

IMPROVING LIVES. BUILDING COMMUNITY. to be the best utility in the nation



FINANCE, GOVERNANCE, AND AUDIT COMMITTEE

JEA Headquarters | 1st Floor | Room 120-A | 225 North Pearl Street, Jacksonville, FL 32202

August 20, 2024 | 10:00 am - 12:00 pm

Members: Bobby Stein (Chair), Kawanza Humphrey, and MG Orender - All Board Members Are Welcome

WELCOME

Meeting Called to Order

Adoption of Agenda (Action)

Bobby Stein, Chair

Approval of Minutes (Action)

Safety Briefing

Ted Phillips, Chief Financial Officer

COMMENTS / PRESENTATIONS

Comments from the Public

Public

FOR COMMITTEE CONSIDERATION

DELIVERING BUSINESS EXCELLENCE

[FY2024 External Audit Plan](#)

John DiSanto, Managing Director, EY
Natalia DiFerdinand, Senior Manager, Assurance Services, EY

[Internal Audit Update](#)

Lee Montanez, Director, Internal Audit

[Ethics Update](#)

Walette Stanford, Ethics Officer

[Quarterly Financial Review](#)

Joe Orfano, Deputy Chief Financial Officer

[Electric System Debt Portfolio De-Risking Opportunity](#)

Randall Barnes, Treasurer
Joe Orfano, Deputy Chief Financial Officer
A.J. Souto, Debt Manager

[Water/Wastewater Cost of Service Update](#)

Ted Phillips, Chief Financial Officer
Victor Blackshear, Director, Financial Planning Analysis & Rates

[Continuing Services Contracts \(Action\)](#)

Ted Phillips, Chief Financial Officer

OTHER BUSINESS AND CLOSING CONSIDERATION

Old and Other New Business/Open Discussion

Announcements - Next Finance, Governance, and Audit Committee Meeting - October TBD

COMMITTEE DISCUSSION SESSIONS

1. EY
2. Director, Internal Audit
3. Ethics Officer
4. Council Auditor's Office

Adjournment

SUPPLEMENTAL INFORMATION

Appendix A: [Finance, Governance, and Audit Committee Meeting Minutes - February 22, 2024](#)

Appendix B: [FY2024 External Audit Plan](#)

Appendix C: [Internal Audit Update](#)

Appendix D: [Ethics Update](#)

Appendix E: [Electric System Debt Portfolio](#)

Appendix F: [Water/Wastewater Cost of Service Update](#)

Appendix G: [Continuing Services Contracts](#)

Appendix H: [Jacksonville Small and Emerging Business Quarterly Update](#)



FINANCE, GOVERNANCE, & AUDIT COMMITTEE

AUGUST 20, 2024

IMPROVING LIVES...BUILDING COMMUNITY



Safety Briefing Headquarters

In the event of an emergency, JEA Security will call 911
and coordinate any required evacuation

Emergency Evacuation Route: Exit building via
Pearl Street main entrance/exit or Monroe Street exit to the left
of the American flag

Assembly Point: Front of Duval County Clerk of Courts
(NW corner of Adams St. & Clay St.)

Evacuation or Medical Assist: Notify JEA Security Officer

Hazard & Situational Awareness

Cell Phone & Computer Etiquette



Pearl Street Exit



**Monroe Street Exit
Left of the American Flag**



County Courthouse Lawn



Comments From The Public

Chair Stein

Improving Lives...Building Community



MEETING OVERVIEW

- FY2024 External Audit Plan
- Internal Audit Update
- Ethics Update
- Quarterly Financial Review
- Electric System Debt Portfolio De-Risking Opportunity
- Water/Wastewater Cost of Service Update
- Continuing Services Contracts (Action)



JEA

2024 audit plan

August 20, 2024



Executive summary

Page

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What's new and next

New: GASB Pronouncements (2024)

- GASB Statement No.99, *Omnibus 2022*
- GASB Statement No. 100, *Accounting Changes and Error Corrections, an Amendment of GASB Statement No. 62*
- GASB Statement No. 101, *Compensated Absences*

Next: Actions the team is taking in the next 90 days

- Issuance of the audit report for the Uniform Guidance audit (FEMA) for 2023
- Planning and interim walkthroughs for the JEA financial statement and SJRPP pension plan audits

2024 audit plan

Interim procedures: June to August

Year-end procedures: October to December

- Areas of emphasis (pages 2-3)
- GASB Pronouncements (page 4)
- Involvement of internal audit and others (page 5)
- Appendices (pages 6-12)
 - Required communications (pages 7-8)
 - Leading-edge technology in the audit, including AI (pages 9-11)









Post-report procedures: January to March

- Agreed upon procedures for the Department of Environmental Protection, as requested by management











Additional points to consider

- Future GASB Pronouncements (2025)
 - GASB Statement No. 102, Certain Risk Disclosures,
 - GASB Statement No.103, Financial Reporting Model Improvements

Areas of emphasis

Topic	Significance	Subjectivity	Considerations
Revenue recognition and sales commitments			<ul style="list-style-type: none"> Review calculation of unbilled revenue Test timing of revenue recognition based on the terms of the arrangement Test account reconciliations to determine timely completion and review Perform detailed analytical review procedures, by system, including predictive analytics based on verifiable consumption and production data Perform detailed tests over a sample of revenue transactions to assess the appropriateness and accuracy of recorded amounts With data analytics, we will analyze 100% of the revenue data within the general ledger and perform a correlation analysis between revenue, AR and cash
Regulatory Accounts			<ul style="list-style-type: none"> Test approval of any new regulatory assets/liabilities Verify that amortization and expense recognition are consistent with rate recovery Perform rollforward procedures and vouch significant activity, as needed
Investments			<ul style="list-style-type: none"> Assess estimation uncertainty for significant classes of securities in JEA's portfolio Confirm investments with custodial institutions and managers and test selected transactions Test valuation for selected securities using alternative pricing sources Evaluate GASB 40 risk disclosures and GASB 72 fair market value disclosures
Capital Assets			<ul style="list-style-type: none"> Test significant activity (assets added, retired or disposed of during the fiscal year), including evaluation of capitalization classification Review depreciation for reasonableness

Areas of emphasis

Topic	Significance	Subjectivity	Considerations
Derivative instruments and hedging activities	 Low	 Moderate	<ul style="list-style-type: none"> Test assessment of hedge effectiveness documentation, including re-performance where quantitative methods are used Confirm instruments with counterparties Test recorded market values using independently developed estimates and fuel hedge contract settlements Evaluate disclosures
Pension plan accounting and reporting — SJRPP Plan	 Low	 Low	<ul style="list-style-type: none"> Review actuary reports for reasonableness of assumptions and methodology For single employer plan, obtain actuary's reports and procedures performed by plan auditors Census data testing for JEA plan participants Assess reasonableness of required disclosures Substantively test plan assets
Pension plan accounting and reporting — COJ Plan	 Low	 Low	<ul style="list-style-type: none"> Review actuary reports for reasonableness of assumptions and methodology For cost sharing plan (City Plan) obtain audited allocation schedule to determine the City's liabilities, expenses, deferred inflows and outflows In accordance with AU-C 805, obtain a report on elements from CRI, the Plan's auditors Census data testing for JEA plan participants Assess reasonableness of required disclosures
Commitments and Contingencies	 Moderate	 Moderate	<ul style="list-style-type: none"> As part of our procedures, we will continue to inquire of management and legal counsel Evaluate the possible impact on JEA's financial statements, including possible contingent liabilities and required disclosures related to Plant Vogtle and other matters
Risk of management override of controls ¹	 High	 High	<ul style="list-style-type: none"> Professional standards require that we consider the risk of management override of controls to be a fraud risk on all audits. We will design our audit procedures, including our journal entry testing, to be responsive to this risk.

¹ Asterisked areas indicate accounts or transactions identified as having significant risks, which are risks with both a higher likelihood of occurrence and a higher magnitude of effect that require special audit considerations.

Important Updates: New GASB Pronouncements

GASB Statement	Title	Description	2024	2025
GASB Statement No. 99	Omnibus 2022	To enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by clarifying provision in GASB Statement N. 53, 87, 94 and 96.	X	
GASB Statement No. 100	Accounting Changes and Error Corrections, an amendment of GASB Statement No. 62	To enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.	X	
GASB Statement No. 101	Compensated Absences	To better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.	X	
GASB Statement No. 102	Certain Risk Disclosures	To improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues.		X
GASB Statement No. 103	Financial Reporting Model Improvements	To improve the financial reporting model that was established for state and local governments in 1999 by GASB Statement N. 34, Basic Financial Statements – and Management's Discussion and Analysis.		X

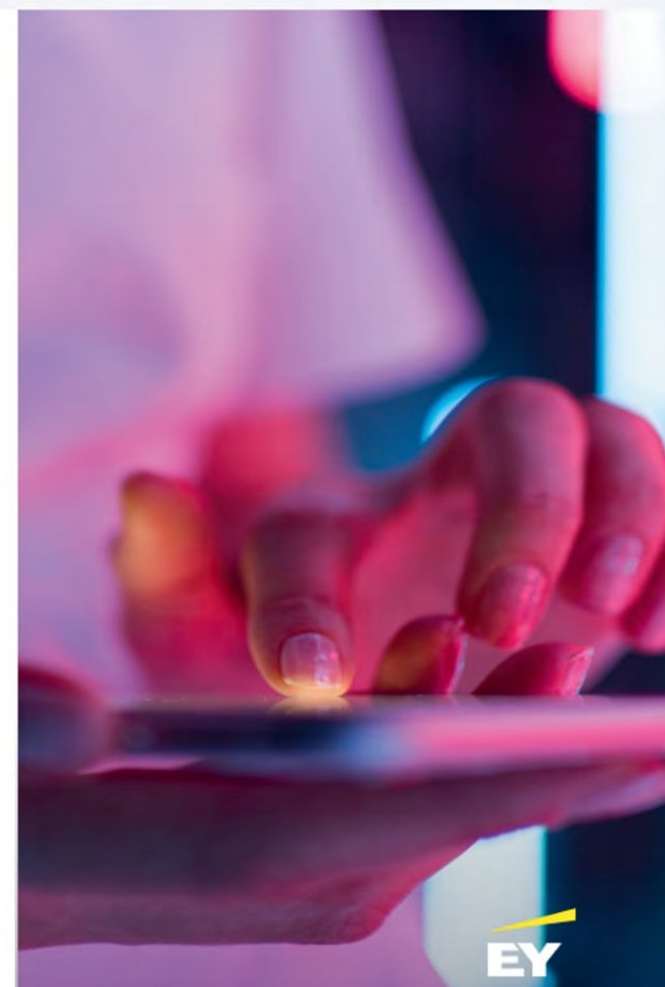
Involvement of internal audit and others

Areas/significant classes of transactions where EY is planning to use the work of internal audit	Walkthroughs ^{1, 2}	Substantive procedures ^{1, 2}	Estimated hours
Internal audit			
Purchases and accounts payable and cash disbursements	X		35
Regulatory assets	X		35
Officer Expense Testing		X	25
Derivative swaps		X	25
Costs to be recovered		X	25
Expense test of transactions		X	25
Fixed assets	X	X	45
Accruals	X	X	45
Debt Issuance and Monitoring	X		35
General Fund Transfer	X		35
Pension & OPEB Liabilities	X		35
AR, Revenue, Billing and Sales (incl. Unbilled Revenue)	X		35

■ Indicates a change from prior year

¹ Direct assistance model — When we use the direct assistance model, we treat internal audit or others as our own staff by providing audit programs, supervising their work, and performing a detail and second-level review of the workpapers.

² Reliance model — When we use the reliance model, we perform certain procedures to evaluate the quality and effectiveness of internal audit's or others' work. Procedures will include reviewing audit programs, understanding supervision of procedures performed, reviewing workpapers and results, and performing tests of their work.



Appendices

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A

Required communications

B

Leading-edge technology in the audit, including AI

Appendix A

Required communications

Required communications

Area	Comments
Terms of the audit engagement, including the objective of the audit, the auditor's responsibilities under generally accepted auditing standards and management's responsibilities	Refer to the engagement letter.
Overall planned scope and timing of the audit, and significant risks identified and any changes thereto	Refer to the executive summary and areas of emphasis for additional information.
Significant issues discussed with management in connection with the auditor's initial appointment or recurring retention	There are no matters to communicate.
Independence matters ¹	We are not aware of any matters that in our professional judgment would impair our independence.
Inquiries regarding: <ul style="list-style-type: none"> • Risks of material misstatement • Fraud and noncompliance with laws and regulations (illegal acts) • Related-party relationships and transactions 	Inquiries regarding these matters are to be performed at this meeting.

As required, provided above is a summary of required communications between the audit team and those charged with governance, as required by AICPA Clarified US Auditing Standard (AU-C) 260, The Auditor's Communication With Those Charged With Governance, and other applicable auditing standards. This communication is intended solely for the information and use of those charged with governance and, if appropriate, management, and is not intended to be, and should not be, used by anyone other than these specified parties.

¹ Communicate when event occurs, and consider need for separate communications within the presentation.



Internal Audit Update

Lee Montanez
Director Audit Services



Q3 Audit Plan Status

Audits (A) / Consulting Engagements (C)

****Recently completed Audits and Consulting Engagements are in bold**

COMPLETED AUDITS AND CONSULTING ENGAGEMENTS WITH RATINGS		IN-PROCESS AUDITS AND ENGAGEMENTS WITH STATUS	
Performance Pay Review (C) External Audit Support – EY (FY24)(C) TEA Member Review Support (C) SB 64 Consulting Engagement (C) Green-e Agreed-Upon Procedures (C) Maritime Transportation Security Act – Facility Plan Review (C) Landscape Contract & Services Assessment (C)	No Rating	Receivables & Collection Services - IT (A) Technology Project Governance (A) Learning & Development (A)	Reporting
Operating Budgets (A)	Outstanding	Contract Review - Technology Services (A) Contract Review - Water/Wastewater (A) Contract Review - Electric (A) Jacksonville Small & Emerging Business (A) Patch Management - Essential Systems (A)	Fieldwork
Recruitment Services (A) Fiber Network Resiliency (A) Receivables & Collections Services - Operations (A)	Satisfactory	Quality Assurance Review (C)	Ongoing
Sales Tax Exemption (A)	Needs Improvement	External Audit Support - EY (FY25) (A)	Planning
CANCELLED OR POSTPONED AUDITS AND ENGAGEMENTS			
		Outage Communications	Service-Level Agreements
UPCOMING AUDITS AND ENGAGEMENTS			
Records Retention Management Oversight Tools & Processes		Technical Debt Technology Services/Critical Infrastructure Protection Compliance Processes	



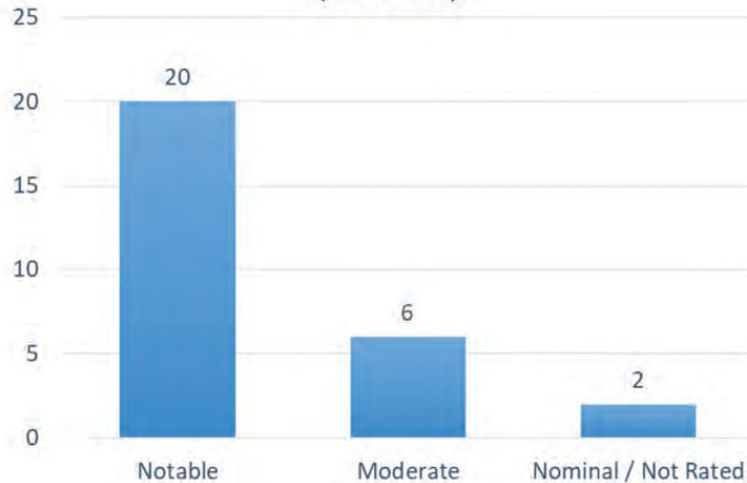
Q3 Completed Audits and Engagements

Audit or Engagement	Rating	Good Practice Observed	Key Observation
Sales Tax Exemption	Needs Improvement	To effectively communicate the sales tax exemption clause to our vendors, JEA has updated in Zycus the current templates used in the contract solicitation process.	Opportunities for improvement include updates to the process for reviewing sales tax paid by vendors, refund possibilities from the State of Florida, tracking of warranty, insurance and sales tax paid on contracts.
Capital & Operating Budgets	Outstanding	The Budget team is well-qualified, takes pride in their work and makes ease-of-process their priority by providing necessary training and reference material to those throughout the organization involved in the budget planning process.	No observations were identified.
Landscape Contract & Services Assessment	Consulting/ No Rating	Facilities have managed the landscape and vegetation processes without any safety issues.	Opportunities for improvement include onsite inspections, contractor cut lists, property matters, invoices and contract language and administration.

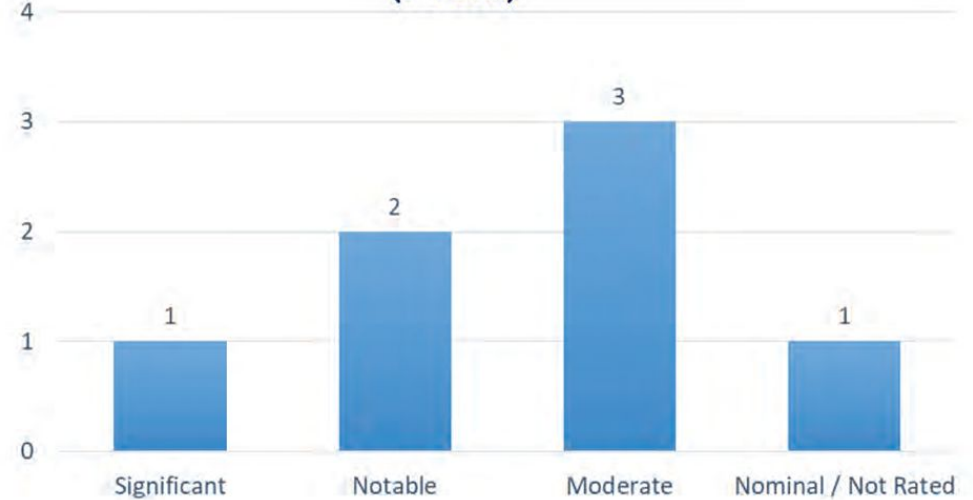
Open/Closed Audit Report Issues



**Open Action Plans By Issue Rating
(29 Total)**



**FY24 Closed Action Plans by Issue Rating
(7 Total)**



Closed Action Plan Highlights

Audit	Description
Fiber Network Resiliency	Telecom Management has collaborated with the business and developed a communication risk matrix based on probability and impact for each of JEA's communication locations. All sites with an Extreme or High ranking will be explored with the business to continue to strengthen the existing redundancy/resiliency plan.
Water/Wastewater Management	Management has updated the Project Prioritization Matrix field to ensure new projects priority level is considered and properly evaluated.

FY25 Audit Plan Process & Timeline



Identify Key Areas of Risk To Be Assessed

- Distribute surveys to all departments
- Review current audit plan results
- Integrate Enterprise Risk Management in the process



July

Assess and Prioritize Areas of Risk

- Review surveys and request additional information
- Interview Directors, Vice Presidents and Chiefs
- Aggregate and compile resulting information



August

Select Focus Areas

- Evaluate all information to determine audit focus
- Develop a preliminary audit plan
- Present audit plan to CEO for feedback



August - September

Develop and Approve Audit Plan

- Establish high-level scoping statements
- Finalize proposed plan, timing, and budget
- Present plan for Committee approval



September - October

The Annual Risk Assessment process is a critical element of the Internal Audit department's responsibility and provides the opportunity to continue our strategic partnership with leadership in the review and management of key business risks



Quality Assurance Review



Institute of Internal Auditors Standard 1312 – External Assessment

An external assessment to be conducted every five years

Honkamp Krueger & Co

Selected as our consultant for the external assessment

In coordination with Honkamp Krueger & Co, we will perform a self-assessment with Independent Validation (SAIV), which started in July and will be completed by September 30, 2024. The final report will be presented to the Finance, Governance, & Audit Committee for review.

