

# JEA CORPORATE HEADQUATERS COMMITTEE WORKSHOP

May 15, 2020 • 9:00 a.m. WebEx

\*\*No physical location will be provided for this meeting.\*\*



<b>I.</b>	<b>WELCOME</b>	
	A.	Call to Order – Committee Chair
	B.	Time of Reflection
	C.	Adoption of the Agenda – Action
	D.	Sunshine Law/Public Records Statement – Jody Brooks, Office of General Counsel

<b>II.</b>	<b>COMMENTS/PRESENTATIONS</b>	
	Item(s)	Speaker/Title
	A.	Comments from the Public  Public

<b>III.</b>	<b>FOR COMMITTEE CONSIDERATION</b>		
	Item(s)	Speaker/Title	Discussion Action/Information
	A.	<a href="#">Committee Charter Review</a>	Jody Brooks, Office of General Counsel Information
	B.	<a href="#">Corporate Campus Scenarios</a>	Bobby Stein, Committee Chair Stewart Green, CBRE Information
	C.	General Discussion	All Information
	D.	Direction	Committee Action
	E.	Other New Business	Committee Information

<b>IV.</b>	<b>OTHER BUSINESS</b>	
	Item(s)	
	A.	Announcement – Next Committee Meeting
B.	Adjournment	

# JEA Corporate Headquarters Committee Charter

## **Role of the Corporate Headquarters Committee**

The JEA Corporate Headquarters Committee (the “Committee”) is appointed by the Board Chair, and is a special committee of the JEA Board of Directors. The Committee’s primary function is to assist the Board in planning and development of a new corporate headquarters and related facilities. The Committee shall review and approve relevant agenda items, provide periodic reports and make recommendations to the JEA Board for final approval. The Committee will keep the full JEA Board apprised of its activities.

## **Membership**

The Committee shall consist of three Board members, appointed by the Board Chair. The Board Chair shall appoint one of the Committee members as Chairperson. Nancy Kilgo Veasey, the Director of Special Projects, shall have direct access to Committee members.

## **Meetings**

The Committee will meet on an as needed basis. The Committee may invite members of Management and/or others to attend meetings and provide pertinent information, as necessary. Meetings shall be subject to open meetings and public information laws.

## **Responsibilities**

The Committee shall:

- Meet with JEA Management and staff, representatives from CBRE (Owner’s Representative) ASD | SKY (Program Consultant) and consultant TI design firm to assist with interior tenant improvements, and Ryan Companies US, Inc. regarding the project on an as needed basis and in accordance with Sunshine Laws
- Review and make recommendations regarding building programming elements and workplace standards
- Provide guidance on value engineering
- Review and comment on project plans and documents
- Oversee the construction and development of the new corporate headquarters and related facilities
- Report Committee summaries, actions and recommendations to the full Board



# CORPORATE CAMPUS SCENARIOS



**MAY 2020**

# EXECUTIVE SUMMARY

## PROJECT FOCUS

## DIRECTION

- Employees
- JEA Culture
- Safety
- Security
- Project economics
- Business continuity

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- Target HQ Square Footage
- Target HQ Parking Counts
- Resiliency
- Finalize project decisions

The current JEA HQ was built in 1962 and analysis in 2014 (internal) and 2016 (Fairlead/Haskell/ETM) showed that improvements needed on the current HQ would rival the cost of a new building.

# WHY WAS A NEW BUILD RECOMMENDED?

Capital Expenditure savings were estimated to be \$27M\* if a new facility is constructed.

\*Fairlead/Haskell/ETM Report September 2016

## Existing Building



- Existing Opex costs:
  - \$1.5 - \$2.2M +/- Annually
- Critical Facility Needs:
  - \$11.6M +/- Immediately
  - \$4 - \$9M +/- Annually
  - \$27M -39M +/- Over 15 years
- 15 Year Operational Expectations:
  - Existing Opex Plus Critical Need
  - \$57.0M +/-
- Headquarters “Recovery” (Renovation):
  - \$65M - \$78M

## New Program Comparison

- Expected Opex costs:
  - \$0.8 - \$1.4M +/- per year
- Critical Facility Needs:
  - Not Applicable
- 15 Year Operational Expectations:
  - \$21.8M (NPV - \$11.9M) +/-

Figures are not final. This report is conceptual in nature and will need further study, development and decisions to insure accuracy of all values and timelines.

# PROGRAM SHIFT COMPARISONS

Further efforts toward more efficient real estate consumption must blend Program Care, reasonable Building Design changes and Value. These various aspects converge at Key Aspect Points.

