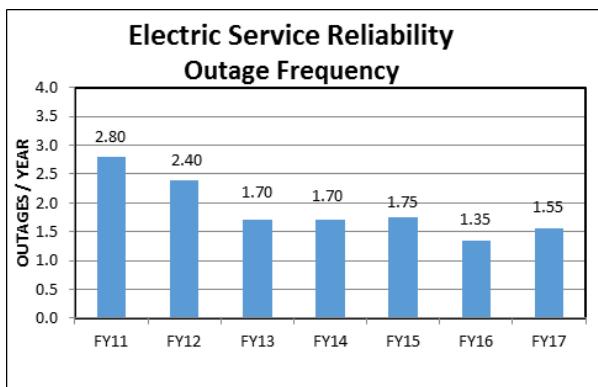
JEA Electric Distribution Storm Resiliency

1. Historical Perspective
2. Storm Hardening at JEA
 - Past and Ongoing Initiatives
 - Future Initiatives
3. Overhead vs. Underground Electric Distribution
4. Summary



- From a historical perspective, electric utilities built distribution lines to meet a minimum level for performance and safety.
 - Adherence to the National Electric Safety Code (NESC).
 - Run to failure approach, with minimal focus on preventative/predictive maintenance.
 - Little attention to power quality and reliability.
- In the 1970s, underground construction became the norm for many new installations.
- In the 1980s and 1990s, utilities began to focus more on building and maintaining systems above the minimum threshold, seeking to improve power quality and reliability for customers.
- In 2007, JEA initiated a new and on-going program to significantly improve the reliability and resiliency of its electric distribution system.
 - Benefits include lower outage frequency and shorter outage duration.
 - JEA has invested approximately \$120M over the last 5 years, and has \$20M in the FY18 capital plan.
 - Improvements are focused on inspecting and upgrading poles and other equipment.
 - Equipment standards were improved to reduce outage frequency during both normal conditions and severe weather events.
 - Vegetation management standards were improved, including additional focus targeting JEA's worst performing areas.

- **Distribution System Inspection & Pole Replacement Programs**
 - JEA inspects its entire distribution system on a rolling 8-year cycle.
 - Includes poles, overhead and underground equipment, grounds, lightning arrestors and infrared scanning.
- **Vegetation Management Program (\$6.5M annual budget)**
 - JEA performs industry standard vegetation management on its 3,000 miles of overhead distribution a rolling 2 ½-year cycle.
 - Includes targeted Overhang Removal Trim for worst performing areas.
- **CEMI-5 Program (\$24M invested over the last 5 years)**
 - An ongoing program initiated in 2013 targeting customers and neighborhoods experiencing more than **five outages** in excess of **1 minute** over **12 months**.
 - Includes a set of storm-hardening improvements for existing poles, including enhanced vegetation management.
 - Over 875 projects completed in the last 3 years, involving work at over 12,000 locations.



- **Outage Duration Reduction Program**

- JEA is launching a new program this year aimed at achieving a substantial reduction in customer outage duration.
- Involves an investment of approximately \$30M over 4 years.
- The key objective of this initiative is to significantly reduce the time it takes JEA personnel to identify the location of a fault, isolate it, and complete restoration work.
- Program components include Control Center monitored and controlled Automatic Reclosers and Switches, Fault Current Indicators, and Trip Savers.
- An additional component of the program involves using JEA Smart Meters to provide input to JEA's Outage Management System.



- In the aftermath of a major storm or hurricane there is often renewed interest in moving more of the overhead electric lines underground.
- While this may be a good approach in terms of storm/wind/lightning resiliency, a number of additional factors must be considered.
- Since 1991, a number of studies have been performed evaluating the costs and benefits of overhead vs. underground electric distribution.
 - 1991 Florida PSC Report on Cost Effectiveness of Underground Electric Distribution Facilities
 - 1998 Maryland Task Force Study
 - 2000 Commonwealth of Australia Underground Working Group Report
 - 2003 ICF Consulting Report on the Potential for Undergrounding of Electricity in Europe
 - 2003 North Carolina Utilities Commission Public Staff Report
 - 2003 Kentucky Utilities Report to the Kentucky PSC
 - 2004 Edison Electric Institute Report
 - 2005 Florida PSC Study on Underground Transmission and Distribution in Florida
 - 2005 Virginia State Corporation Commission Study
 - 2005 Navigant Consulting Study for LIPA
 - 2007 InfraSource Underground Assessment for Florida Electric Utilities
- All of these studies have generally come to the same conclusion:
 - The 30-yr life cycle NPV of all cost factors results in underground electric distribution not being cost-feasible compared to overhead distribution.
 - Over the life of the system, any net benefits are insufficient to recover the higher costs.