Ethics Update

Walette Stanford
Ethics Officer



James Carnell, Electric Troubleshooter



Ethics Overview FY24 YTD



Required Business Ethics Training

Key Topics:
 Conflict of Interest
 Secondary Employment
 Nepotism
 Misuse of Resources
 Gifts



Ethics Inquiry Common Themes

Conflict of Interest - 13
 Gifts - 11
 Secondary Employment - 11
 Vendor - 9
 Human Resources / Mgmt / Personnel - 8
 Conference Attendance - 3
 Nepotism - 3
 Policy - 2



Ethics Hotline Common Themes

Workplace Harassment - 5
 Environment Protection - 1
 Improper Use of Equipment - 3
 Work Retaliation - 2
 Conduct Violation - 3

	FY22	FY23	FY24 YTD
Business Ethics Training (Non-Mgmt)	1770	1936	2115
Open Government Workshop - Mgmt	250	306	303
Ethics Inquiries	84	79	60
Hotline Cases	15	15	14

Data as of July 31, 2024

Business Ethics

What's Next?



Redesign and rollout a new Code of Conduct



Collaborate with Labor Relations to enhance policies and procedures



Prepare for FY25 Open Government and Business Ethics training



Support Interim MD/CEO to ensure ethical integration in the future of JEA



Achieve a high level of public confidence in the integrity of JEA operations



Quarterly Financial Review

Joe Orfano, Deputy Chief Financial Officer



ELECTRIC SYSTEM OPERATING BUDGET

Base REVENUES

AS DISPLAYED ON PAGE 27 OF THE MONTHLY FINANCIAL STATEMENTS

FY24: \$608,989,023

When compared to June YTD Budget this is a
5.3% Favorable

Fuel & PP REVENUES

AS DISPLAYED ON PAGE 27 OF THE MONTHLY FINANCIAL STATEMENTS

FY24: \$323,307,080

When compared to June YTD Budget this is a
1.8% Favorable

Other REVENUES

AS DISPLAYED ON PAGE 27 OF THE MONTHLY FINANCIAL STATEMENTS

FY24: \$74,952,413

When compared to June YTD Budget this is a
62.8% Favorable

O&M Expenditures

AS DISPLAYED ON PAGE 27 OF THE MONTHLY FINANCIAL STATEMENTS

FY24: \$215,111,098

When compared to June YTD Budget this is a
4.9% Favorable

Fuel & PP Expenditures

AS DISPLAYED ON PAGE 27 OF THE MONTHLY FINANCIAL STATEMENTS

FY24: \$318,444,026

When compared to June YTD Budget this is a
0.5% Unfavorable

Other Expenditures

AS DISPLAYED ON PAGE 27 OF THE MONTHLY FINANCIAL STATEMENTS

FY24: \$448,270,290

When compared to June YTD Budget this is a
5.7% Unfavorable

Total REVENUES

AS DISPLAYED ON PAGE 27 OF THE MONTHLY FINANCIAL STATEMENTS

FY24: \$1,007,248,516

When compared to June YTD Budget this is a
6.9% Favorable

Total Expenditures

AS DISPLAYED ON PAGE 27 OF THE MONTHLY FINANCIAL STATEMENTS

FY24: \$981,825,414

When compared to June YTD Budget this is a
1.5% Unfavorable

Surplus / (Deficit)

FY24: \$25,423,102



**FOR THE 9 MONTHS ENDING June 30, 2024
TERRITORIAL KWH SALES INCREASED**

4.1%

WHEN COMPARED TO FY2023 June YTD
(as displayed on page 27 of the monthly financial statements)

BASE REVENUES

Base revenues, as shown on page 12 of the monthly financial statements, include more than the name suggests. This line item includes: customer sales, recognition of revenue due to stabilization fund(s) transfers, bad debt, and monies received from public service taxes and franchise fees collected.

If you are looking just for our sales collected from customer charges and usage fees, you want to review the base rate revenues line item on page 27 of our monthly financial statements. This is our budget page and under nonfuel related revenues you can review base rate revenues, conservation charge revenues, environmental charge revenues, natural gas revenue pass through and other revenues collected from customers to get a clearer picture of our sales. Page 27 also identifies KWH sold both territorial and off system.

Generally, for the Electric System, the prominent driver of sales is degree days. Usually, a higher number of degree days results in increased energy usage. Overall, FY2024 has still been warmer than FY23 this has resulted increased sales.

DEGREE DAYS COMPARISON

	FY2024 June YTD	FY2023 June YTD	Variance
Heating Degree Days	1,050	856	▲ 194
Cooling Degree Days	1,483	1,510	▼ (27)
Total Degree Days	2,533	2,366	▲ 167

As displayed on page 17 of the monthly financial statements



OPERATING EXPENSES

Operating Expenses refer to the ongoing costs necessary to run a business. As displayed on page 12 of the monthly financial statements, JEA's electric system's operating expenses include: fuel expenses, purchased power expenses, O&M expenses, depreciation expenses, utility and franchise tax expenses, and the net recognition of deferred costs and revenues.

When comparing our June year-to-date operating expenses for FY24 to FY23, we see a decrease in fuel expenses and purchased power expenses. Additional fuel cost information, to include fuel costs, consumption statistics, and cost per MWh can be found on page 24 of our monthly financial statements. Additional purchase power cost information can be found on page 25 of our monthly financial statements.

O&M Expenses are the Operating Expenses within our control. Across both systems, all other operating expenses are sales dependent. For example, a decrease in sales does result in a decrease in tax expenses. Our O&M expenditures are within our control and we can adjust our spend rate to align with our operating revenue trends. We will take a closer look at our O&M budget on the next slide.



ELECTRIC SYSTEM O&M BUDGET

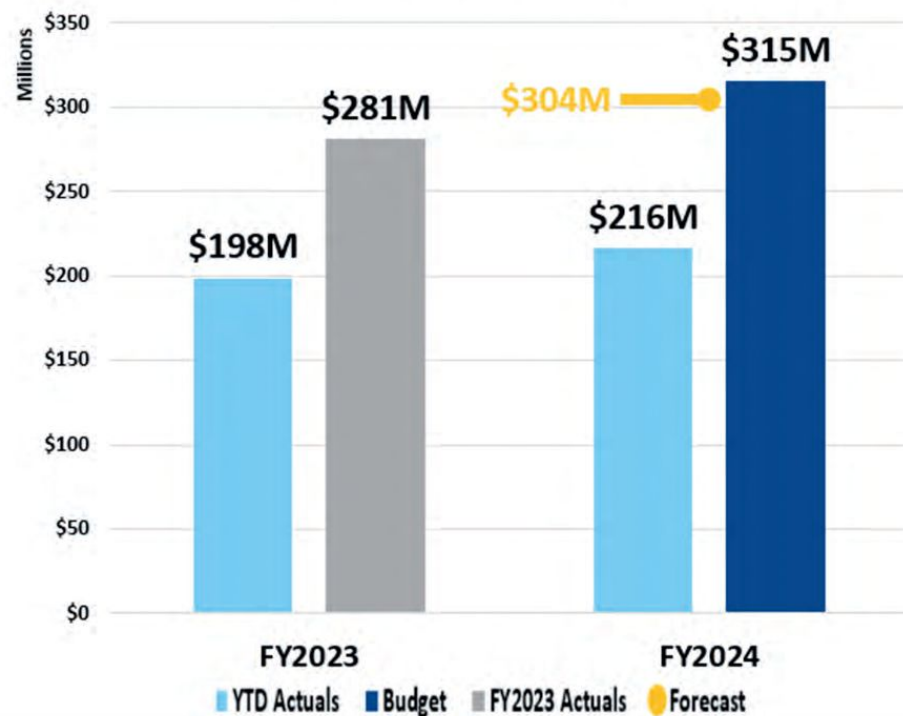
YTD O&M is 95% of the FY24 budget

Forecasting FY24 O&M spend to be \$304.4M, which is \$10.8M less than the annual budget of \$315.2M. Projected spend is 96.6% of the annual budget.

Looking at various forecast methodologies, FY24 O&M spend could range from \$298M to \$306M.

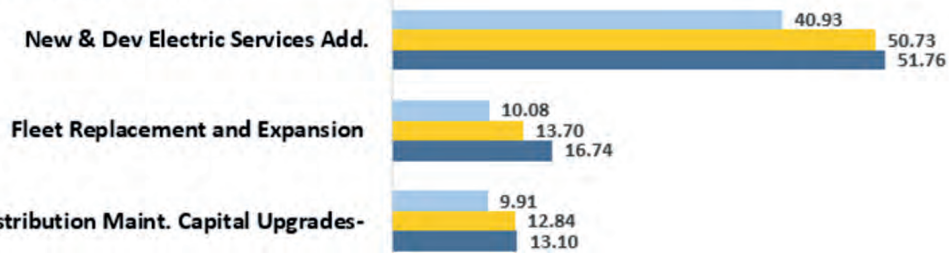
FY24 O&M Spend	Variance	%
Salaries, OT, Benefits	7,310,297	104%
Supplies & Materials	(341,456)	98%
Other Services & Charges	(16,340,905)	87%
Insurance	(1,362,799)	86%
Other Expenses	2,770,710	149%
Net Credits	(3,468,089)	103%
Total Electric System	(\$11.4M)	95.0%

O&M Actuals and Budget

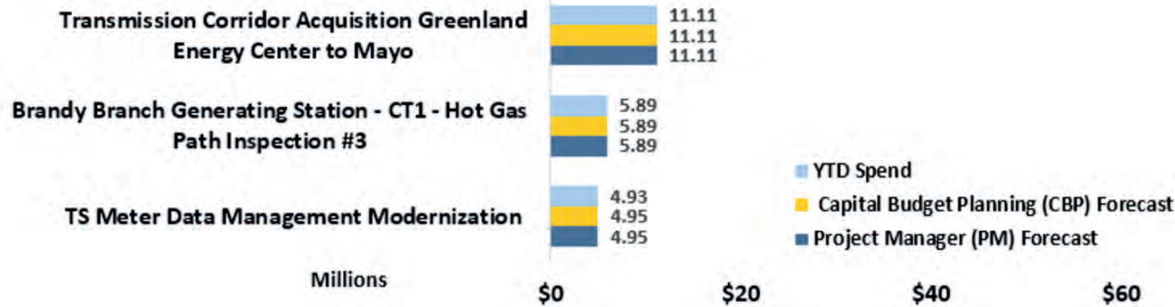


ELECTRIC SYSTEM CAPITAL BUDGET

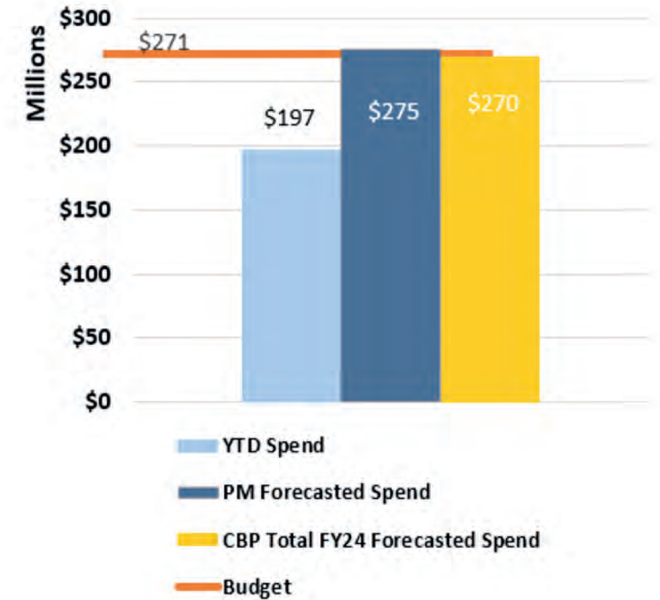
Program Project Key Drivers



Specific Project Key Drivers



Total Electric System Spend



WATER SYSTEM OPERATING BUDGET

Water REVENUES

AS DISPLAYED ON PAGE 28 OF THE MONTHLY FINANCIAL STATEMENTS

FY24: \$142,507,883

When compared to June YTD Budget this is a
2.6% Favorable

Sewer REVENUES

AS DISPLAYED ON PAGE 28 OF THE MONTHLY FINANCIAL STATEMENTS

FY24: \$205,703,620

When compared to June YTD Budget this is a
0.6% Favorable

Reclaimed & Other REVENUES

AS DISPLAYED ON PAGE 28 OF THE MONTHLY FINANCIAL STATEMENTS

FY24: \$124,994,528

When compared to June YTD Budget this is a
15.1% Favorable

O&M Expenditures

AS DISPLAYED ON PAGE 28 OF THE MONTHLY FINANCIAL STATEMENTS

FY24: \$180,251,344

When compared to June YTD Budget this is a
6.3% Unfavorable

Capital Expenditures

AS DISPLAYED ON PAGE 28 OF THE MONTHLY FINANCIAL STATEMENTS

FY24: \$130,439,310

When compared to June YTD Budget this is a
14.4% Favorable

Other Expenditures

AS DISPLAYED ON PAGE 28 OF THE MONTHLY FINANCIAL STATEMENTS

FY24: \$118,088,633

When compared to June YTD Budget this is a
0.8% Favorable

Total REVENUES

AS DISPLAYED ON PAGE 28 OF THE MONTHLY FINANCIAL STATEMENTS

FY24: \$473,206,031

When compared to June YTD Budget this is a
4.7% Favorable

Total Expenditures

AS DISPLAYED ON PAGE 28 OF THE MONTHLY FINANCIAL STATEMENTS

FY24: \$428,779,287

When compared to June YTD Budget this is a
2.8% Favorable

Surplus / (Deficit)

FY24: \$44,426,744



**FOR THE 9 MONTHS ENDING June 30, 2024
WATER & SEWER KGAL SALES INCREASED**

1.2%

WHEN COMPARED TO FY2024 June YTD

(as displayed on page 28 of the monthly financial statements)

BASE REVENUES

Base revenues, as shown on page 12 of the monthly financial statements, include more than the name suggests. This line item includes: customer sales, recognition of revenue due to stabilization fund(s) transfers, bad debt, and monies received from public service taxes and franchise fees collected.

If you are looking just for our sales collected from customer charges and usage fees, you want to review the base rate revenues line item on page 28 of our monthly financial statements. This is our budget page and under revenues you can review water & sewer revenues, capacity & extension fees, and other revenues collected from customers to get a clearer picture of our sales. Page 28 also identifies KGALs sold for both water and sewer.

Generally, for the Water System, the prominent driver of sales is rainfall and rain days. Usually, less rainfall and fewer rain days results in more water usage. Our increase in sales year over year is driven by an increase of 2% in customer count and partially offset by increased rainfall in FY24.

RAINFALL COMPARISON (IN INCHES)

	FY2024 June YTD	FY2023 June YTD	Variance
Normal	32.19	32.19	-
Actual	34.95	28.16	▼ (6.79)
Rain Days	77	68	▼ (9)

As displayed on page 18 of the monthly financial statements



OPERATING EXPENSES

Operating Expenses refer to the ongoing costs necessary to run a business. As displayed on page 12 of the monthly financial statements, JEA's water/wastewater system's operating expenses include: O&M expenses, depreciation expenses, utility and franchise tax expenses, and the net recognition of deferred costs and revenues.

O&M Expenses are the Operating Expenses within our control. Across both systems, all other operating expenses are sales dependent. For example, a decrease in sales does result in a decrease in tax expenses. Our O&M expenditures are within our control and we can adjust our spend rate to align with our operating revenue trends. We will take a closer look at our O&M budget on the next slide.



FOR THE 9 MONTHS ENDING June 30, 2024
TOTAL OPERATING EXPENSES INCREASED

.004%

WHEN COMPARED TO FY2023 June YTD

(as displayed on page 12 of the monthly financial statements)



WATER SYSTEM OPERATING BUDGET

\$ in millions		YTD Actuals	YTD Budget	%
Revenues				
Water Revenues	\$	142.51	\$ 138.89	103%
Sewer Revenues		205.70	204.51	101%
Reclaimed Revenues		19.94	21.88	91%
Capacity / Extension Fees		66.02	69.67	95%
Other Revenues		36.72	13.78	266%
Investment Income		2.32	3.30	70%
Total Revenues	\$	473.21	\$ 452.03	105%
Expenses				
O&M, Incl Env Cup DSM	\$	180.25	\$ 169.99	106%
Interlocal Agreements		7.23	7.22	100%
Debt Service		88.86	89.77	99%
Other Operating Expenses		152.44	174.41	87%
Total Expenses	\$	428.78	\$ 441.39	97%
Surplus	\$	44.43	\$ 10.64	

Water, Sewer & Reclaimed Revenues

- Overall, \$2.9M higher than YTD budget mostly due to Water & Sewer Revenue offset by lower Reclaimed.

Capacity / Extension Fees

- \$3.7M under YTD budget mostly due to higher budget of \$10.9M in June. Revenue remains strong with current FY forecast at \$84.1M after being adjusted down to \$66.4M earlier in year based on FPA forecast.

Other Revenues

- \$22.9M higher due to \$16.1M FY2023 Surplus contributed to OCO and \$6.8M higher Inventory Carrying Charges, Sewer Connections, Commercial Backflow Inspections, Late Fees & Misc. Cust Revenue.

Investment Income

- \$1M lower income than YTD budget

O&M Expense

- \$10.3M higher - more details on next slide

Debt Service

- (\$1M) lower YTD debt expense but expect to be \$3.5M higher than full year budget due to expected higher interest expense

Other Operating Expenses

- (\$22M) lower due to:
 - (\$18.2M) Operating Capital Outlay and (\$3.7M) Capacity/Extension OCO

WATER SYSTEM O&M BUDGET FORECAST

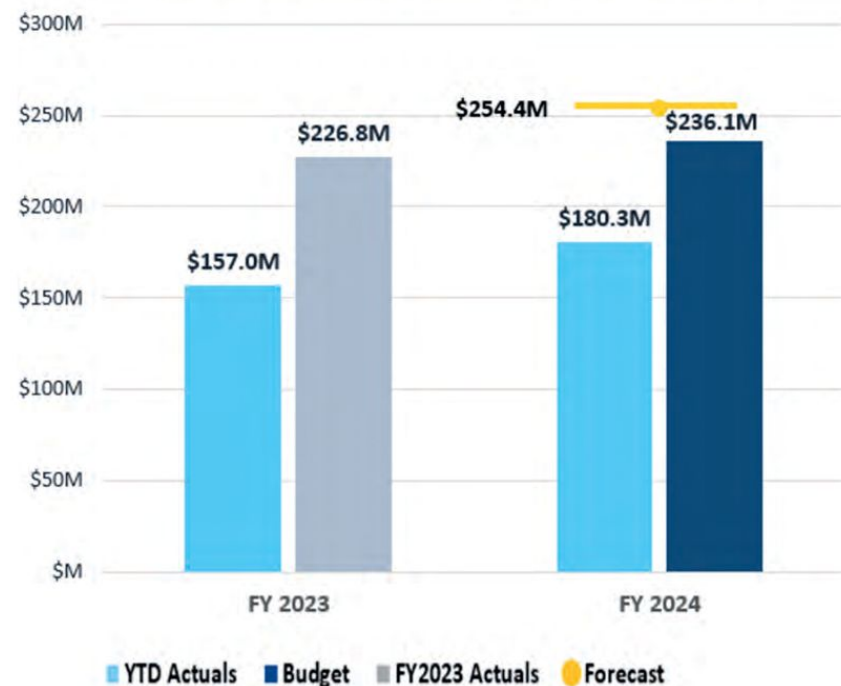
In June, YTD O&M spend of \$180.3M was 15% over FY23 actuals of the same timeframe and \$10.3M (6%) over budget.

Forecasting FY24 O&M spend to be \$254.4M, which is \$18.2M more than the annual budget of \$236.1M. Projected spend is 108% of the annual budget.