## Building Transition

### Current Building (21 W. Church):

- SF 360,000
- SF / PPL 320 +/-
- Annual Opex+ Costs (Twrs) \$4.8M +/-
- Recovery Costs \$65-78M\*

\*Fairlead Report, September 2016

### Option I. Jan, 2020 "Approved Program":

- SF 196,900
- SF / PPL 179 +/-
- Annual Opex (HQ) \$1.2M +/-
- Build Costs \$75.9M\*
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## Program Shift

### Option II. April Revisit (Non-Hardened):

- SF 175,000
- SF / PPL 170
- Annual Opex (HQ) \$1.1M +/-
- Gross Rent Reduction \$18M
- FTE Relocation 0

### Option III. May Revisit (Hardening):

- SF 152,000/40,000
- SF / PPL 170
- Annual Opex (HQ) \$1M +/-
- Gross Rent Reduction \$27M +/-
- FTE Relocation 220 +/-

Options I, II and III above do not include Tenant Improvement Costs  
Figures are not final. This report is conceptual in nature and will need further study, development and decisions to insure accuracy of all values and timelines.

# WHY ARE WE RECOMMENDING A FURTHER CHANGE TO THE PROGRAM?

JEA adopted new standards and approved them in January, 2020.

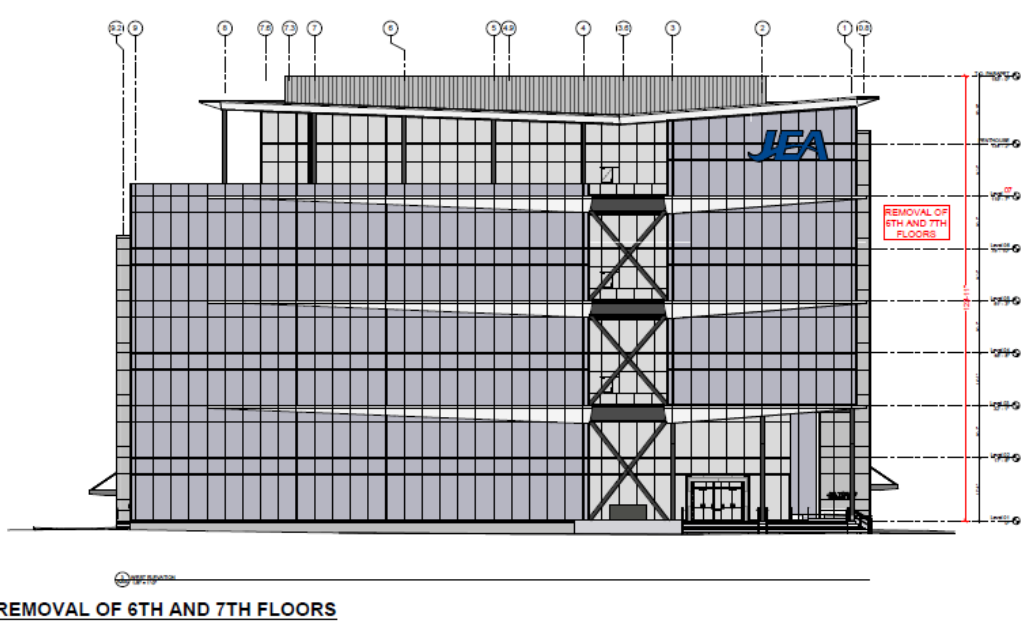
We are recommending reducing the HQ program by 42k sf +/-, or two floors, from the initial design to separate select functions into a hardened facility.

## PROGRAM ADAPTATION, VALUE AND HARDENING

- Majority of functions remain in HQ
- Allows solution for Resiliency / Hardening
- Maintains a high value of reductions
- Avoids Significant Delay
- Protects Majority of Existing Approvals
- Offers highest savings given revisions to Program