- JEA is similar to other peer Florida municipals with regards to the percentage of underground distribution installed.
- Municipals tend to have a higher percentage underground compared to the IOUs—roughly 50-60% vs. 20-40%.
- Of JEA’s 7,000 circuit miles of electric distribution, 3,853 miles (56%) is currently underground.

Advantages	Disadvantages
No requirement for recurring tree trimming (lower O&M costs)	Higher capital cost for both the initial installation and on-going repair, maintenance & replacement
More reliable in terms of outages due to storms/wind/lightning	Longer outage times—it takes more time to find and fix problems, and the repairs are more costly
Typically more reliable in terms of power quality	Equipment is more susceptible to damage from flooding and from work by others (digging or directional drilling)
Preferred for aesthetic reasons	The cable and equipment require either easements or space in the right-of-way; potential issues with conflicts with other underground utilities
Considered better from the perspective of public safety	Loss of annual revenue from the communication company (pole joint-users)

- Material costs for underground equipment is more expensive than overhead equipment. The UG/OH cost ratio is 1.5 to 3.0 times.
- For total new line construction costs, the UG/OH cost ratio is 3.5 to 6.5 times.
- For OH-to-UG conversion projects, the costs are higher than that for new underground construction.

Electric OH-to-UG Conversion—Cost Estimates		
	Installed Miles	Cost per Mile
Single & Two-Phase Lateral	1,660	\$623,000
Three-Phase Lateral	300	\$823,000
Mainline Feeder	1,060	\$1,670,000
Excludes: <ul style="list-style-type: none"> • Phone/Cable TV lines, and customer secondary drops • Permits, real estate, easement, mitigation, cost inflation, contingency 		

- The estimated cost to convert all of JEA’s 3,000 miles of overhead distribution lines to underground is **\$6.6 Billion** (an estimated Base Rate impact of 100%).
- The estimated cost to convert only the 2,000 miles of overhead laterals (neighborhoods) to underground is **\$3.4 Billion**. (an estimated Base Rate impact of 50%).
- JEA and the City of Jacksonville have programs in place to help neighborhoods pursue conversion projects.

- While underground distribution systems generally perform better than overhead systems during major storm events, JEA’s storm-hardened system fared well during the two recent hurricanes.
- A significant number of customers had power restored quickly—including critical customers, schools, major intersections, gas, shopping....
- Costs associated with damage to the system, while not insignificant, are very low compared to underground conversion costs. In addition, they are largely covered by insurance and FEMA.

STORM	MATTHEW (OCT-16)	IRMA (SEP-17)
Customers Out	245,578 (53%)	284,982 (60%)
Customers Restored at 48 Hours	149,629 restored (61% of the customers out)	176,847 restored (62% of the customers out)
Customers Restored At 72 Hours	202,653 restored (83% of the customers out)	213,289 restored (75% of the customers out)
Full Restoration	7 days	7 days
Damage Costs	\$11.9M	\$14.7M

- JEA continues to invest in storm hardening programs and initiatives, including the deployment of advanced technology, aimed at improving the reliability and resiliency of the electric distribution system.
- Over the next 4 years, a new initiative will significantly reduce outage duration for JEA customers.
- Although underground distribution is more resilient for storms/wind/lightning, multiple studies have shown that converting from overhead to underground is not cost effective. Storm hardening remains the recommended and preferred option.
- The estimated cost to convert all of JEA's 3,000 miles of overhead distribution lines to underground is **\$6.6 B**. To only convert the 2,000 miles of lateral lines (neighborhoods), the cost is still high at **\$3.4B**.
- At a rate of 150 miles per year, it would take 20 years to convert all of the existing overhead lines to underground.
- Unless other funding sources were identified, a large conversion initiative would put significant upward pressure on JEA's base rates.
- JEA and the City have programs in place today to facilitate and enable underground conversion projects for individual neighborhoods.

III. B. 5.

Monthly Operational and Financial Review

Due to timing of the monthly financial closing as it relates to the date of the Board Meeting, the Monthly JEA Operational and Financial Review will be provided at the Board Meeting.