Key \$10.3M YTD Budget Variance Drivers:

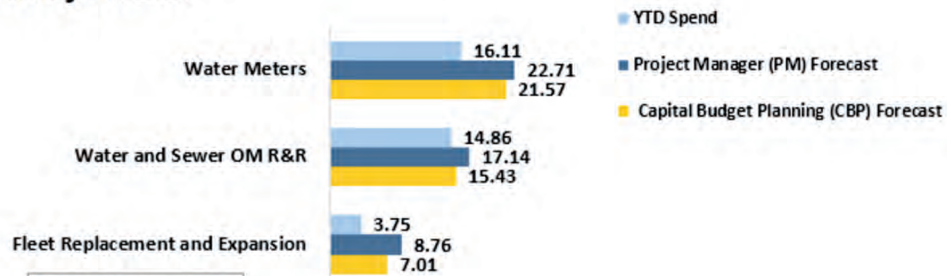
- + \$4.2M Salaries, OT and Benefits net of Capitalization
- + \$3.1M Supplies & Materials
- + \$2.5M Intercompany Charges
- + \$1.4M Other Services & Charges
- + \$1.0M Insurance
- (\$1.5M) Expense Credits
 - Cost Sharing payments for DSM Programs
- (\$0.3M) Interest on Customer Deposits
- (\$0.1M) Contracts and Contingencies

O&M Actuals, Budget & Forecast

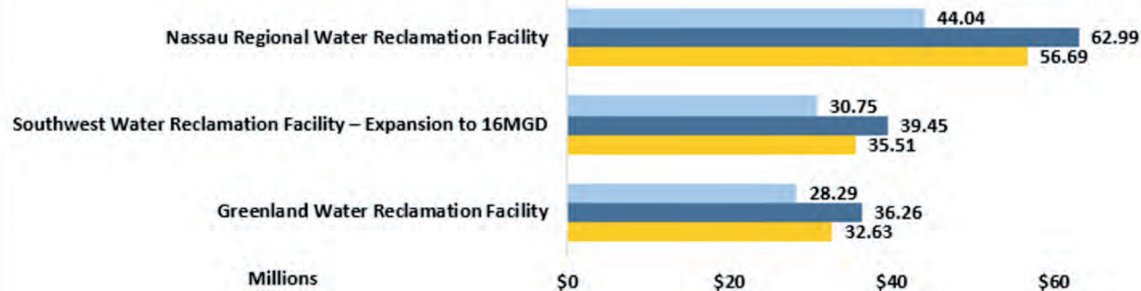


WATER SYSTEM CAPITAL BUDGET

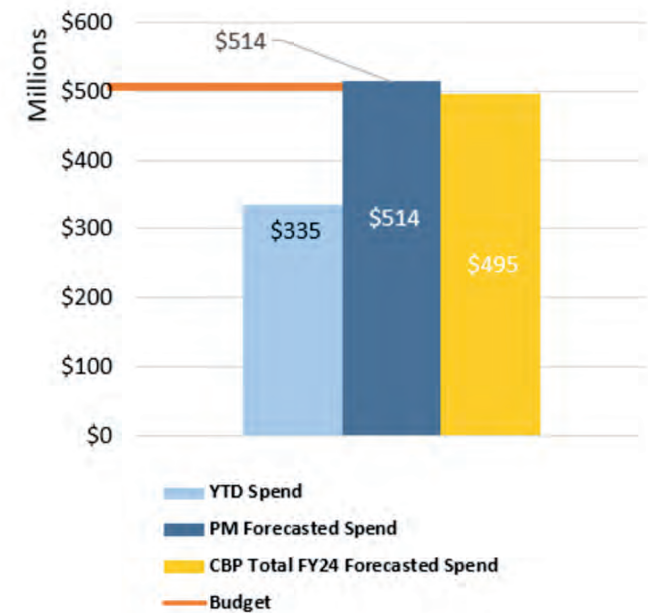
Program Project Key Drivers



Specific Project Key Drivers



Total Water System Spend



Financial Metrics

E
L
E
C
T
R
I
C

Days of Liquidity

236 

Target: 150

Debt Service Coverage

4.98x 

Target: 2.2x

Debt to Asset Ratio

44.1% 

Target: 50%

Fixed Charge Coverage

1.51x 

Target: 1.6x

Weighted Average Yield
of Investments

4.59% 

Target: 4.76%

W
A
T
E
R

Days of Liquidity

137 

Target: 100

Debt Service Coverage

3.38x 

Target: 1.8x

Debt to Asset Ratio

39.3% 

Target: 50%

Fixed Charge Coverage

2.97x 

Target: 2.0x

Weighted Average Yield
of Investments

4.59% 

Target: 4.76%

Financial Metrics | FY 2024 Q3



Brandy Branch Generating Station

Electric System De-Risking Opportunity

Randall Barnes, Treasurer
Joe Orfano, Deputy Chief Financial Officer
A.J. Souto, Debt Manager



Electric System Debt Portfolio De-Risking Opportunity

Currently, 95% of Electric System debt is fixed in some way

- 67% is fixed-rate debt
- 28% is variable-rate debt that is synthetically fixed with interest rate swaps

Variable-rate debt synthetically fixed with swaps:

- Carries risks relative to fixed-rate debt
- Adds costs, complexity, and administrative burden

Current market conditions present an opportunity to refund variable-rate debt with fixed-rate debt and terminate existing swaps at an approximate net present value breakeven

- Reduces variable-rate debt to approximately 2% of the portfolio
- Eliminates six interest rate swaps and six liquidity facilities

Swap valuations are sensitive to market conditions

JEA Board has previously delegated authority to Managing Director/CEO to refund bonds

- Parameters are established in bond resolutions and the Board-approved Debt Management Policy
- This transaction falls within the established parameters

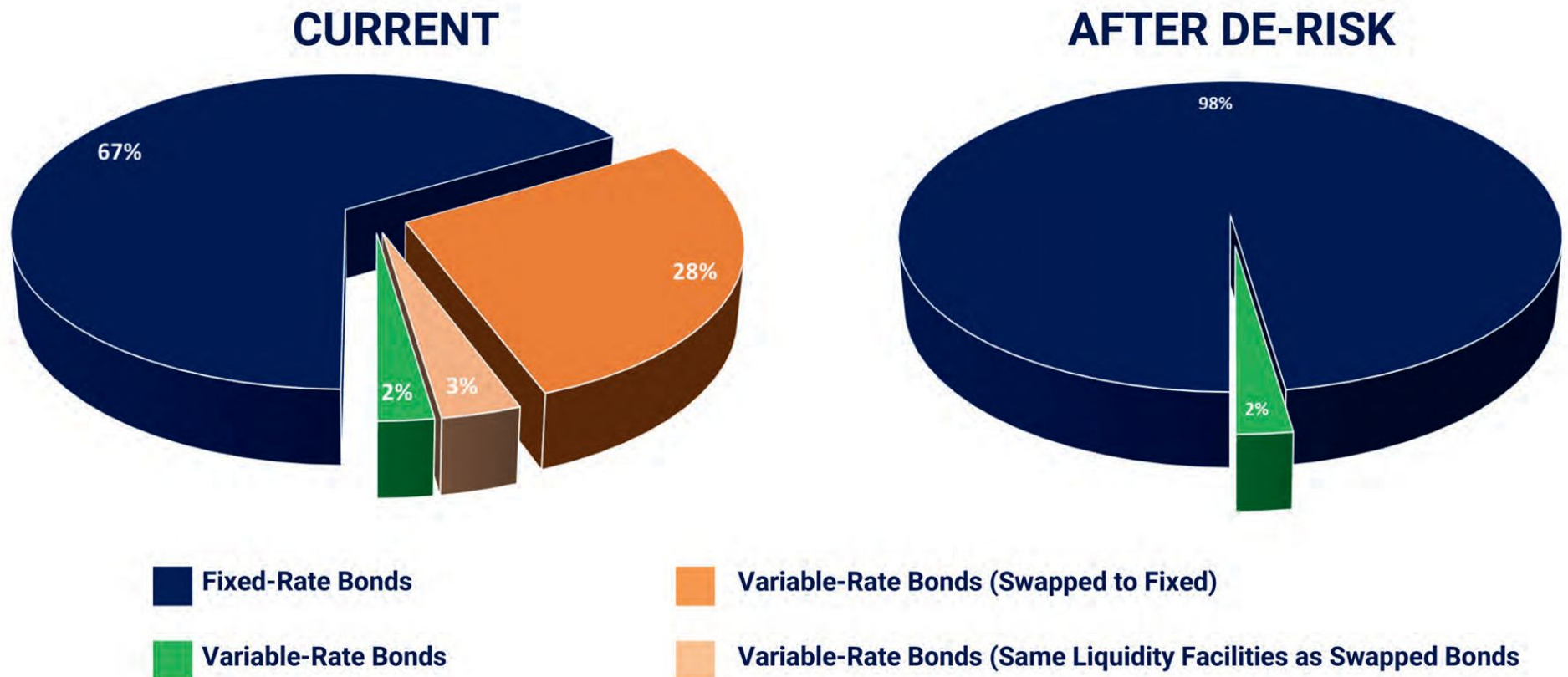
Comments/Questions from the Board are welcome



Brandy Branch Generating Station



Electric System Debt Portfolio De-Risking Opportunity



Benefits

Simplification of JEA's Balance Sheet

- Eliminates all Electric System swaps
- Converts debt to true fixed rate debt at approximate breakeven
- Reduces administrative complexity (financials, continuing disclosure, etc.)
- Simplifies communication with the Board, City Council, and others

Removes Ongoing Dependence On Bank Support

- Eliminates
 - bank trading risks on cost of Variable Rate Debt Bonds (VRDBs)
 - remarketing fees
 - cost of maintaining liquidity facilities (renewals, continuing disclosure, etc.)
 - risk of higher future liquidity costs (Basel 3 Endgame)
- Creates additional credit capacity, if needed

Reduces Exposure to Swap Risks

- Eliminates basis risk (risk that swap receipts do not offset variable rate paid)
- Eliminates termination risk

Opportunity To Reshape Electric System Debt Service

Potential Future Savings On Callable Fixed Rate Refunding Bonds



Brandy Branch Generating Station

Historical Swap Cost Analysis - Electric System

Current interest rate environment presents a rare opportunity to terminate existing swaps at relatively low values (\$30.5M as of Aug. 2, 2024)

Historical Electric System Swap Fair Values



De-Risking - Electric System



Our analysis combines 1) the de-risking, 2) a current refunding, and 3) a fix-out of certain unhedged variable rate bonds, and explores the potential restructuring of the Electric System debt service profile



1. De-Risking of Variable Rate Debt Portfolio

- Fixed rate bonds are issued to:
 - Refund \$376.9 million of VRDBs
 - Fund a \$30.5 million swap termination payment (to terminate all associated swaps)
- Present Value (PV) Savings: -1.8% of par refunded



2. Current Refunding of Fixed Rate Bonds

- Fixed rate refunding of \$61.5 million of currently callable bonds for savings
- PV Savings: 13.3% of par refunded



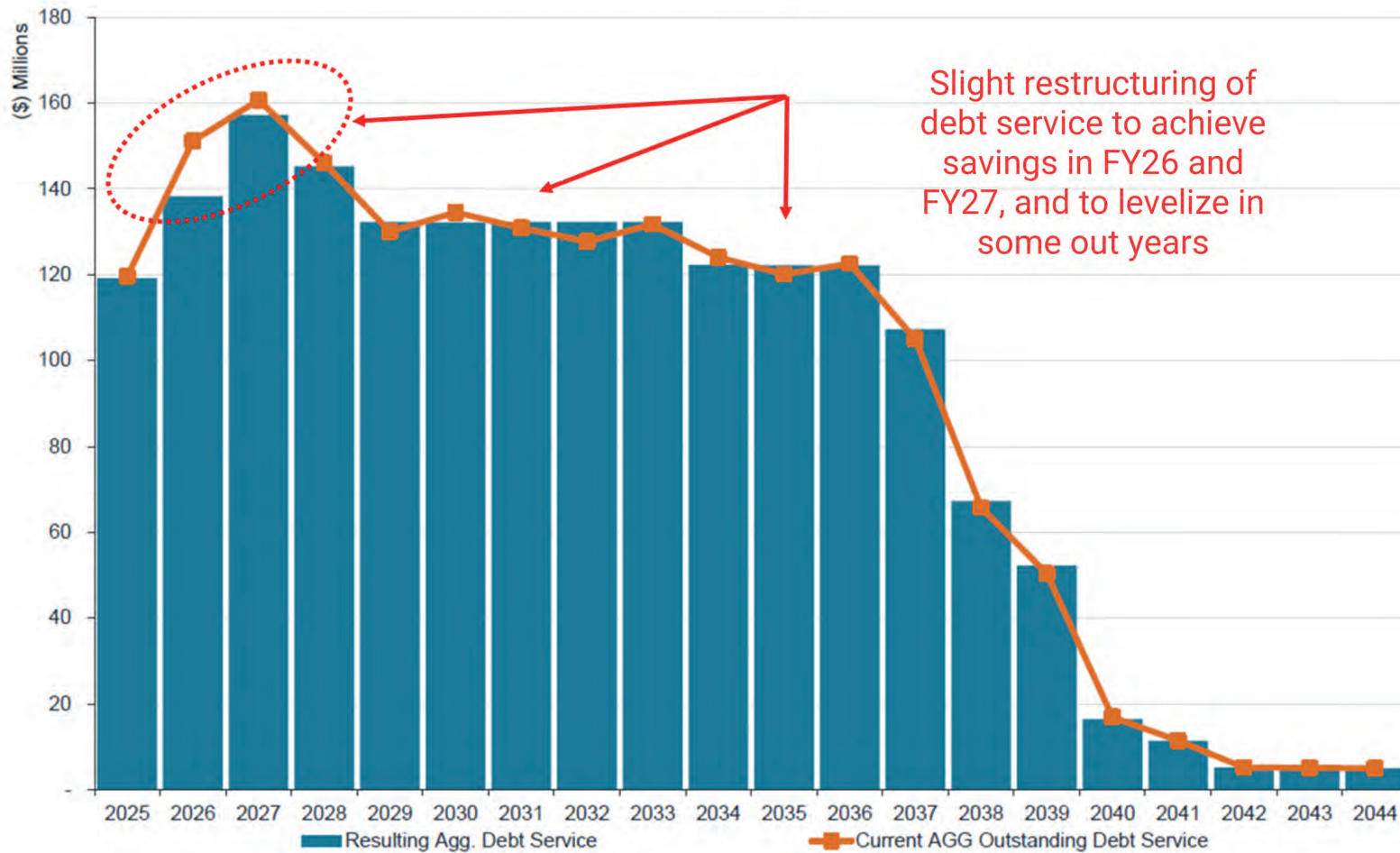
3. Fixed Rate Refunding of Unhedged VRDBs to Simplify Liquidity Facility Portfolio

- Fixed rate refunding of \$42.1 million of VRDBs associated with de-risking refunded series
- PV savings: 5.3% of par refunded

Aggregate Impact:

- Present value savings: 0.8% of par refunded
- Elimination of six liquidity facilities and six swap agreements
- Restructuring of Electric System debt service

Debt Service Restructuring



Water/Sewer Cost of Service Update

Ted Phillips, Chief Financial Officer

Victor Blackshear, Director, Financial Planning
Analysis & Rates



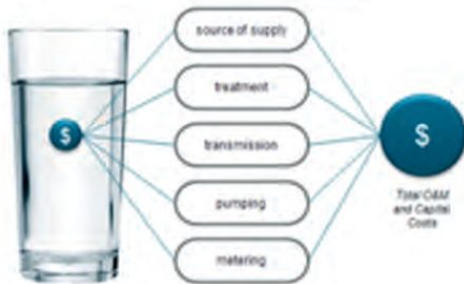
Robert Ingram,
Apprentice Maintenance Mechanic-UIS

Review of Cost of Service & Rate Study Process



Step 1

Are Current
System Revenues
Adequate?



Revenue Requirements

- Operating Costs
- Capital Costs
- Financial Policies
 - Debt Coverage
 - Reserves

Step 2

How Should Cost
Be Recovered By
Class?

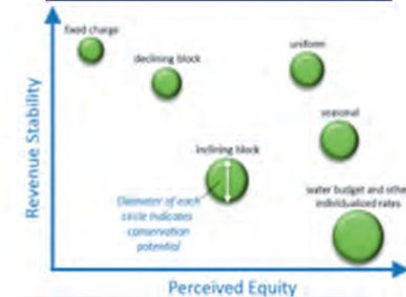


Cost of Service

- Identify Methodologies
- Allocate System Cost
- Functionalize Cost
- Distribute Cost by Classes

Step 3

How Should
Services Be
Priced?



Rate Design

- Evaluate Objectives
- Identify Structures
- Set Parameters
- Customer Impacts



Budgeted Revenue Requirements

JEA's Pricing Policy dictates the rate setting methodology to be Utility Basis to ensure the financial integrity of the utility to maintain key financial metrics

Revenue Requirements (Utility Basis per Pricing Policy)	FY23 Actuals (\$ millions)	FY24 Budget (\$ millions)	Variances (\$ millions)
Operation & Maintenance Expenses	\$227	\$236	\$9
Depreciation Expense ¹	\$204	\$178	(\$26)
Contribution To City	\$27	\$28	\$1
Other Non-Operating Expenses	\$5	\$8	\$3
Target Return ²	\$113	\$163	\$50
Gross Revenue Requirement \$M	\$576	\$613	\$37
Less Capacity/Extension Revenue	(\$64)	(\$98)	(\$34)
Less Other Revenue Sources	(\$28)	(\$23)	\$5
Net Revenue Requirement \$M	\$484	\$492	\$8

1. FY23 Actuals include \$22M in one-time regulatory asset wind-down depreciation

2. FY23 Actuals include \$16M Budget Surplus

FY25 Net Revenue Requirement is \$519M for the recently Board approved budget

Cost of Service: Functionalizing and Allocating Cost



First, the revenue requirements are assigned to each service type based on allocation factors and further functionalized across cost driver components of providing each respective service

Water Functions	
Source of Supply	Storage
Transmission	Customer
Distribution	Source of Supply
Pumping	Water Treatment

Sewer Functions		
Local Collection	Primary	Biosolids
Interceptor Pipes	Secondary/Biological	Disposal
WW Treatment	Disinfection	Customer

Second, those functionalized costs are distributed to the customer classes based on the following usage & strength characteristics

Water Units of Service	
Avg-Day	Fire Flow
Max-Day	Customer Count
Max-Hour	

Sewer Units of Service	
Flow	Nitrogen (N)
Total Suspended Solids (TSS)	Customer Count
Chemical Oxygen Demand (COD)	

Rate consultants and staff adjusted the allocations to better reflect the state of the water and sewer system

FY24 Cost of Service Results



Third, customer class budgeted FY24 Revenue Requirements are compared to their projected revenues before structure and pricing adjustments

Under / (Over) to Current Rates	Total System			Residential		Multifamily		Commercial				Irrigation	
FY2024 (\$Millions)	Total System	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer	High Strength	Hauled Waste	Res	Com
Projected Net Revenue Requirements - Cost	\$ 492.6	\$ 234.6	\$ 258.0	\$ 115.9	\$ 142.0	\$ 17.8	\$ 30.4	\$ 33.5	\$ 71.7	\$ 8.9	\$ 5.0	\$ 47.8	\$ 19.6
Projected Rate Revenue at Current Rates	\$ 492.4	\$ 215.4	\$ 277.0	\$ 111.2	\$ 164.0	\$ 12.4	\$ 35.0	\$ 27.9	\$ 72.5	\$ 2.8	\$ 2.7	\$ 41.9	\$ 22.0
Projected Under/(Over) Collection (\$)	\$ 0.2	\$ 19.2	(\$ 19.0)	\$ 4.7	(\$ 22.0)	\$ 5.4	(\$ 4.6)	\$ 5.6	(\$ 0.8)	\$ 6.1	\$ 2.3	\$ 5.9	(\$ 2.4)
Projected Collection to Cost (%)	~100%	92%	107%	96%	115%	70%	115%	83%	101%	31%	54%	88%	112%
Overall - Total W/S System is recovering cost to serve													