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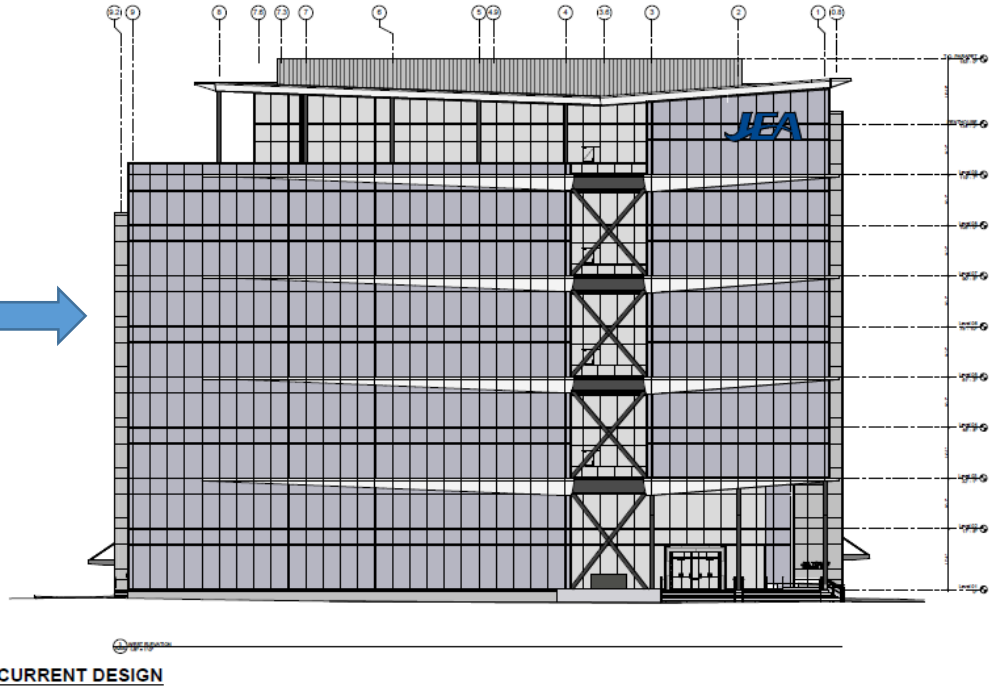
# BUILDING VISUALS



- Reduction of 2 Floors
- Maintaining comfortable interior spacing (170SF/PPL)
- Maintains amenities ratios
- Approximately 220 FTE Relocated



- Prior Design (Jan., 2020)





# WHAT ARE IMPACTS OF REDUCING TWO FLOORS?

JEA adopted new standards and approved them in January, 2020.

We are recommending reducing the HQ program by 42k sf +/-, or two floors, from the initial design to separate select functions into a hardened facility.

## PROGRAM ADAPTATION, VALUE AND HARDENING

- Gross Rent Reduction to HQ (Option I to Option III): \$27M\* +/-
- Net impact between Option I and Option III \$10M to \$14M +/-
- Expected Savings in Operations (Existing HQ to Option III): \$19M - \$35M +/-

\*Includes SF reductions, reductions from Vacancy & Workplace Standards and reduced TI Spend levels.

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# HARDENING OPPORTUNITY

JEA HQ Program is shifting focus to include a Singular Hardened Facility to Protect Central Functionality, Security and Service Reliability

## Current Scenario

- Fragmented solution in various existing facilities and leases
- Solutions differ year to year with varying levels of efficiency in infrastructure

## Peer/Industry Partner Examples

- Separate sites from HQ
- Sites owned by utility, complete control
- Programming allows additional flexibility and consistency in “how” they address risk impacts

# DISCUSSION/DIRECTION

## Finalize project decisions

### Recommendation – Option III:

- Target HQ Square Footage 152,000 +/- SF HQ
- Target HQ Parking Counts 742 parking spaces
- Resiliency Separate 40,000 +/- SF hardened facility
- Additional considerations
  - Retain solar PV
  - Retain LEED Gold
  - Reduce size and count of terraces
  - Retain rooftop mechanical

# DISCUSSION/DIRECTION/DECISIONS

	Existing HQ	Recommended Option III Two Floor Reduction HQ	Option II One Floor Reduction HQ	Option I Current Program New HQ	Target Direction
Employees	960	760*	960	960	
SF of building	360,000	152,000 +/-	174,000 +/-	196,900	
Parking (garages)	513 spaces	742 +/- spaces	742 +/- spaces	841 spaces	
Seating	1 to 1	1 to .85	1 to .85	1 to 1	
SF per person	320 SF/P	170 SF/P	170 SF/P	179 SF/P	
Workplace amenities		Maintain amenities ratios to size	12,188 SF (-25% from Current Planning)	16,250 SF	
Resiliency		Separate select hardened functions	130 MPH winds w/other resiliencies	130 MPH winds w/other resiliencies	
Value engineering options		Retain PV Retain LEED gold Reduce size & count Rooftop mechanical Parking 9 floors	Retain PV Retain LEED gold Reduce size & count Interior mechanical Parking 9 floors	Solar PV LEED Gold Dual terraces Rooftop mechanical Parking 10 floors	

\* Approximate count - mission critical functions 200+/-