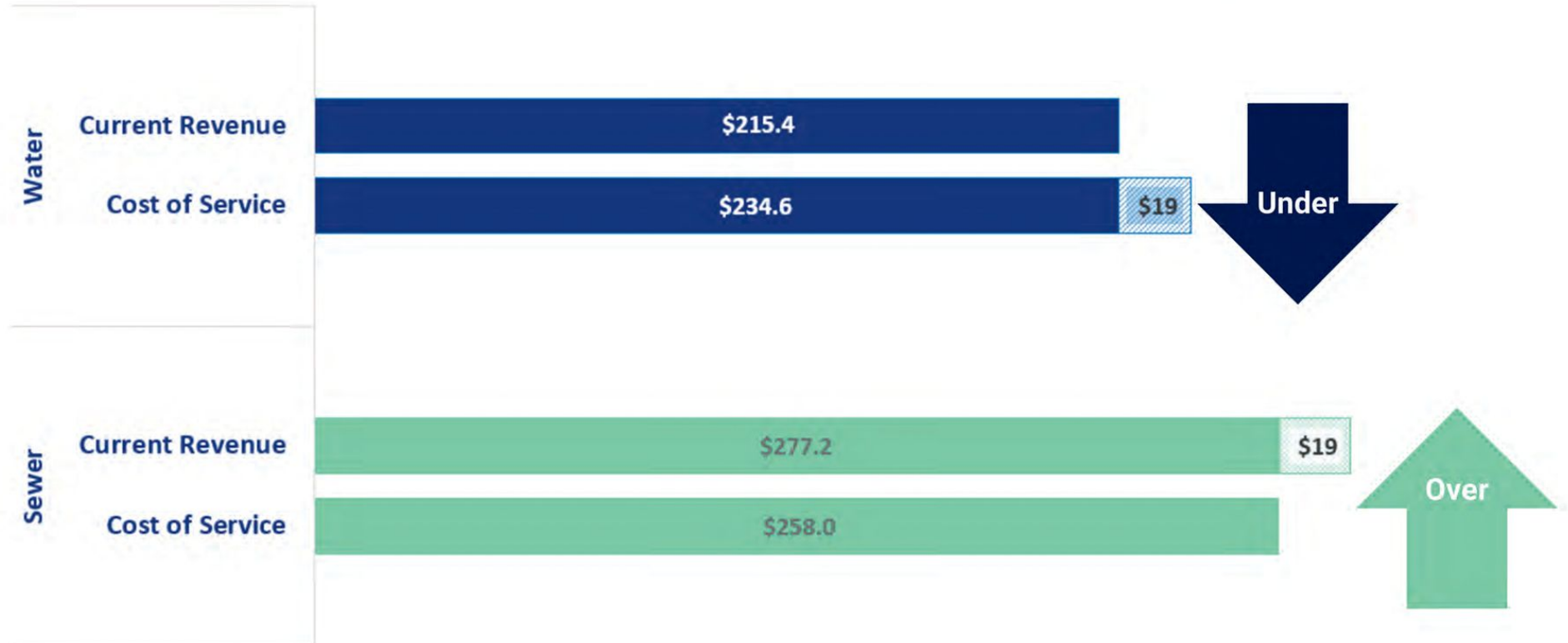
There are opportunities to update the differences between systems and classes closer to cost

FY24 Cost of Service Results



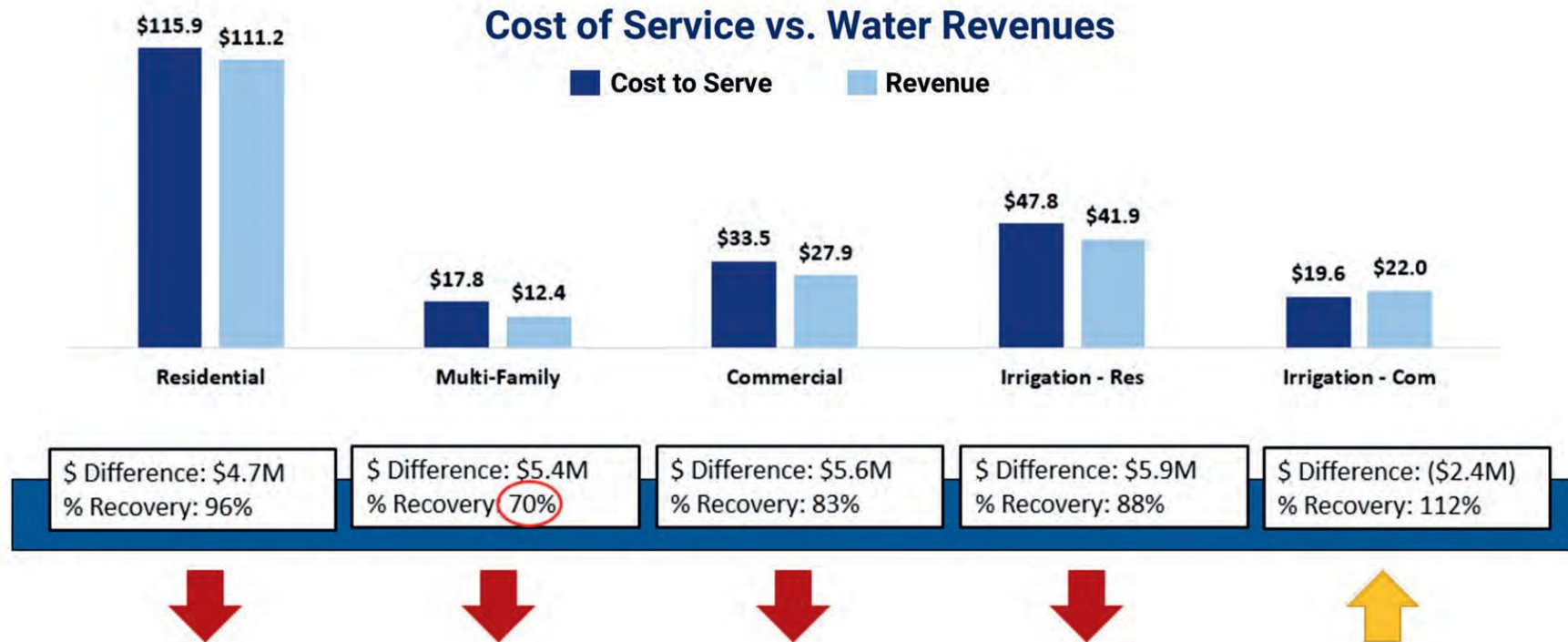
Water under recovered \$19M, Sewer over recovered \$19M

Total Water and Sewer Current Revenues vs FY 2024 Cost of Service (\$M)



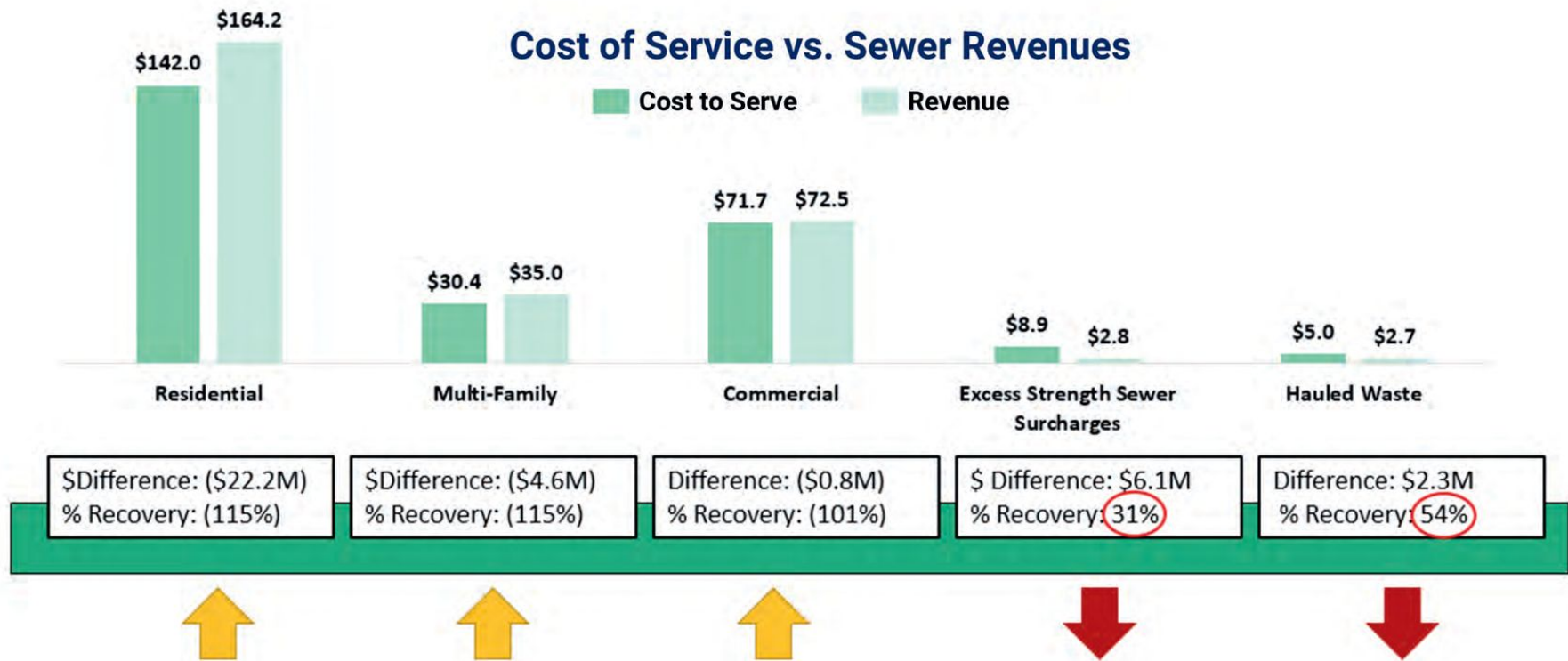
Total overall water/wastewater system projected cost recovery was neutral

Water System: Most classes were under recovered



Total overall water system projected under recovery was approximately \$19M

Sewer System: Most classes were over recovered



Total overall wastewater system projected over recovery was approximately \$19M



Improving Rate Structures



Concurrent to addressing the pricing strategies to address cost recovery disparities, staff is evaluating various rate structure improvements for the FY25 Rate Hearing with its rate consultants, Stantec Consulting Services Inc.

Stantec specializes in providing financial management consulting services for over 30 years. Specific services include rate studies, cost-of-service analysis, system development and capacity fees, financial planning and capital funding, benchmarking, and strategy and business management services.

Current Rate Studies

- Residential
- Irrigation
- Multi-family
- Commercial

Water & Sewer Rates



Rate Redesign Study Objectives

FY23
Residential Water

**~330k
Service
Agreements**

**Evaluating its
pricing and
volumetric tier
structure**

FY23
Residential Sewer

**~295k
Service
Agreements**

**Evaluating its
pricing and
volumetric tier
structure**

FY23
Residential
Irrigation/Reclaim

**~60k
Service
Agreements**

**Evaluating its
pricing and
volumetric tier
structure**

FY23
Commercial
Water & Sewer

**~36k
Service
Agreements**

**Evaluating
its pricing**

FY23
Multi-Family
Water & Sewer

**~6,800
Service
Agreements**

**Evaluating
its pricing**

FY23
Commercial
Irrigation/Reclaim

**~6,500k
Service
Agreements**

**Evaluating its
pricing and
volumetric tier
structure**

Excluding recent environmental charge removal, 2012 was the last rate adjustments

Other Commercial Rates



Rate Redesign Study Objectives

<p>FY23 Fireline</p> <p>~3,800 Service Agreements</p> <p>Standby Charges to provide commercial customers additional water protection through sprinkler connections</p>	<p>FY23 High Strength Sewer</p> <p>~100 Service Agreements</p> <p>Sewer Surcharges to permitted industrial customers to treat their waste that when it exceeds domestic strength thresholds. Current revenues are significantly below identified cost</p>	<p>FY23 Hauled Waste</p> <p>~30 Service Agreements</p> <p>Charges to treat waste delivered to JEA's Buckman Wastewater Treatment Facility from COJ Landfills and other scavenger wastes around the community</p>	<p>FY23 Bulk Reclaim</p> <p>~40 Service Agreements</p> <p>Bulk Reclaim rate to provide non- pressurized and interruptible reclaim water in large quantities to customers geographically situated near JEA reclamation facility. Additionally, these customers provide disposal benefit to JEA</p>
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Evaluating the structures and pricing to improve cost recovery

FY2025 Rate Restructuring Path



Upon approval at the March 25, 2025 JEA Board meeting, the revised rates will take effect on April 1, 2025

Continuing Services Contracts

Ted Phillips, Chief Financial Officer

Action



Continuing Services Contracts Summary



Delegation of Authority

The Capital Projects Committee recommended and the Board approved at the June 25, 2024 meeting to amend the JEA Delegation of Authority and Responsibility Policy to require Board authorization approval and execution of contracts and agreements related to budgeted capital projects that exceed \$50M, as well as for contracts and agreements for the purchase of goods and services that exceed \$50M.

Contract Name	Current Not-To-Exceed	Current Encumbrance	Action / Information
Wesco Distribution Inc. - Transformer Purchases Contract (2021)	\$95,934,423.88	\$60,850,229.10	Action
Managed Services Provider (MSP) & Vendor Management Solution (VMS) for Contingent Workforce (2018)	\$85,532,231.75	\$72,352,245.35	Action
General Electric (GE) Long Term Service Agreement (LTSA) (2000)	\$329,872,724.12	\$242,240,730.15	Information
Program Management for the District Energy System (2023)	\$66,766,840.20	\$100,000.00	Information
Medical ASO, Pharmacy Benefit Management Services, Stop Loss, and Chronic Condition Management Services Contract (2022)	\$65,056,577.00	FY23 - \$25,625,148.00 FY24 Forecasted- \$26,724,404.00	Information
Water/Wastewater Capital Program Management Contract (2019)	\$60,398,778.00	\$56,203,995.00	Information
Badger Meter Water Advanced Metering Infrastructure (AMI) Contract (2022)	\$56,364,950.70	\$18,478,598.00	Information
Tri-State Utility Products - Transformer Purchases Contract (2021)	\$54,979,460.99	\$43,894,229.93	Information
Property and Casualty Insurance Brokerage Services Contract (2020)	\$52,462,320.19	\$34,712,450.18	Information

Transformer Purchases Contract

Action

- **Vendor:** Wesco Distribution, Inc.
- **Original Award:** JEA Awards Committee - May 6, 2021
- **Contract Term:** Three (3) Years with Two (2) – One (1) year renewals through June 20, 2026 – both renewals have been executed
- **Current Not-To-Exceed Amount:** \$95,934,423.88
- **Current Encumbrance:** \$60,850,229.10
- **Scope of Work:** Three-Phase Pad Mounted, Single-Phase Pad Mounted, Pole Mounted and Miscellaneous Transformers for JEA Inventory Stock.
- **Challenges:** The contract with Wesco covered one manufacturer to supply Three-Phase Pad Mounted and other miscellaneous transformer units. JEA's consumption of some units surged to about 10 times the historic levels, leading to purchases that far exceeded the original forecasts. Long lead times and rising prices have exacerbated supply issues, prompting JEA to expand its supplier base.
- **Expanded Scope:** To mitigate these issues, JEA added three more manufacturers under the Wesco contract and expanded the scope to include Three-Phase, Single-Phase Pad Monunted, Pole Mounted, and miscellaneous transformers.
- **Current Lead Time:** Supply trend is improving; however, lead times vary from 20 weeks to over 100 weeks.



Staff requests the Finance, Governance, and Audit Committee recommend the Board approve an additional \$27,846,783.42 to cover forecasted needs through the full term of this agreement, for a new Not-to-Exceed Amount of \$123,781,207.30.

Managed Services Provider (MSP) & Vendor Management Solution (VMS) for Contingent Workforce

Action

- **Vendor:** Workspend, Inc. – MSP / Beeline - VMS
- **Original Award:** JEA Awards Committee – December 20, 2018
- **Contract Term:** Five Years (5) with One (1) year renewal through September 30, 2024 – One (1) year renewal remaining
- **Current Not-To-Exceed Amount:** \$85,532,245.75
- **Current Encumbrance:** \$72,352,245.35
- **Scope of Work:** A Managed Services Provider (MSP) was established to be in charge of all contingent workers for JEA. They contract directly with various staffing agencies who compete for positions as they become available utilizing a VMS to manage the overall process.
- **Update:** There are approximately 19 suppliers who provide, or have provided supplemental staff to JEA. An invoice audit plan is in place to ensure that invoicing is accurate and the tenure discount after six months is applied. The service allows for the MSP to source from hundreds of suppliers to help JEA be competitive and have a broader network increasing the applicant pool.



Staff requests the Finance, Governance, and Audit Committee recommend the Board approve an additional \$11,673,985 to execute the remaining one year renewal for a new not-to-exceed amount of \$97,206,216.75 to cover forecasted needs for six years of service.

General Electric (GE) Long Term Service Agreement (LTSA)

- **Vendor:** GE Vernova International, LLC
- **Original Award:** JEA Awards Committee – June 26, 2000
- **Contract Term:** Long Term Agreement – Thirty (30) Years
- **Current Not-To-Exceed Amount:** \$329,872,724.12
- **Current Encumbrance:** \$242,240,730.15
- **Scope of Work:** The LTSA provides for inspection, maintenance, and repair of JEA's fleet of GE combustion turbine fleet at Brandy Branch Generating Station, Kennedy Generating Station, and Greenland Energy Center. The current agreement now covers Kennedy Generating Station 7 & 8, Greenland Energy Center 1 & 2, and Brandy Branch Generating Station 1, 2 & 3. The services include, but are not limited to:
 - Routine maintenance hot gas path inspections
 - Unplanned maintenance – outages
 - Spare parts supply
 - Parts refurbishment
 - Repairs
 - Onsite technical support



Program Management for the District Energy System (DES)

- **Vendor:** Jacobs Project Management Co.
- **Original Award:** JEA Awards Committee – June 1, 2023
- **Contract Term:** Five (5) Years with Two (2) – One-year Renewals through June 28, 2028 – both renewals are remaining
- **Current Not-To-Exceed Amount:** \$66,766,840.20
- **Current Encumbrance:** \$100,000.00
- **Scope of Work:** Providing integrated program management, analysis, planning, permitting, design and construction services for select projects identified in JEA's five-year DES Capital Improvement Plan (CIP).
- The DES system has short construction timelines due to customer connection deadlines. These deadlines made the program manager-at-risk contract method the best method for completing DES design/construction work within those customer expectations and procurement regulations.



Medical Administrative Services Only, Pharmacy Benefit Management Services, Stop Loss, and Chronic Condition Management Services Contract



- **Vendor:** Gallagher Benefit Services and Gallagher Pharmacy Consulting
- **Original Award:** JEA Awards Committee –September 15, 2022
- **Contract Term:** One (1) Year with Four (4) – One (1) Year Renewals – current contract through December 31, 2024 (three renewals remaining)
- **Current Not-To-Exceed Amount:** \$65,056,577.00
- **Current Encumbrance:** FY23 - \$25,625,148.00; FY24 - forecasted spend \$26,724,404.00
- **Scope of Work:** Identify a vendor who can provide a comprehensive Medical Benefit Plan, Medical Administrative Services Only (ASO), Chronic Condition Management administrative services, Pharmacy Benefits, and Stop Loss coverage to the covered employees and retirees of JEA. JEA utilized the expertise of Gallagher Benefit Services and Gallagher Pharmacy Consulting to administer and evaluate this Request For Proposal in compliance with JEA purchasing requirements. Gallagher's Actuarial Consultant reviewed the proposal and conducted an analysis of the provider discounts. Blue Cross and Blue Shield remains the most competitive in this market.
- Employee-paid fund



Following completed negotiations, staff will request approval to execute a one year renewal at the September or October Board meeting

Water/Wastewater Capital Program Management Contract

- **Vendor:** Jacobs Engineering Group, Inc.
- **Original Award:** JEA Awards Committee – June 13, 2019
- **Contract Term:** Five (5) Years with Two (2) – One (1) year Renewals through June 30, 2024
One (1) – 1 Year Renewal Remaining
- **Current Not-To-Exceed Amount:** \$60,398,778.00
- **Current Encumbrance:** \$56,203,995.00
- **Scope of Work:** Program management of various large infrastructure programs including the Southside Integrated Piping System (SIPS), wellfield rehabilitation, large diameter pipe design and construction, and various other programs as needed to support JEA's Water/Wastewater (W/WW) capital improvement program.



Water Advanced Metering Infrastructure (AMI) Contract

- **Vendor:** Badger Meter, Inc.
- **Original Award:** JEA Awards Committee - October 6, 2022
- **Contract Term:** Ten (10) Years with Two (2) – One (1) year Renewals through September 30, 2032 (two renewals remain)
- **Current Not-To-Exceed Amount:** \$56,364,950.70
- **Current Encumbrance:** \$18,478,598.00
- **Scope of Work:** Provide equipment, software, and services for JEA's comprehensive Advanced Metering Infrastructure ("AMI") project, with a Water AMI Field Area Network ("FAN") and Headend System ("HES").
- **Background:** Approximately 51% of the endpoints have been delivered and 26% have been installed. The system is working as designed – delivering 99.4% daily reads to JEA. In conjunction with the separate installation contract, project is scheduled for completion in 2028.
- The contract covers both an initial deployment in years one through four and the ongoing services in subsequent years five through ten.
- The contract includes a twenty-year warranty on the solution endpoints and a service level agreement of 99% network uptime.
- Service unit pricing shall be fixed for all ten years and endpoint hardware shall be fixed for four years. Any price increases thereafter are tied to Consumer Price Index ("CPI") annual adjustments.



Transformer Purchases Contract

- **Vendor:** Tri-State Utility Products
- **Original Award:** JEA Awards Committee – May 6, 2021
- **Contract Term:** Three (3) Years w/ Two (2) – One (1) Yr. Renewals through June 20, 2026 – both renewals have been executed
- **Current Not-To-Exceed Amount:** \$54,979,460.99
- **Current Encumbrance:** \$43,894,229.93
- **Scope of Work:** The supply of Three-Phase Pad Mounted, Single-Phase Pad Mounted, Pole Mounted, and Miscellaneous Transformers for JEA Inventory Stock
- **Background:** The original award did not include Tri-State as an awardee, but due to post-award contracting issues and market instability, an award amendment was made which awarded the work scope to only one (1) manufacturer supplying as a primary source of supply for Single-Phase Pad Mounted units. Since the inception of this agreement, JEA's supply issues have further been exacerbated by supplier long lead times and rising prices due to low industry supply. We further expanded the types of units on this contract to Three-Phase Pad Mounted and Pole Mounted that are purchased as a means to mitigate the supply chain issues.
- **Update:** Current lead-times are approximately eighty (80) weeks on the units supplied under this agreement with lead-times peaking in early 2024 at approximately one hundred (100) weeks for JEA; the supplier does quote some customers in excess of one hundred fifty (150) weeks. The supply trend does seem to be improving, but there is still a notable backlog of orders with most manufacturers at this time.



Property and Casualty Insurance Brokerage Services Contract

- **Vendor:** Arthur J. Gallagher Risk Management Services
- **Original Award:** JEA Awards Committee – December 10, 2020
- **Contract Term:** Three (3) Years with One (1) – One (1) Year Renewal through December 31, 2024 – rebid this year
- **Current Not-To-Exceed Amount:** \$52,462,320.19
- **Current Encumbrance:** \$34,712,450.18
- **Scope of Work:** Property and Casualty Insurance Brokerage Services to JEA includes:
 - Procurement of Insurance (Property and Casualty)
 - Property Loss Prevention Engineering
 - Claims Settlement (Property and Casualty)
- Under this contract, JEA will pay Arthur J. Gallagher Risk Management Services, Inc. a flat annual fee of \$170,000.00 for Insurance Brokerage Services. Insurance premiums are paid to the insurance carriers through the broker contract. Per the contract terms, Arthur J. Gallagher Risk Management Services, Inc. is not permitted to add any mark-up or commissions to the insurance premiums that are paid to the insurance carriers through this contract.



This contract will be rebid this year. The initial term of the contract for three years is not anticipated to be above \$50M. This will likely be presented to the Board for approval after the initial term if the one-year renewal option is executed.



FINANCE, GOVERNANCE, & AUDIT COMMITTEE

SUPPLEMENTAL
INFORMATION

IMPROVING LIVES...BUILDING COMMUNITY

FINANCE, GOVERNANCE, & AUDIT COMMITTEE MINUTES
February 22, 2024

The Finance, Governance, and Audit Committee of the JEA Board met at 9:00 am on Thursday, February 22, 2024 on the 1st Floor, 225 North Pearl Street, Jacksonville, Florida. The meeting was properly noticed, and the public was invited to attend this meeting in-person at the physical location and virtually via WebEx.

WELCOME

Meeting Called to Order – Attending the meeting virtually, Committee Chair General Joseph DiSalvo called the meeting to order at 9:00 am. Attending the meeting in person were committee members Rick Morales and Kwanza Humphrey. Board members Bobby Stein and John Baker also attended in person. Board Member Marty Lanahan attended the meeting virtually.

Others in attendance in-person were Jay Stowe, Managing Director/CEO; Laura Schepis, Chief External Affairs Officer; Ted Phillips, Chief Financial Officer; Regina Ross, Chief Legal Officer, Office of General Counsel; and Melissa Dalton, Board Services Manager.

Adoption of the Agenda – On *motion* by Mr. Morales and seconded by Ms. Humphrey, the agenda was approved.

Values Moment – Chris Pruitt, Senior Manager, Generation Support, provided a values moment on respect.

Comments from the Public – There were no in-person, virtual, or emailed public comments.

FOR COMMITTEE CONSIDERATION

MAKE DOING BUSINESS WITH JEA EASY

Contract Ratification – Laura Schepis, Chief External Affairs Officer, provided background information on the contract ratification process as well as process improvements for large contracts. Ms. Schepis also provided updates on each contract to be ratified including Greenland Water Reclamation Facility, Greenland Water Reclamation Facility Pipelines and Mains, Southwest Water Reclamation Facility Expansion; Buckman Biosolids Conversion, Nassau Water Reclamation Facility Upgrade, and GE Long Term Service Agreement.

Committee and Board members requested additional information from staff. The contract ratification was deferred to March 26, 2024 Board meeting for approval.

Compliance with JEA's Disclosure Policy & Procedures / Annual Disclosure Reports – Randall Barnes, Treasurer, provided the committee with JEA and Board member requirements in relation to the filing of the annual disclosure reports. Mr. Barnes highlighted the proposed timeline and requested the committee recommend Board approval of the Annual Disclosure Reports at the March 26, 2024 Board meeting. This presentation was received for information.

Internal Audit & Ethics Update – Lee Montanez, Director, Internal Audit, provided an update to include the Quality Assurance Improvement program and audit software; internal audit charter updates to include an update to the Board Committees; audit staff title changes; and updating outdated information. Mr. Montanez provided an update on the audit and action plan status. Walette Stanford, Director, Ethics, provided an update on business ethics and open government training; highlights from ethics hotline cases and ethics inquiries from employees.

JEA Finance, Governance, &
Audit Committee Minutes

February 22, 2024

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On ***motion*** by Mr. Morales and seconded by Ms. Humphrey, the Internal Audit Charter updates were approved and the remainder of the presentation was received for information.

DEEPEN CUSTOMER & COMMUNITY ENGAGEMENT

Rating Agency Presentation – Ted Phillips, Chief Financial Officer, provided background information on the process for presenting information to the three rating agencies. Joe Orfano, Vice President, Financial Services, and Randall Barnes, Treasurer, highlighted the consolidated historical financial metrics; electric and water systems debt management; financial results; unit sales; revenue requirements; capital funding sources and uses; and financial metrics.

CLOSING CONSIDERATIONS

Old and Other New Business/Open Discussion – None

Announcements – None

Adjournment – With no further business coming before the Committee, Chair General DiSalvo declared the meeting adjourned at 10:43 am.

APPROVED BY:

General Joseph DiSalvo, Committee Chair

Date: _____

Submitted by:

Allison S Hickok
Allison S Hickok
Executive Staff Assistant

JEA Board Agenda

MEMORANDUM**FY2024 External Audit Plan**

Board Meeting Date: August 27, 2024

Outcome:



INFORMATION ONLY



ACTION



FUTURE BOARD CONSIDERATION

If Action, Provide a Recommended Motion:

N/A

Consent Agenda Item:



Yes



No

Presenter:

John DiSanto, Managing Director, Ernst & Young

Chief:

N/A

Strategic Focus Area:

DEVELOPING AN
UNBEATABLE TEAMDELIVERING BUSINESS
EXCELLENCEEARNING CUSTOMER
LOYALTY

Background Information & Analysis:

Auditing standards require auditors to communicate certain matters to the governing board that may assist the Board in overseeing management's financial reporting process.

Formal approval of the annual financial audit plan demonstrates that the Board has reviewed and is in agreement with the plan. Additionally, meeting with auditors to discuss the audit plan assists the Board in overseeing management's financial reporting process.

Ernst & Young (E&Y) has prepared the FY2024 annual financial audit plan. The plan outlines the scope of their services, identifies the E&Y team that will perform the audit, and presents key considerations that will affect the FY2024 audit. E&Y has been invited to attend the August 20, 2024 Finance, Governance, and Audit Committee meeting to review and discuss the FY2024 annual financial audit scope and approach.

Financial Impact:

N/A

Committee/Board Meeting/Workshop & Date Presented:

Yearly presentation to the Finance, Governance and Audit Committee

Appendix: *List appendix items provided*

N/A

JEA Board Agenda

MEMORANDUM**Internal Audit Update**

Board Meeting Date: August 27, 2024

 Outcome: ☒ INFORMATION ONLY ☐ ACTION ☐ FUTURE BOARD CONSIDERATION

If Action, Provide a Recommended Motion: N/A

 Consent Agenda Item: ☐ Yes ☒ No

Presenter: Lee Montanez, Director, Internal Audit

Chief: Jody Brooks, Chief Administrative Officer

Strategic Focus Area:



DEVELOPING AN UNBEATABLE TEAM



DELIVERING BUSINESS EXCELLENCE



EARNING CUSTOMER LOYALTY

Background Information & Analysis:

Information presented on a quarterly basis per Internal Audit Charter.

Financial Impact:

N/A

Committee/Board Meeting/Workshop & Date Presented:

Last Update: Finance, Governance, and Audit Committee - February 22, 2024

Appendix: *List appendix items provided*

N/A

JEA Board Agenda

MEMORANDUM**Ethics Update**

Board Meeting Date: August 27, 2024

Outcome:



INFORMATION ONLY



ACTION



FUTURE BOARD CONSIDERATION

If Action, Provide a Recommended Motion: N/A

Consent Agenda Item:



Yes



No

Presenter:

Walette Stanford, Ethics Officer/Ethics

Chief:

Kurt Wilson, Chief of Staff

Strategic Focus Area:

DEVELOPING AN
UNBEATABLE TEAMDELIVERING BUSINESS
EXCELLENCEEARNING CUSTOMER
LOYALTY

Background Information & Analysis:

Per Ordinance 2011-197-E, JEA is required to appoint an Ethics Officer to represent the agency on ethics matters and to participate in a citywide Ethics Coordination Council. The Ethics Officer serves as the organization's internal control point for ethics and any improprieties, allegations, complaints and conflicts of interest.

Financial Impact:

N/A

Committee/Board Meeting/Workshop & Date Presented:

Last Update: Finance, Governance, and Audit Committee - February 22, 2024

Appendix: *List appendix items provided*

N/A

JEA Board Agenda

MEMORANDUM**Electric System Debt Portfolio De-Risking Opportunity**

Board Meeting Date: August 27, 2024

Outcome:



INFORMATION ONLY



ACTION



FUTURE BOARD CONSIDERATION

If Action, Provide a Recommended Motion: N/A

Consent Agenda Item:



Yes



No

Presenter:

Randall Barnes, Treasurer; Joe Orfano, Deputy Chief Financial Officer; A.J. Souto, Debt Manager

Chief:

Ted Phillips, Chief Financial Officer

Strategic Focus Area:



DEVELOPING AN UNBEATABLE TEAM



DELIVERING BUSINESS EXCELLENCE



EARNING CUSTOMER LOYALTY

Background Information & Analysis:

The purpose of this memorandum is to inform and seek comment from the Finance, Governance, and Audit Committee and Board of staff's plan to de-risk a significant portion of the Electric System's debt portfolio.

Currently, 95% of the Electric System's debt portfolio is fixed in some way – but 28% of the portfolio are variable-rate bonds that have been fixed synthetically with interest rate swaps. Synthetically fixed variable-rate debt involves risks such as bank trading, remarketing fees, liquidity facility fees, basis risk, termination risk, and limited refunding opportunities, along with added complexity and administrative burden compared to traditional fixed-rate debt.

The current interest rate environment creates an opportunity to terminate existing swaps at some of the lowest levels in many years. Refunding variable-rate debt to a fixed rate results in a near breakeven present value savings. From a risk, complexity, and administrative standpoint, fixed-rate bonds are less complex and offer the added benefit of being able to be refunded for savings at some point in the future.

This transaction is expected to:

- De-risk approximately \$377 million of swapped variable-rate debt;
- Fix-out another \$42 million of variable-rate debt backed by liquidity facilities common to the swapped variable-rate debt for both savings and to simplify the liquidity facility portfolio; and
- Current refund approximately \$62 million of callable bonds for savings

JEA Board Agenda

MEMORANDUM**Electric System Debt Portfolio De-Risking Opportunity****Background
Information &
Analysis:**

The result will be the elimination of six interest rate swap agreements and six bank liquidity facilities, as well as a slight restructuring of Electric System debt service that will provide debt service savings in FY26 and FY27.

The JEA Board has already delegated sufficient authority to the Managing Director/CEO to take this action, which is within the parameters established in JEA's bond resolutions and the Board-approved Debt Management Policy. Because swap valuations are sensitive to market conditions, staff has begun working diligently to prepare for the execution of this transaction with preliminary plans to price and close early in FY25.

**Financial
Impact:**

De-risking exercise is expected to be an approximate breakeven financial impact, with the potential for additional savings over time because of increased flexibility to refinance bonds.

Current refunding of fixed-rate and variable-rate bonds is expected to achieve savings in excess of parameters established by JEA bond resolutions and the JEA Board-approved Debt Management Policy.

Committee/Board Meeting/Workshop & Date Presented:

N/A

Appendix: *List appendix items provided*

N/A

JEA Board Agenda

MEMORANDUM**Water/Wastewater Cost of Service Update**

Board Meeting Date: August 27, 2024

Outcome:



INFORMATION ONLY



ACTION



FUTURE BOARD CONSIDERATION

If Action, Provide a Recommended Motion: N/A

Consent Agenda Item:



Yes



No

Presenter:

Victor Blackshear, Director, Financial Planning Analysis & Rates

Chief:

Ted Phillips, Chief Financial Officer

Strategic Focus Area:



DEVELOPING AN UNBEATABLE TEAM



DELIVERING BUSINESS EXCELLENCE



EARNING CUSTOMER LOYALTY

Background Information & Analysis:

JEA's Pricing Policy is intended to provide broad guidance and to facilitate the management, control, and oversight of JEA's pricing structure. Its goal and objectives include a comprehensive cost of service study to be performed at a minimum of every five years to support that the rates charged by class are based on cost. The previous water sewer cost of service study was completed in August 2019.

Financial Impact:

TBD

Committee/Board Meeting/Workshop & Date Presented:

N/A

Appendix: *List appendix items provided*

FY24 Water Sewer Cost of Service Study / Rate Report

JEA Board Agenda

MEMORANDUM**Continuing Services Contracts**

Board Meeting Date: August 27, 2024

Outcome:

☐

INFORMATION ONLY

☒

ACTION

☐

FUTURE BOARD CONSIDERATION

If Action, Provide a Recommended Motion:

Motion to approve a contract increase to the Three-Phase Pad Mounted, Single Phase Pad Mounted, Pole Mounted, and Miscellaneous Transformers for JEA Inventory Stock with Wesco in the amount of \$27,846,783.42 for a new Not-to-Exceed Amount of \$123,781,207.30; and

Motion to approve the Managed Service Provider (MSP) and Vendor Management System (VMS) for Contingent Workforce contract renewal with Workspend to utilize the remaining one-year renewal for a new expiration date of 09/30/2025, and to add \$11,673,985.00 for a new Not-to-Exceed Amount of \$97,206,216.75.

Consent Agenda Item:

☐

Yes

☒

No

Presenter:

Ted Phillips, Chief Financial Officer

Chief:

Strategic Focus Area:

☐

DEVELOPING AN UNBEATABLE TEAM

☒

DELIVERING BUSINESS EXCELLENCE

☐

EARNING CUSTOMER LOYALTY

Background Information & Analysis:

The presentation will review a summary of the contracts over \$50M, and provide supplemental material on the contracts ranging from \$25M to \$50M as information only.

This will be the first time the Board has seen these continuing services contracts over \$50M, as they were executed prior to the new delegation of authority limits being lowered from \$100M to \$50M. The intent is to get the Board up to speed on these contracts as the next contract increases will require Board approval.

This review will also include Board action to approve two contracts to increase the not to exceed amounts due to increased usage and a contract renewal.

There will be a backup document for each contract with additional details as information for all contracts that are above \$25M.

Financial Impact:

N/A

Committee/Board Meeting/Workshop & Date Presented:

N/A

Appendix: *List appendix items provided*

Summary of the Large Contracts above \$25M; Backup detailed writeups of each contract (17 total)

JEA Board Review of Large Continuing Services Contracts Greater than \$50M						
ACTION REQUIRED						
Contract # Short Description	Contracted Supplier	Funding Source	Term (Projected) Start Date - End Date	Original Contract Amount	Amendments (Date : Amount : New NTE)	Current Not-to-Exceed
198101-Three-Phase Pad Mounted, Single Phase Pad Mounted, Pole Mounted, and Miscellaneous Transformers for JEA Inventory Stock	Wesco Distribution, Inc.	Capital & O&M	Three (3) Years w/ Two (2) –1 Yr. Renewals <i>Executed</i> Start: 05/15/2021 End: 06/20/2026	\$13,135,389.29	06/21/2021 : \$2,611,947.23 : \$15,747,336.52 02/09/2023 : \$59,285,232.20 : \$75,032,568.72 05/16/2024 : \$20,901,855.16 : \$95,934,423.88	\$95,934,423.88
<p>This contract is to supply Three-Phase Pad Mounted, Single-Phase Pad Mounted, Pole Mounted and Miscellaneous Transformers for JEA Inventory Stock; these collectively consist of ninety-six (96) JEA specific transformers. The primary use of these items is to enable voltage changes from one to another within our network system, with the items being utilized by the Electric department. At the time of bid release, JEA's inventory balance for the items found in the solicitation was \$4,780,269.25 and item spend over the last twelve (12) months totaled \$7,384,483.00. The original work scope covered one (1) Manufacturers supplying as a Primary source of supply for Three-Phase Pad Mounted and other Miscellaneous Transformer units.</p> <p>Since the inception of this agreement, JEA's supply issues has been exacerbated by supplier long lead times and rising prices due to low industry supply. We have added three (3) additional Manufacturers, four (4) total, that are being serviced through the Wesco contract as well as expanding the types of units that are purchased as a means to mitigate the supply chain issues and meet demands; throughout the term the scope of work has been expanded to cover Three-Phase Pad Mounted, Single-Phase Pad Mounted, Pole Mounted and Miscellaneous Transformers for JEA Inventory Stock. The supply trend does seem to be improving, but there is still a notable backlog of orders with most manufacturers at this time.</p> <p>This request is to add \$27,846,783.42 to cover forecasted needs through the full term of this agreement as well as a successful rebid and transition to new awardees. Previous awards for this agreement exercised both renewal options, but had not fully funded those terms due to ongoing internal discussions on demand, reviewing delivery performance of new manufacturers covered under this contract, and finalizing supply partnership program details with several manufacturers found on this contract. Inflationary pressures and unforeseen demands in excess of current growth projections may require an additional increase which will necessitate a subsequent increase request. The backup documentation supports the contract increase amount by showing the projected growth and anticipated types of transformers needed through June of 2026.</p> <p>Current Project Encumbrance Update: \$60,850,229.10 of the \$95,934,423.88 awarded to Wesco has been encumbered to date.</p>						
ACTION REQUESTED: Contract Increase to add \$27,846,783.42 to Contract 198101-Three-Phase Pad Mounted, Single Phase Pad Mounted, Pole Mounted, and Miscellaneous Transformers for JEA Inventory Stock for a new Not-to-Exceed Amount of \$123,781,207.30.						
184640-Managed Service Provider (MSP) and Vendor Management System (VMS) for Contingent Workforce	Workspend, Inc.	Capital & O&M	Five (5) Years w/ One (1) - 1 Yr. Renewal <i>One Remaining</i> Start: 10/01/2019 End: 09/30/2024	\$85,532,231.75	09/13/2019 : \$0 : General/Auto Liability Clause 11/01/2019 : \$0 : Update Term 04/01/2019 : \$0 : Update Leave Policy 09/01/2021 : \$0 : Update Insurance language (1) 10/01/2021 : \$0 : Update Insurance language (2) 01/31/2023 : \$0 : Mark-up % revision 11/20/2022 : \$0 : Driving JEA Vehicles 09/30/2023 : \$0 : Term update 9/30/2024	N/A
<p>JEA implemented a Managed Services Provider (MSP) and Vendor Management Solution (VMS) to streamline its contingent workforce management. The MSP, Workspend, is responsible for managing all contingent workers, contracting with staffing agencies, and ensuring competitive talent acquisition. The VMS, Beeline, contracted through Workspend, manages the entire process from worker approval to payment. This new model aims to provide JEA with better talent at an optimal cost, replacing the previous system of individual contracts with multiple staffing agencies.</p> <p>The contract with Workspend has been successful, utilizing 19 suppliers who have provided supplemental staff to JEA. An invoice audit plan is actively ensuring the accuracy of invoices and applying tenure discounts appropriately. Savings realized from Payrolling Services, Tenure Discount (mark-up decrease after initial first six months), and Conversion fees to date are \$1,050,062.48.</p> <p>The initial contract, spanning five years from October 1, 2019, to September 30, 2024, includes a provision for a one-year renewal. JEA has decided to exercise this option, extending the contract through September 30, 2025. During this period, JEA plans to rebid the contract.</p> <p>This request is to utilize the one year renewal option and add \$11,673,985.00 to the budget for supplemental staffing at JEA for FY25, bringing the total not-to-exceed amount to \$97,206,216.75. Human Resources is satisfied with the MSP and VMS services and the contract has seen several improvements and is performing effectively. So far in FY24, \$11,863,665.90 has been spent, with \$8,255,786.44 remaining from the original contract amount of \$85,532,231.75. The average annual expenditure over the last five years has been approximately \$15 million. The different business units have estimated projections for the next year, so the contract increase amount aligns with the FY25 budget which puts the contract over the annual estimate. This allows for unforeseen expenditures that might come up over the last year of the contract. However, JEA will only expense funds based on actual usage, and any unused funds under the not to exceed amount will not be paid out to the vendor.</p> <p>Current Project Encumbrance Update: \$77,276,445.31 of the \$85,532,231.75 awarded to Workspend has been encumbered to date.</p>						
ACTION REQUESTED: Contract renewal to utilize remaining one year renewal for a new expiration date of 09/30/2025, and to add \$11,673,985.00 to Contract 184640-Managed Service Provider (MSP) and Vendor Management System (VMS) for Contingent Workforce for a new Not-to-Exceed Amount of \$97,206,216.75.						

INFORMATIONAL (NO ACTION REQUIRED)						
Contract # Short Description	Contracted Supplier	Funding Source	Term (Projected) Start Date - End Date	Original Contract Amount	Amendments (Date : Amount : New NTE)	Current Not-to-Exceed
19084 -GE Combustion Turbine Inspection, Maintenance and Repair Long Term Service Agreement (LTSA)	GE Vernova International LLC	Capital & O&M	Twenty Five (25) Years w/ Five (5) Yr. Extension <i>Executed</i> Start: 06/26/2000 End: 12/31/2030	\$45,700,000.00	12/30/2003 : \$54,200,000.00 : \$99,900,000.00 12/28/2009 : \$60,000,000.00 : \$159,900,000.00 12/31/2014 : \$30,100,000.00 : \$190,000,000.00 12/27/2017 : \$74,447,500.00 : \$264,447,500.00 03/11/2021 : \$22,271,269.00 : \$289,718,769.00 01/05/2022 : \$43,153,955.12 : \$329,872,724.12	\$329,872,724.12
<p>The LTSA provides for Inspection, Maintenance and Repair of JEA's fleet of General Electric combustion turbine fleet at Brandy Branch Generating Station, Kennedy Generating Station and Greenland Energy Center. The current agreement now covers Kennedy Generating Station 7 & 8, Greenland Energy Center 1 & 2, and Brandy Branch Generating Station 1, 2 & 3. The services include, but are not limited to: routine maintenance hot gas path inspections, unplanned maintenance – outages, spare parts supply, parts refurbishment, repairs and an onsite technical support.</p> <p>The original award amount was based on available funding and estimates available at the time of award. The inspections are subject to 2.5% annual price adjustments allowable at contract anniversary. It should be noted that term-based services contracts are typically not funded for the latter years of the contract. As additional work develops during the contract term, additional funding is required. The latest amendment, amendment 9, while having no monetary implication updated the supplier name to GE Vernova International LLC, extended the expiration to December 31, 2030 from December 31, 2028, and memorialized other business related revisions. Previous amendment 5 extended the term from 12/30/2025 to 12/31/2027 and amendment 6 taking the expiration to 12/31/2028. Lastly, there were two contractual amendments with no dollar implications.</p> <p>Current Project Encumbrance Update: \$242,240,730.15 of the \$329,872,724.12 awarded to GE Vernova has been encumbered to date.</p>						
213305-Program Management for the District Energy System (DES)	Jacobs Project Management Company	Capital	Five (5) Years w/ Two (2) - 1 Yr. Renewals <i>Two Remaining</i> Start: 07/27/2023 End: 06/28/2028	\$66,766,840.20	N/A	N/A
<p>This contract provides program management-at-risk, including program management, analysis, planning, permitting, design and construction services for select projects identified in JEA's five-year District Energy System (DES) Capital Improvement Plan (CIP) as amended from time to time within the life of the contract. The DES system has short construction timelines due to customer connection deadlines. These deadlines made the program manager-at-risk contract method the best method for completing DES design/construction work within those customer expectations and procurement regulations. This contract has been in effect for one year, and JEA issued the first purchase order for work in June of this year in the amount of \$100,000.00 for the expansion of the Hogan's Creek chilled water plant. The delayed start was due to ongoing discussions with OGC as to whether the business could directly work with a Trane GSA contract for the Hogan Creek expansion vs this contract. It was determined that piggybacking off of a Federal contract was not allowed due to the need for engineering services.</p> <p>Current Project Encumbrance Update: \$100,000.00 of the \$66,766,840.20 awarded to Jacobs has been encumbered to date.</p>						
207384-Medical ASO, Pharmacy Benefit Management Services, Stop Loss and Chronic Condition Management	Florida Blue	O&M	One (1) Year w/ Four (4) - 1 Yr. Renewals <i>Three (3) Remaining</i> Start: 01/01/2023 End: 12/31/2024	\$31,974,077.00	11/30/2023 : \$33,082,500.00 : \$65,066,577.00	\$65,066,577.00
<p>Services were bid out on 5/25/2022 to the carrier market to identify a vendor who could provide a comprehensive Medical Benefit Plan, Medical Administrative Services Only (ASO), Chronic Condition Management administrative services, Pharmacy Benefits and Stop Loss coverage to the covered employees and retirees of JEA. JEA utilized the expertise of Gallagher Benefit Services and Gallagher Pharmacy Consulting to administer and evaluate this RFP in compliance with JEA purchasing requirements. At proposal opening on 06/22/2022, JEA received one proposal from the incumbent for the Medical ASO, Stop Loss and Chronic Condition Management Services and three proposals for the Pharmacy Benefit services. JEA decided to move forward with Florida Blue, the incumbent, who has provided benefit services to JEA since January 1, 2002 and still proves to be the lowest cost to our employees in the market.</p> <p>It should be noted that this contract is an employee funded program. JEA is responsible for all costs for this self-insured medical plan. Florida Blue acts as a 3rd party administrator who negotiates on behalf of JEA. Florida Blue administers all claims, negotiates with providers and mitigates claims. Total funding includes fixed costs and claims. Fixed costs include administrative and stop loss premiums. Claims include medical and pharmacy. Plan costs are offset by pharmacy rebates and stop loss reimbursements, managed through our consultant, Gallagher.</p> <p>Current Project Encumbrance Update: N/A - No purchase orders - pass through. FY24 spend to date – \$22,594,663.35 (\$26,196,862.00, year to date minus rebates in the amount of \$3,602,198.65)</p>						

Finance, Governance, & Audit Committee Meeting - August 20, 2024 - SUPPLEMENTAL INFORMATION

182848-Water/Wastewater Capital Program Management	Jacobs Engineering Group, Inc.	Capital & O&M	Five (5) Years w/ Two (2) - 1 Yr. Renewals <i>One Remaining</i> Start: 07/01/2019 End: 06/30/2025	\$10,354,970.00	03/05/2020 : \$11,762,643.00 : \$22,117,613.00 03/25/2021 : \$7,048,749.00 : \$29,166,362.00 04/14/2021 : (\$5,354,716.00) : \$23,811,646.00 09/09/2021 : \$3,145,619.00 : \$26,957,265.00 02/17/2022 : \$6,724,253.00 : \$33,681,518.00 10/13/2022 : \$9,238,061.00 : \$42,919,579.00 10/27/2022 : \$1,754,627.00 : \$44,674,206.00 03/01/2023 : \$354,767.00 : \$45,028,973.00 07/20/2023 : \$1,760,185.00 : \$46,789,158.00 11/09/2023 : \$13,609,620.00 : \$60,398,778.00	\$60,398,778.00
<p>The scope of work for this contract is to provide program manager-at-risk services for various Water/Wastewater capital programs that are identified in the capital index plan. Initially, the contract was to primarily focused on the Southside Integrated Piping System (SIPS), wellfield rehabilitation, and large diameter pipe design and construction projects. After the first year of the contract JEA removed the SIPS program from the scope of work from this contract and is bidding that work out separately as required. JEA amends this contract annually to fund task orders for the upcoming fiscal year. Most of the annual task orders are for wellfield rehabilitation.</p> <p>Current Project Encumbrance Update: \$56,196,963.18 of the \$60,398,778.00 awarded to Jacobs has been encumbered to date.</p>						
208138-Equipment, Software and Services for Water Advanced Metering Infrastructure (AMI), Field Area Network (FAN) and Headend System (HES)	Badger Meter, Inc.	Capital & O&M	Ten (10) Years w/ Two (2) - 1 Yr. Renewals <i>Two Remaining</i> Begin Date: 10/01/2022 End Date: 09/30/2032	\$56,364,950.70	N/A	N/A
<p>Original Scope of Work: This contract is to provide equipment, software, and services for JEA's comprehensive Advanced Metering Infrastructure ("AMI") project, with a Water AMI Field Area Network ("FAN") and Headend System ("HES"). The AMI FAN consists of a system capable of delivering register and interval reads as well as alarms and events from 100% of water customer meters. This includes the necessary network infrastructure, installation, and water meter endpoints. The HES will receive the register and interval reads to attain functionality and monitor network health, along with integration services to tie the HES to Customer to Meter ("C2M") business-critical systems.</p> <p>Current Project Update: The contract and service with Badger Meter has been very positive and is progressing well. Approximately 51% of the endpoints have been delivered and 26% have been installed. The system is working as designed – delivering 99.4% daily reads to JEA. This contract, coupled with the separate Installation contract, have the project on schedule to complete in 2028. The contract covers both an initial deployment years 1 through 4 and the ongoing services in subsequent years 5 through 10. The contract includes the Project Management and about 425,000 endpoints in years 1 through 4 for the initial and full deployment. In each year (1 through 10), JEA purchases the Service Fee (\$0.40 per meter per month), which pays for the software (Head End System) and the data (meter reads, temperature and pressure reads, leak notifications, etc.). In each year beyond year 4, JEA will also need more endpoints for growth and for replacement of damaged endpoints. The contract includes pricing in place for those purchases.</p> <p>Current Project Encumbrance Update: \$18,478,598.00 of the \$56,364,950.70 awarded to Badger Meter has been encumbered to date.</p>						
198101-Three-Phase Pad Mounted, Single Phase Pad Mounted, Pole Mounted, and Miscellaneous Transformers for JEA Inventory Stock	Tri-State Utility Products, Inc.	Capital & O&M	Three (3) Years w/ Two (2) – 1 Yr. Renewals <i>One Remaining</i> Start: 06/21/2021 End: 06/20/2026	\$4,364,050.17	02/17/2022 : \$18,345,513.79 : \$22,709,563.96 05/16/2024 : \$32,269,897.03 : \$54,979,460.99	\$54,979,460.99
<p>This contract is to supply Three-Phase Pad Mounted, Single-Phase Pad Mounted, Pole Mounted for JEA Inventory Stock; these collectively consist of ninety-six (96) JEA specific transformers. The primary use of these items is to enable voltage changes from one to another within our network system, with the items being utilized by the Electric department. At the time of bid release, our current inventory balance for the items found in this solicitation is \$4,780,269.25. As it relates to item spend, the last twelve (12) months totaled \$7,384,483.00.</p> <p>The original award did not have Tri-state as an awardee, but due to post award contracting issues and market instability, an award amendment was made which would award the work scope of supply for Single-Phase Pad Mounted units to Tri-State. Since the inception of this agreement, JEA's supply issues has further been exacerbated by supplier long lead times and rising prices due to low industry supply. We further expanded the types of units on this contract to Three-Phase, Single-Phase Pad Mounted, Pole Mounted that are purchased as a means to mitigate the supply chain issues; this effort was also replicated with other awardees in order to mitigate JEA's impact of the supply disruptions. The supply trend does seem to be improving, but there is still a notable backlog of orders with most manufacturers at this time.</p> <p>Current Project Encumbrance Update: \$43,894,229.93 of the \$54,979,460.99 awarded to Tri-state Utility Products has been encumbered to date.</p>						

Finance, Governance, & Audit Committee Meeting - August 20, 2024 - SUPPLEMENTAL INFORMATION

184407-Property and Casualty Insurance Broker Services	Arthur J. Gallagher Risk Management Services, Inc.	O&M	Three (3) Years w/ One (1) - 1 Yr. Renewals <i>Executed</i> Start: 01/01/2021 End: 12/31/2024	\$43,699,609.00	07/22/2021 : \$1,000,000.00 : \$44,699.609.00 10/27/2022 : \$7,762,711.19 : \$52,462,320.19	\$52,462,320.19
<p>An RFP was completed to evaluate and select a firm to provide Procurement Services of Insurance (Property and Casualty), Property Loss Prevention Engineering and Claims Settlement (Property and Casualty). JEA pays Arthur J. Gallagher Risk Management Services, Inc. a flat annual fee for Insurance Brokerage Services in the amount of \$170,000.00, and Insurance Premiums are paid to the Insurance Carriers through the broker contract. Cyber insurance was added on 7/22/2021 in the amount of \$1,000,000.00 for the three year term.</p> <p>Current Project Encumbrance Update: \$34,882,696.18 of the \$52,462,320.19 awarded to Gallagher has been encumbered to date.</p>						

JEA Board Review of Large Continuing Services Contracts \$25M - \$50M						
INFORMATIONAL (NO ACTION REQUIRED)						
Contract # Short Description	Contracted Supplier	Funding Source	Term (Projected) Start Date - End Date	Original Contract Amount	Amendments (Date : Amount : New NTE)	New Not-to-Exceed
171465-Vegetation Management Services	Trees, LLC	Capital & O&M	Five (5) Years w/ One (1) - 1 Yr. Renewal <i>Executed and Extended an additional One (1) Year</i> Start: 01/31/2018 End: 01/30/2025	\$31,222,514.94	01/05/2023 : \$6,425,000.00 : \$37,647,514.94 12/07/2023 : \$7,404,125.00 : \$45,051,639.94	\$45,051,639.94
<p>Trees, Inc. was awarded a contract for vegetation management services for JEA and Tampa Electric Company (TECO) on January 11, 2018. The work to be performed by the company includes labor, supervision, materials, tools, equipment, and reporting requirements as necessary for performing the work. This includes mowing, herbicide application, and tree removal and pruning as needed. JEA was able to negotiate a price reduction with Tree's Inc., resulting in an initial savings of 5% on the price per mile and 2.6% on labor rates. The contract also included a 1% reduction incentive due to collaboration between JEA and TECO for aggregating their spending. We exercised the renewal in 2023 along with an increase in funds to cover the renewal one year term. Additionally, we exercised a one year extension with a funds increase to cover calendar year 2024 while a thorough analysis and bid could be completed. The renewal and extension were exercised to navigate the challenging supply market in regards to availability and costs as well as continue contractual support through the growth season and storm season of 2024.</p> <p>The pricing structure of the contract is as follows: Price per mile: Fixed for the first two years with adjustments based on the Consumer Price Index (CPI) in years three through five. Labor rates: Fixed for the first year with CPI adjustments in years two through five. Equipment rates: Fixed for the first year with adjustments based on a fuel index in years two through five. This adjustment applies to 15% of the unit price for each piece of equipment that uses fuel.</p> <p>Current Project Encumbrance Update: \$40,542,566.17 of the \$45,051,639.94 awarded to Trees, LLC has been encumbered to date.</p>						
166770-Primary Underground Cable for JEA Inventory Stock	Gresco Supply Inc.	Capital & O&M	Five (5) Years w/ One (1) - 1 Yr. Renewal <i>Executed and Extended an additional 6.5 months</i> Start: 02/16/2017 End: 09/01/2024	\$18,708,988.86	05/26/22 : \$15,617,388.21 : \$34,326,377.07	\$34,326,377.07
<p>Originally awarded on 02/16/2017, this contract is for primary underground cable inventory stock. The one-year renewal was exercised on May 26, 2022, along with an increase in funds of \$15,617,388.21 bringing the value of the contract to \$34,326,377.07. This contract was later extended until September 1, 2024 with no additional funds needed while it is being re-bid along with additional common wire, cable, and conductor items found within other agreements that are set to expire in the same timeframe.</p> <p>The contract covers items used to support the distribution of underground power. Gresco Supply, Inc. is the distributor, and Prysmian is the manufacturer of the wire and cable. The contract guarantees JEA manufacturing slots with Prysmian and ensures a reliable supply of underground cable during supply chain disruptions. Gresco Supply, Inc. has also committed to maintaining protected inventory on hand for the highest moving items, which will shorten lead times and improve the availability of underground cable. There are a few notable changes to the terms of the contract, including monthly index adjustments instead of quarterly, an upwards adjustment to the base pricing from which index adjustments will be made, and the removal of three of the eight items due to inefficient manufacturing. JEA has reviewed the market and believes the negotiated increases are reasonable.</p> <p>JEA has seen significant increases in the demand for underground cable with projections far outpacing previous annual consumptions and original projections. This is primarily attributed to construction of new developments around Jacksonville. At the same time, throughout the term of the agreement, JEA has seen cost increases on the unit cost due to commodity price increases which are adjusted quarterly based on copper and aluminum prices indexes and are capped at these index increases. JEA also saw an adjustment attributed to increases in costs for transportation, labor, wood reels, and other ancillary costs which are fixed in our costs model contractually. These item costs increases have amounted to approximately one hundred seven percent (107%) on average over the term.</p> <p>Current lead-times are approximately sixteen (16) weeks for the items found on this agreement with slotting programs, average lead-time for these items in the marketplace are approximately thirty-five (35) weeks. The supply trend is notably improving throughout the industry with no active force majeure claims, many manufacturers slowly removing allocation programs, but there is still a notable backlog within most manufacturers in the market at this time.</p> <p>Current Project Encumbrance Update: \$21,139,103.82 of the \$34,326,377.07 awarded to Gresco Utility Supply Inc. has been encumbered to date. Spend on average is \$3M per year with years where allocation issue existed being the smallest consumption years.</p>						

Finance, Governance, & Audit Committee Meeting - August 20, 2024 - SUPPLEMENTAL INFORMATION

215689-Power Transformer Supply	Prolec-GE Waukesha, Inc.	Capital	Seven (7) Years w/ Two (2) - 1 Yr. Renewals Two Remaining Start: 09/07/2023 End: 09/16/2030	\$9,452,929.00	06/06/2024 : \$22,370,041.00 : \$31,822,970.00	\$31,822,970.00
<p>Originally bid and awarded 09/07/2023 this contract for Power Transformer supply to support substation transformr replacements and expansion projects through FY32. Both Prolec GE Waukesha, Inc. and Hitachi Energy USA, Inc. were selected as the highest evaluated and lowest priced responsive and responsible proposers. The transformer prices contracted are aligned with the Large Specialty Transformer producer price index, which has increased by 81% since the last bid in October 2017. Lead times currently range from 27 to 44 months.</p> <p>In this contract, GE Prolec will provide 5 of the 7 Power Transformers required in 2026, while Hitachi Energy will provide the remaining 2. GE will receive all subsequent units need for supply as the highest graded supplier and lowest priced vendor. To date, the current contract value includes 24 of the 37 identified 50 MVA Power Transformers of varying voltages, with the spend reflective of units already ordered. JEA procurement will periodically review and fund the remaining forecasted power transformer slots for this contracts as budgets allow. All contracts will have a price adjustment methodology, with adjustments typically made around 6 months prior to shipment.</p> <p>Current Project Encumbrance Update: \$12,752,026.00 of the \$31,822,970.00 awarded to Prolec – GE Waukesha Inc. has been encumbered to date. All contracts will include a price adjustment methodology to allow for price adjustments closer to the manufacturing release date.</p>						
211858-Electric Meters for JEA Inventory Stock (Single Source)	Landis + Gyr Technology, Inc.	Capital & O&M	Four (4) Years Eleven (11) Months Start: 02/17/2023 End: 12/31/2027	\$31,974,077.00	11/30/2023 : \$33,082,500.00 : \$65,066,577.00	\$65,066,577.00
<p>This contract is for the purchase of electric meters for JEA’s inventory stock. The meters are used to measure the electric consumption of JEA’s customers. These meters are the only meters approved by JEA and are capable of communicating on the RF Mesh network that provides meter reads to bill all JEA electric customers and the only meters able to connect to the Automated Metering Infrastructure (AMI) also, provided by Landis+Gyr Technology, Inc.</p> <p>At the time of award, JEA currently had about 515K electric meters within the network. Electric Meter Services projects a need for annual replacement of 3.0% of the existing meters (1.6% for manufacturing defects and 1.4% for replacements for other failures such as customers tampering with meters). Additionally, they also project that there will be a 2.6% growth for new meters installs in the network.</p> <p>Landis+Gyr Technology, Inc. was the only vendor considered for this contract as they are the only manufacturer approved by JEA due to system compatability and JEA has been working with them exclusively since 2001. The contract is expected to cover JEA’s needs through the 2027 fiscal year.</p> <p>Current Project Encumbrance Update: \$6,895,064.00 of the \$31,646,648.00 awarded to Landis + Gyr Technology, Inc. has been encumbered to date.</p>						
182730-Water/Wastewater Project Support Services	Keville Enterprises, Inc.	Capital	Five (5) Years w/ Two (2) - 1 Yr. Renewals One Remaining Start: 07/01/2019 End: 06/30/2025	\$20,279,306.00	10/22/2020 : (\$1,500,000.00) : \$18,779,306.00 04/13/2022 : \$8,004,122.90 : \$26783428.9	\$26,783,428.90
<p>JEA awarded Keville Enterprises Inc. a contract to provide supplemental staffing for their Water/Wastewater projects. The scope of work includes providing personnel on an as-needed basis to supplement JEA staff during peak periods and to fill in for staff vacancies or leaves. Keville is also providing safety personnel to oversee Water/Wastewater capital construction projects.</p> <p>The contract has been in effect for five years and was originally awarded for \$26,783,428.90. It has been amended twice. The first amendment, on 10/22/2020, decreased the contract by \$1,500,000.00 due to the removal of the hydraulic modular position from the scope of work. The second amendment, on 04/13/2022, increased the contract by \$8,004,122.90 due to a greater than anticipated need for supplemental staff. The current maximum indebtedness of the contract is \$26,783,428.90, with \$24,800,000.00 already spent.</p> <p>Current Project Encumbrance Update:</p>						

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195904-Steam and Combustion Turbine Maintenance, Repair and Overhaul Services	Mitsubishi Power Americas, Inc., dba Mechanical Dynamics & Analysis LLC	Capital & O&M	Five (5) years w/ Two (2) - 1 Yr. Renewals Two Remaining Start: 03/09/2021 End: 03/08/2026	\$14,000,000.00	12/07/2023 : \$12,451,782.00 : \$26,451,782.00	\$26,451,782.00
<p>Originally Awarded 03/04/2021, this contract is for turbine, overhaul, maintenance and repair services to include, but are not limited to: steam and combustion turbine repairs and overhaul during outages and during operations. The company will be responsible to provide; tools, equipment, man power, materials and services to support JEA's steam and combustion turbines. The original award amount was calculated based on funding and project list available at the time of the original award. It was expected that the business unit would return and add additional funds as needed. The latest increase covers the identified projects listed through FY26. Rates have not been increased from the original award.</p> <p>The agreement primarily covers Northside Generating Station 1, 2, & 3, and 50MW at Northside Generating Station units. For risk mitigation and supply redundancy, this contract also covers Kennedy Generating Station 7 & 8, Greenland Energy Center 1 & 2, and Brandy Branch Generating Station 1, 2, 3, & 4, for work outside of the GE LTSA.</p> <p>Current Project Encumbrance Update: \$18,151,722.41 of the \$26,451,782.00 awarded to Mitsubishi Power Americas, Inc., dba Mechanical Dynamics & Analysis LLC has been encumbered to date.</p>						
213947-Primary, Secondary & Fiber Optic Wire & Cable for JEA Inventory Stock	Southwire Company, LLC	Capital & O&M	One (1) Year, Two (2) Months w/ Two (2) - 1 Yr. Renewals Two Remaining Start: 06/01/2023 End: 08/23/2024	\$25,150,092.53	N/A	N/A
<p>This contract is for primary, secondary, and fiber optic wire and cable for JEA inventory stock. These items are primarily used by the Electric and Technology departments to enable from one device to another within our network.</p> <p>Originally solicited in 2018, Southwire did not receive a contract. However, due to significant supply chain issues, an increase in consumption, and the inability of the existing contracted supplier to guarantee pricing and slotting, JEA placed orders w Southwire and elected to award an additional contract to Southwire on June 1, 2023. Southwire has proven to be an invaluable supplier. The award amount for Southwire comprises projected future spend until the end of the contract term including the partial renewal exercised while a solicitation is being conducted.</p> <p>Current Project Encumbrance Update: \$6,859,053.60 of the \$25,150,092.53 awarded to Southwire Company, LLC has been encumbered to date.</p>						
207332-Integrated Water Resources Management – Engineering Services for Program Assistance	CDM Smith, Inc	Capital & O&M	Five (5) Years w/ Two (2) - 1 Yr. Renewals Two Remaining Start: 07/01/2019 End: 06/30/2025	\$25,000,000.00	N/A	N/A
<p>This is a contract for the Integrated Water Resource Plan (IWRP). In response to the Florida Senate Bill 64 (SB 64), which required JEA to effectively eliminate non-beneficial surface water discharges by January 2032, JEA has developed a Plan to comply with the legislation. The Plan, which was approved by the Florida Department of Environmental Protection (FDEP), included a preliminary capital improvement plan for both existing and future Water Reclamation Facilities (WRFs). The estimate for new infrastructure to eliminate non-beneficial surface water discharges is approximately \$1.9 billion. CDM Smith is providing engineering and related technical assistance in implementing the program. JEA is leading the program and CDM Smith is providing personnel augmenting and extending JEA's staff. The scope focuses on planning, preliminary engineering, and project management of the IWRP. The program will ultimately consist of dozens of projects and having consistency of planning, and coordination of projects throughout the program will be crucial for success. The contract was recently adjusted for a CPI increase on the hourly rates, November 6, 2023.</p> <p>Current Project Encumbrance Update: \$3,092,692.29 of the \$25,000,000.00 has been encumbered to date.</p>						



Wesco Distribution Inc.- Transformer Purchases Contract - Board Update

Originally Awarded at JEA Awards Committee on May 6, 2021.

Project Title: Three-Phase Pad Mounted, Single Phase Pad Mounted, Pole Mounted, and Miscellaneous Transformers for JEA Inventory Stock

JEA Business Contract Owner: Keeler, Jessica K. – Mgr, Procurement Inventory Control

Original Scope of Work:

The purpose of the contract is for Three-Phase Pad Mounted, Single-Phase Pad Mounted, Pole Mounted and Miscellaneous Transformers for JEA Inventory Stock. The primary use of these items is to enable voltage changes from one to another within our network system, with the items being utilized by the Electric department.

Current Project Update: The original work scope contracted with Wesco covered one (1) Manufacturer supplying as a Primary source of supply for Three-Phase Pad Mounted and other Miscellaneous Transformer units. Since the inception of this agreement, JEA's supply issues has been exacerbated by supplier long lead times and rising prices due to low industry supply. JEA's consumption of some units were approximately ten (10) times historic consumption levels at various points during the term and in response purchases greatly outpaced original forecasted amounts.

We have added three (3) additional Manufacturers, four (4) total, that are being serviced through the Wesco contract as well as expanding the types of units that are purchased as a means to mitigate the supply chain issues and meet demands; throughout the term the scope of work has been expanded to cover Three-Phase, Single-Phase Pad Mounted, Pole Mounted and Miscellaneous Transformers for JEA Inventory Stock. Currently the following items from the following manufacturers are supplied through this contract:

- Camtran – 14 different transformers
- Eaton – 2 different transformers
- Hitachi – 37 different transformers
- Power Partners Inc – 43 different transformers

Current lead-times vary from approximately twenty (20) weeks on the least demand styles and manufacturers with slotting programs to well over one hundred (100) weeks on the longest lead-time units. The supply trend does seem to be improving, but there is still a notable backlog of orders with most manufacturers at this time.

JEA in 2024 also exercised both renewals of this agreement taking the current contract expiration to 2026. This decision was driven by market pressures on transformers, long lead-times of supply, and uncertainty in demands locally.

Current Project Encumbrance Update: \$60,850,229.10 of the \$95,934,423.88 awarded to Wesco has been encumbered to date.

AWARDEE:

Name	Vendor Contact	Email	Address	Phone	Not-To-Exceed Amount
WESCO DISTRIBUTION INC.	Ashely Cirlot	acirlot@wescodist.com	5971 Pershing Ave, Orlando, FL 32920	407-434-4025	\$95,934,423.88

Original Amount Contract: \$13,135,389.29
Length of Contract Term: Three (3) Years w/ Two (2) – One (1) Yr. Renewals
Begin Date (mm/dd/yyyy): 05/15/2021
End Date (mm/dd/yyyy): 06/20/2026
JSEB Requirement: N/A – Optional

AMENDMENTS:

Amendment Date	Amount	New Not-to-Exceed
06/21/2021	\$2,611,947.23	\$15,747,336.52
02/09/2023	\$59,285,232.20	\$75,032,568.72
05/16/2024	\$20,901,855.16	\$95,934,423.88

Original Background/Recommendation:

The manufacturer(s) and/or catalog number(s) of the items found in the solicitation and this contract have been approved over time, and each item is currently approved by JEA's Electric Standards Department. Each item has a unique list of approved manufacturers based on the capabilities of the supplier(s) to meet JEA's electric system needs. In order to leverage JEA's spend for Three-Phase Pad Mounted, Single-Phase Pad Mounted, Pole Mounted and Miscellaneous Transformers for JEA Inventory Stock, the internal team identified ninety-six (96) items deemed to be a good fit to be included in this initiative.

The basis for award for this bid was that JEA will Award a Contract to the Respondent that meets the Minimum Qualifications stated herein, and is the highest evaluated Respondent for each of the following bid groupings based on an 80% price and 20% qualitative response scoring criteria:

- Three-Phase Transformers Bid Tab
- Single Phase Pad Mounted Transformers Bid Tab
- Pole Mounted Transformers Bid Tab
- TRALC001 Bid Tab
- TRAPC016 Bid Tab

In addition to Wesco, Stuart C Irby CO and WEG Transformers USA were determined to be the vendors that were the highest evaluated respondents to JEA for this work scope and were contracted.

Name	Three-Phase BAFO Ranking	Single-Phase Pad Mounted BAFO Ranking	Pole Mounted BAFO Ranking	TRALC001 BAFO Ranking	TRAPC016 BAFO Ranking
ANIXTER	5	4	4	-	-
GRESKO SUPPLY	2	2	3	-	-
STUART C IRBY CO	-	1	1	-	-
TRI-STATE UTILITY PRODUCTS	4	3	5	-	-
WEG TRANSFORMERS USA	3	-	-	-	1
WESCO DISTRIBUTION INC.	1	5	2	1	-

JEA elected to reduce the award to a Three (3) Year with Two (2) – One (1) Yr. Renewal term from the originally bid five (5) year term. This allowed JEA to evaluate the performance at a shorter term, and understand how the market is evolving. The BAFO resulted in an adjusted reduction of \$186,202.74. Unit pricing for the contract(s) will be adjusted quarterly with adjustments corresponding to fluctuations for Stainless Steel, Silicon Steel, Aluminum, Copper, Oil and All other Variable Costs and Margins.

Action: This request is to add \$27,846,783.42 is to cover forecasted needs through the full term of this agreement as well as a successful rebid and transition to new awardees. Previous awards for this agreement exercised both renewal options, but had not fully funded those terms due to ongoing internal discussions on demand, reviewing delivery performance of new manufacturers covered under this contract, and finalizing supply partnership program details with several manufacturers found on this contract. Inflationary pressures and unforeseen demands in excess of current growth projections may require an additional increase which will necessitate a subsequent increase request. The backup documentation supports the contract increase amount by showing the projected growth and anticipated types of transformers needed through June of 2026.

Wesco Transformer Current Contract Increase				
Transformer OEM	Transformer Type	BPA #	Month Last PO would Arrive	# Months For Delivery After Last PO
CamTran	Pad Mount (1ph & 3ph)	215128	November 2026	5
Hitachi	Pad Mount (3ph)	197453	October 2027	16
PPI	Pole Mount (1ph)	198104	September 2026	3

Wesco Transformer Total Contract Summary					
Transformer OEM	Transformer Type	Current Encumbrance	Current NTE	Current Amt Needed	New NTE
CamTran	Pad Mount (1ph & 3ph)	\$ 26,749,049.98	\$ 32,850,359.24	\$ 16,781,428.18	\$ 49,631,787.42
Hitachi	Pad Mount (3ph)	\$ 46,426,099.54	\$ 53,038,467.81	\$ 8,931,198.66	\$ 61,969,666.47
PPI	Pole Mount (1ph)	\$ 6,279,078.87	\$ 9,048,041.83	\$ 2,134,156.58	\$ 11,182,198.41
Eaton	Pad Mount (3ph)	\$ 997,555.00	\$ 997,555.00	\$ -	\$ 997,555.00
Total		\$ 80,451,783.39	\$ 95,934,423.88	\$ 27,846,783.42	\$ 123,781,207.30



Managed Services Provider (MSP) & Vendor Management Solution (VMS) for Contingent Workforce

Originally Awarded at JEA Awards Committee on December 20, 2018.

Project Title: Managed Services Provider (MSP) & Vendor Management Solution (VMS) for Contingent Workforce

JEA Business Contract Owner: Chrissy Nunziato, Professional Services Portfolio Manager

Original Scope of Work:

JEA utilized six (6) contracts with various staffing agencies to support the need for contingent workers. In order to centralize the reporting, get a better understanding of market data and improve management of the entire procure to pay process, JEA implemented a Managed Services Provider (MSP) and a Vendor Management Solution (VMS).

Current Project Update: The contract and service from Workspend (MSP) and Beeline (VMS) has progressed well. There are approximately 19 suppliers who provide or have provided supplemental staff to JEA. There is an invoice audit plan in place to ensure that invoicing is accurate and that the tenure discount after 6 months is applied.

Current Not-to-Exceed Amount: \$85,532,231.75

Current Encumbrance: \$72,352,245.35

AWARDEE:

Name	Contact Name	Email	Address	Phone	Amount
WORKSPEND, INC.	Manoj Agarwal	manoj@workspend.com	101 Hudson St, Suite 1900 Jersey City, NJ	(800) 770-5973	\$85,532,231.75

Amount of original award: \$85,532,231.75

Renewal Amount: \$11,673,985.00

New Not-To-Exceed Amount: \$97,206,216.75

Length of Contract/PO Term: Five (5) Years w/ One - 1-Yr. Renewal

Begin Date (mm/dd/yyyy): 10/2/2019

End Date (mm/dd/yyyy): 9/30/2025

Renewal Options: None remaining

BIDDERS:

Name	Original Staffing Goal Markup	Original MSP Markup	Original VMS Markup	Proposal Score	Proposal Rank
RANDSTAD NORTH AMERICA	23.41%	2.15%	0.65%	73.26	1
KNOWLEDGE SERVICES	40.00%	3.00%	1.00%	73.20	2

WORKSPEND, INC.	21.00%	1.00%	0.65%	73.11	3
PONTOON	33.75%	3.00%	1.00%	64.88	4
ZEROCHAOS	34.50%	2.50%	0.50%	63.70	5
ATRIUM	32.15%	2.20%	0.65%	47.83	6
NTECH (SMRTPASS)	27.96%	3.45%	0.80%	42.90	7

Name	BAFO Staffing Goal Markup	BAFO MSP Markup	BAFO VMS Markup	Presentation and BAFO Proposal Score	BAFO Rank
WORKSPEND, INC.	21.00%	1.00%	0.65%	119.23	1
KNOWLEDGE SERVICES	39.00%	3.00%	0.60%	101.20	2
RANDSTAD NORTH AMERICA	22.01%	2.15%	0.65%	101.64	3

Original Background and Recommendations:

A Managed Services Provider (MSP) was established to be in charge of all contingent workers for JEA. They contract directly with various staffing agencies who compete for positions as they become available. This new contingent workforce model provides JEA with better talent at the best overall cost. The MSP utilizes a Vendor Management Solution (VMS) to manage the overall process, from JEA approval of a new contingent worker to timecard management and payment.

In the past, contracts have been awarded to staffing agencies based on the mark-up percentages that staffing agencies charge. In 2018, JEA paid 23.41% mark-up on pay rates for new hires on the Randstad standard staffing contract, and 33% mark-up on pay rates for new hires on the Aerotek customer call center staffing contract and continually had issues finding and retaining staff. The MSP manages the staffing agency mark-ups, has access to hundreds of agencies to increase competition and charges a small MSP and VMS fee to manage the process from start to finish. Workspend Inc. originally set up an overall mark-up goal of 21%, plus 1.65% mark-up for the MSP and VMS fees. This mark-up was used for three years of the term before it was renegotiated to be more competitive in the changing market after the pandemic. Mark-up rates vary from 20% - 37%, with 37% being the max cap. The mark-up varies depending on the specialty of the role. The MSP fee (.65%) and the VMS fee (1%) is then added to the mark-up for a maximum rate of 38.65%. After 6 months, a tenure discount is applied, and the mark-ups are reduced. These negotiated mark-ups were compared to the State of Florida contracts for reasonableness and have served JEA well competing for top talent in the market.

In addition to the traditional hiring model, there were a number of contingent workers at JEA who work for 3rd party staffing agencies that are subcontracted by Randstad and Aerotek. In those cases, JEA was paying an additional mark-up ranging from 4% - 5%. With the MSP model, that additional mark-up was eliminated and those various 3rd party staffing agencies will contract directly with the MSP. This 3rd party mark-up reduction represented an immediate annual savings of \$107,456.35, or \$537,281.75 for the five (5) year contract period. Additional savings realized from Payrolling Services, Tenure Discount (mark-up decrease after initial first six months, and Conversion fees to date are \$1,050,062.48.)

Action: This request is to utilize the one-year renewal option and add \$11,673,985.00 to the budget for supplemental staffing at JEA for FY25, bringing the total not-to-exceed amount to \$97,206,216.75. Human Resources is satisfied with the MSP and VMS services and the contract has seen several improvements and is performing effectively. So far in FY24, \$11,863,665.90 has been spent, with \$8,255,786.44 remaining from the original contract amount of \$85,532,231.75. The average annual expenditure over the last five years has been approximately \$15 million. The different business units have estimated projections for the next year, so the contract increase amount aligns with the FY25 budget which puts the contract over the annual estimate. This allows for unforeseen expenditures that might come up over the last year of the contract. However, JEA will only expense funds based on actual usage, and any unused funds under the not to exceed amount will not be paid out to the vendor.

JEA plans to rebid this work in early FY25 to make sure there is enough time to bring this to the Board for approval if the term of the contract is over \$50M, and have a smooth transition if a new company needed to implement a new software.

FY25 Supplemental Workforce Budget By Cost Center

Total JEA - Rollup	11,673,985
30206 - Electric Generation - NGS - Bulk Material Handling Operations	1,015,000
30309 - Electric Generation - Engineering & Optimization	125,600
30702 - Substation Maintenance	130,750
40305 - Electric Distribution Construction Maintenance	651,123
30111 - WWW Treatment Support Services	150,000
10301 - New Business	115,000
30606 - Sewer Grid Preventive Maintenance	120,000
20400 - Electric Engineering and Projects	36,920
20500 - WWW Grid Project Engineering and Construction	85,000
20203 - Utility Locate Services	61,560
20414 - Electric GIS Systems	30,000
20422 - Project Management	360,352
40401 - Meter Data Collection and Analysis	3,129,000
40403 - Water Meter Services	90,000
40110 - Customer Contacts Call Center	827,163
40303 - Business Support Center	78,000
10500 - Customer and Community Engagement	205,000
40301 - Community and Project Impact	20,000
D0300 - Air & Lab Services	154,624
D0400 - Regulatory Program Conformance	124,000
D0100 - Environmental Permitting Electric	70,800
B0012 - CIP Compliance	156,000
A0700 - Real Estate Services	62,123
A0000 - Chief Human Resources	157,069
A0201 - Payroll Services	65,000
51003 - Organizational Effectiveness	140,000
A0104 - Technical Utility Training Services	5,000
A0800 - Fleet Services	55,000
B0000 - Chief Information Officer	177,912
30903 - Server, Storage & Network Services	96,768
30905 - Collaboration Systems	534,456
B0010 - Information Security	522,727
B0400 - CRM Systems	277,644
B0500 - ENG/Ops Systems	173,824
B0600 - ERP Systems	185,212
B0800 - Solution Dev & EA	339,528
30901 - DBA & MT Services	1,023,360
20700 - IT PMO Services	122,470



General Electric (GE) Long Term Service Agreement (LTSA) - Board Update

Originally Awarded at JEA Awards Committee on June 26, 2000.

Project Title: GE Long Term Service Agreement (LTSA) – Inspection, Maintenance and Repair Services

JEA Business Contract Owner: Gillean, Keith - Project Administrator Senior Construction

Original Scope of Work:

The LTSA provides for Inspection, Maintenance and Repair of JEA's fleet of General Electric combustion turbine fleet at Brandy Branch Generating Station, Kennedy Generating Station and Greenland Energy Center. The services include, but are not limited to:

- Routine Maintenance Hot Gas Path Inspections
- Unplanned Maintenance – Outages
- Spare Parts Supply
- Parts Refurbishment
- Overall and Repairs upon request and negotiation of price
- Onsite Technical Support

Current Project Update: Subsequent to the initial agreement, nine (9) amendments have been approved for the GE LTSA, six (6) amendments to increase funds. This has included minor and Major inspections, upgrades to parts and components, replacement of rotors, and adding additional units to the program. The current agreement now covers Kennedy Generating Station 7 & 8, Greenland Energy Center 1 & 2, and Brandy Branch Generating Station 1, 2 & 3.

Overhaul and major repair work is not contemplated in this current amount. The inspections are subject to 2.5% annual price adjustments allowable at contract anniversary. Should additional work develop during the contract term, or should JEA elect to renew the contracts, additional funding may be required.

The latest amendment, amendment 9, while having no monetary implication updated the supplier name to GE Vernova International LLC, extended the expiration to December 31, 2030, and memorialized other business related revisions.

Current Not to Exceed Amount: \$329,872,724.12

Current Project Encumbrance Update: \$242,240,730.15

AWARDEE:

	Contact Name	Address	Phone	Amount Not-To-Exceed Amount
GE VERNOVA INTERNATIONAL LLC	Creston Dempsey	4200 Wildwood Pkwy. Atlanta GA 30339	(770) 480 4009	\$329,872,724.12

Original Amount Contract: \$45,700,000.00

Length of Contract Term: Thirty (30) Years

Begin Date (mm/dd/yyyy): 05/15/2021
End Date (mm/dd/yyyy): 12/31/2030
JSEB Requirement: N/A - Optional

AMENDMENTS:

Date	Amount	New Not-to-Exceed
10/04/2002	\$0.00	\$45,700,000.00
12/30/2003	\$54,200,000.00	\$99,900,000.00
10/31/2006	\$0.00	\$99,900,000.00
12/28/2009	\$60,000,000.00	\$159,900,000.00
12/31/2014	\$30,100,000.00	\$190,000,000.00
12/27/2017	\$74,447,500.00	\$264,447,500.00
03/11/2021	\$22,271,269.00	\$286,718,769.00
01/05/2023	\$43,153,955.12	\$329,872,724.12
12/04/2023	\$0.00	\$329,872,724.12

Background/Recommendations:

Since 06/26/2000, JEA has had a Long-Term Parts and Service Agreement (LTSA) for the GE Combustion Turbines for Kennedy Generation Station Combustion Turbine (CT) Unit 7 and the Brandy Branch Generation Station CT Units 1, 2, 3. It was jointly negotiated with MEAG, Santee Cooper. The Kennedy CT7 unit is a peaking gas turbine that was placed in service in 2000.

The LTSA provides for Inspection, Maintenance and Repair of JEA's fleet of General Electric combustion turbine fleet at Brandy Branch Generating Station, Kennedy Generating Station and Greenland Energy Center. The services include, but are not limited to:

- Routine Maintenance Hot Gas Path Inspections
- Unplanned Maintenance – Outages
- Spare Parts Supply
- Parts Refurbishment
- Overall and Repairs upon request and negotiation of price
- Onsite Technical Support

Over several change orders and contract amendments the scope of the LTSA has expanded to cover Kennedy Generation Units CT 8, Greenland Energy Center CT 1 & 2, Brandy Branch Generating Unit 4 a steam turbine generating unit. As units have evolved over the term, the scope of work under this contract has evolved as well.



Program Management for the District Energy System - Board Update

Originally Awarded at JEA Awards Committee on June 1, 2023.

Project Title: Program Management for the District Energy System

JEA Business Contract Owner: Davis, Deanna L. - Dir Grid Development

Original Scope of Work:

The scope of work for this solicitation includes providing integrated Program Management, including program management, analysis, planning, permitting, design and construction services for select projects identified in JEA's five-year District Energy System (DES) Capital Improvement Plan (CIP) as amended from time to time, as well as O&M tasks as identified with the life of the contract. JEA is seeking responses from qualified management teams to provide these services on an as-needed basis.

Current Contract Update: The contract has been in effect for just under a year. The current maximum Indebtedness is \$66,766,840.20.

Current Project Encumbrance Update: \$100,000.00 of the \$66,766,840.20 has been encumbered.

AWARDEE: Name	Address	Amount
JACOBS PROJECT MANAGEMENT CO.	200 W Forsyth Street, Suite 1520, Jacksonville, FL 32202	\$66,766,840.20

Amount for entire term of Contract/PO: \$66,766,840.20

Length of Contract/PO Term: Five (5) Years w/Two (2) - 1 Yr. Renewals

Begin Date (mm/dd/yyyy): 07/27/2023

End Date (mm/dd/yyyy): 06/28/2028

Renewal Options: Two (2) - 1 Yr. Renewals

JSEB Requirement: Specific JSEB goals for each task order authorized tailored to that project.

Proposers:

Name	Amount	Rank
JACOBS PROJECT MANAGEMENT CO.	\$66,766,840.20	1
BURNS & MCDONNELL ENGINEERING CO., INC.	N/A	2

Original Background/Recommendations:

Advertised: 03/10/2023

Opened: 04/11/2023

Two (2) Responses Received

Public Evaluation Meeting: 05/08/2023

The scope of work for this contract includes providing analysis, planning, permitting, design and construction services and supervision of those tasks for projects within the capital plan of the District Energy System, as amended from time to time.

Task orders will be issued for work under this contract as work is required to be performed. The task orders will be based off the negotiated hourly rates. The hourly rates will increase by two percent

annually throughout the contract. JEA has also negotiated the markups for subcontractors that were compared to standard markups allowed in construction projects and deemed reasonable.

The DES system has short construction timelines due to customer connection deadlines. These deadlines made the program manager-at-risk contract method the best method for completing DES design/construction work within those customer expectations and procurement regulations. This contract has been in effect for one year, and JEA issued the first purchase order for work in June of this year in the amount of \$100,000.00 for the expansion of the Hogan's Creek chilled water plant.



Medical ASO, Pharmacy Benefit Management Services, Stop Loss and Chronic Condition Management Services Contract – Board Report

Originally Awarded at JEA Awards Committee on September 15, 2022.

Project Title: Medical ASO, Pharmacy Benefit Management Services, Stop Loss and Chronic Condition Management Services

JEA Business Contract Owner: Becker, Carl R. - Manager Benefits Services

Original Scope of Work: This scope of work is to identify a vendor who can provide a comprehensive Medical Benefit Plan, Medical Administrative Services Only (ASO), Chronic Condition Management administrative services, Pharmacy Benefits and Stop Loss coverage to the covered employees and retirees of JEA.

Current Project Update: The contract is working as planned with no issues. The totals below represent the JEA total funding.

Current Encumbrance Update:

FY23 - \$26,789,591.97 (\$33,074,335.13, minus rebates in the amount of \$6,284,743.16)

FY24 – \$22,594,663.35 (\$26,196,862.00, year to date minus rebates in the amount of \$3,602,198.65)

Name	Address	Not-To-Exceed Amount
BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC. DBA FLORIDA BLUE	4800 Deerwood Campus Parkway, Jacksonville, FL 32246	\$65,056,577.00

Original amount of Contract/PO: \$31,974,077.00
Renewal Amount \$33,082,500.00
New Not to Exceed Amount \$65,056,577.00
Length of Contract/PO Term: One (1) Year w/Four (4) – 1 Yr. Renewals
Begin Date (mm/dd/yyyy): 01/01/2023
End Date (mm/dd/yyyy): 12/31/2024
Renewal Options: Three (3) – 1 Yr. Renewals Remaining
JSEB Requirement: N/A – No JSEBs identified

Respondents:

Name	Annual Amount	Rank
BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC.	\$31,974,077.00	1

Amendment Date	Amendment Amount
1/1/2024	\$33,082,500.00

Original Background/Recommendations: The RFP was advertised on 05/25/2022 to the carrier market. At proposal opening on 06/22/2022, JEA received one proposal from the incumbent for the Medical ASO, Stop Loss and Chronic Condition Management Services and three proposals for the PBM services. JEA utilized the expertise of Gallagher Benefit Services and Gallagher Pharmacy Consulting to administer and evaluate this RFP in compliance with JEA purchasing requirements.

The decision was made to proceed with the opening of the one proposal from Blue Cross and Blue Shield of Florida, Inc. DBA Florida Blue for the Medical ASO, Stop Loss and Chronic Condition Management Services. While the preference would have been to have had more respondents, JEA and the broker were satisfied that the medical network, discounts, stop loss coverage and administration provided by Blue Cross and Blue Shield remains the most competitive in this market. Gallagher's Actuarial Consultant reviewed the proposal and conducted an analysis of the provider discounts. Based upon Gallagher's recommendation and the approval by the Director of Employee Services it was determined to be in JEA's best interest to award this contract to the incumbent, Blue Cross and Blue Shield. Florida Blue has a dominant presence in northeast Florida, which was a contributing factor to low competition.

Utilizing Gallagher's summary, each evaluator independently scored each proposal. Evaluation criteria included (but was not limited to) the provider networks, benefit offerings, potential prescription disruptions, financial analysis and premium rate guarantees. Blue Cross and Blue Shield was deemed the highest evaluated as the most responsive and responsible proposer.

JEA is responsible for all costs for this self-insured medical plan. Florida Blue acts as a 3rd party administrator who negotiates on behalf of JEA. Florida Blue administers all claims, negotiates with providers, and mitigates claims. Total funding includes fixed costs and claims. Fixed costs include administrative and stop loss premiums. Claims include medical and pharmacy expenses. Plan costs are offset by pharmacy rebates and stop loss reimbursements, managed through our consultant, Gallagher.



Water/Wastewater Capital Program Management Contract - Board Update

Originally Awarded at JEA Awards Committee on June 13, 2019.

Project Title: Water/Wastewater Capital Program Management

JEA Business Contract Owner: Domingo, Oliver – W/WW Program Manager

Original Scope of Work:

JEA is seeking a vendor (also referred to as the “Company”) that can provide the following services: program management of various large infrastructure programs including the Southside Integrated Piping System (SIPS), wellfield rehabilitation, large diameter pipe design and construction, and various other programs as needed to support JEA’s Water/Wastewater (W/WW) capital improvement program as required by JEA (the “Work” or “Services”).

Current Contract Update: The contract has been amended on a yearly basis. The current maximum Indebtedness is \$60,398,778.00.

Current Encumbrance: \$56,203,995.00 of the \$60,398,778.00 has been encumbered.

AWARDEE: Name	Address	Amount
JACOBS ENGINEERING GROUP INC.	200 W Forsyth Street, Suite 1520, Jacksonville, FL 32202	\$60,398,778.00

Original Award Amount: \$10,354,970.00

Previous Contract Increases:

CPA #	Amount	Date
182848	\$11,762,643.00	05/5/2020
182848	\$1,694,033.00	04/14/2021
182848	\$3,145,619.00	09/09/2021
182848	\$6,724,253.00	02/17/2022
182848	\$9,238,061.00	10/13/2022
182848	\$1,754,627.00	10/27/2022
182848	\$354,767.00	02/16/2023
182848	\$1,740,185.00	07/20/2023
182848	\$13,609,620.00	11/09/2023

Amount for entire term of Contract/PO: \$60,398,778.00

Length of Contract/PO Term: Five (5) Years w/Two (2) - 1 Yr. Renewals

Begin Date (mm/dd/yyyy): 07/01/2019

End Date (mm/dd/yyyy): 06/30/2025

Renewal Options: One (1) - 1 Yr. Renewal Remaining

JSEB Requirement: Specific JSEB goals for each task order authorized tailored to that project.

Proposers:

Name	Amount	Rank
JACOBS ENGINEERING GROUP INC.	\$10,354,970.00	1
BLACK & VEATCH CORPORATION	N/A	2
AECOM TECHNICAL SERVICES, INC.	N/A	3
HASKELL COMPANY	N/A	4

Original Background/Recommendations:

This Program Management contract will consist of three (3) main sub-programs: Southside Integrated Piping System (SIPS), Wellfield Rehabilitation, and Large Diameter Piping. The SIPS sub-program consists of designing and constructing five (5) raw water pipelines that will traverse the Jacksonville Southside area to move raw water from the current river crossing to water treatment plants in the South Grid. This strategy will allow JEA to meet the projected customer growth in the South Grid without increasing the CUP. The Wellfield Rehabilitation sub-program will work in conjunction with SIPS to identify and prioritize under producing wells and bring them back to acceptable production. This sub-program in particular is well suited for delivery by a program manager as it requires a holistic approach to prioritizing, designing, and rehabilitating or constructing new wells as well as managing the work to provide uninterrupted service. The large diameter pipe sub-program will be responsible for designing and constructing large pipelines that have been identified as high-risk by the current Large Diameter Pipe Program managed by Arcadis. Constructing these pipelines under one program will increase competition by encouraging out-of-market firms to participate while reducing design and construction management overhead costs.

FY19 was the first phase of the program: Program Kickoff. For the remainder of the fiscal year, Jacobs worked with JEA to set up program communication, reporting, billing, and other protocol as well as determine the specific delivery structure for each sub-program. Activities in Phase 1 also include fast-start design work to get critical activities started. The first critical fast-start activity of note was the route study needed to setup the SIPS sub-program.

Future years were funded by sub-program through various task orders. These task orders are negotiated and funded using both traditional and alternative delivery methods. It is currently expected that some of this work will be contracted using “at-risk” methods where the contractor’s fee is tied to performance-based metrics. Negotiations resulted in cost savings of \$1,121,707.06 for Phase 1 from the originally proposed fee.

The original cost of Program Manager services to support the W/WW Capital Improvement Plan was estimated at \$50,000,000.00 over five years. This initial estimate was calculated by taking 5% of the projected five-year capital spend of \$1.04B from FY19-FY23. This equated to an estimated average budget of \$10,000,000.00 per fiscal year of the five-year contract with an estimated budget of \$12,500,000.00 for FY19 and FY20. The final negotiated fee for FY19 and FY20 services is \$10,354,970.00; a difference of \$2,145,030.00 less than the original estimate of \$12,500,000.00.

Contract Budget Details:

FY19: \$2,052,415.00

FY20: \$8,302,555.00

Update: After the first year of the contract JEA removed the SIPS program from the scope of work from this contract and is bidding that work out separately as required. JEA amends this contract annually to fund task orders for the upcoming fiscal year. Most of the annual task orders are for wellfield rehabilitation.



Badger Meter Water Advanced Metering Infrastructure (AMI) Contract - Board Update

Originally Awarded at JEA Awards Committee on October 6, 2022

Project Title: Equipment, Software, and Services for Water Advanced Metering Infrastructure (AMI), Field Area Network (FAN) and Headend System (HES)

JEA Business Contract Owner: Ellison, Glenn L. – Mgr Automated Meter Infrastructure

Original Scope of Work: This contract is to provide equipment, software, and services for JEA’s comprehensive Advanced Metering Infrastructure (“AMI”) project, with a Water AMI Field Area Network (“FAN”) and Headend System (“HES”). The AMI FAN consists of a system capable of delivering register and interval reads as well as alarms and events from 100% of water customer meters. This includes the necessary network infrastructure, installation, and water meter endpoints. The HES will receive the register and interval reads to attain functionality and monitor network health, along with integration services to tie the HES to Customer to Meter (“C2M”) business-critical systems.

Current Project Update: The contract and service with Badger Meter has been very positive and is progressing well. Approximately 51% of the endpoints have been delivered and 26% have been installed. The system is working as designed – delivering 99.4% daily reads to JEA. This contract, coupled with the separate Installation contract, have the project on schedule to complete in 2028. The contract covers both an initial deployment years 1 through 4 and the ongoing services in subsequent years 5 through 10. The contract includes the Project Management and about 425,000 endpoints in years 1 through 4 for the initial and full deployment. In each year (1 through 10), JEA purchases the Service Fee (\$0.40 per meter per month), which pays for the software (Head End System) and the data (meter reads, temperature and pressure reads, leak notifications, etc). In each year beyond year 4, JEA will also need more endpoints for growth and for replacement of damaged endpoints. The contract includes pricing in place for those purchases.

Current Project Encumbrance Update: \$18,478,598.00 of the \$56,364,950.70 awarded has been encumbered to date.

AWARDEE: Name	Address	Not-To-Exceed Amount
BADGER METER, INC.	4545 W Brown Deer Rd, Milwaukee, WI, 53223	\$56,364,950.70

Amount for entire term of Contract/PO: \$56,364,950.70

Length of Contract/PO Term: Ten (10) Years w/ Two (2) - 1 Yr. Renewals

Begin Date (mm/dd/yyyy): 10/01/2022

End Date (mm/dd/yyyy): 09/30/2032

Renewal Options: Two (2) - 1 Yr. Renewals

JSEB Requirement: N/A – No JSEBs identified

Name	Rank	Bid Amount	Score	BAFO Amount	Final Score
BADGER METER, INC.	1	\$58,779,422.28	87.63	\$56,364,950.70	87.22
SENSUS USA	2	\$44,716,444.00	80.09	\$41,938,942.19	80.09
LANDIS + GYR	3	\$46,114,598.72	61.91	N/A	N/A

Original Background/Recommendations: JEA originally solicited by Request for Proposal (RFP) and informally awarded a six (6) month small scale (2,000 meter) Proof of Concept (POC) to the open market in which six (6) Respondents were scored and qualified. Three (3) Respondents (Badger Meter Inc., Sensus USA, and Landis + Gyr) were shortlisted to participate in the POC.

The POC was completed in July 2022 and all three Respondents were then qualified to participate in the large scale ITN #1410746046 which was advertised on 07/06/2022. The three (3) POC qualified Companies attended the optional pre-response meeting held on 07/15/2022. At Response opening on 08/09/2022, JEA received three (3) Responses. The Responses were evaluated on price, use cases, solution design and architecture, design approach and work plan, ability to meet project requirements, and company experience. JEA evaluators shortlisted Badger Meter, Inc. and Sensus USA and then solicited Best and Final Offers (BAFOs). The Original Bid Amount from Badger of \$58,779,422.28 was reduced \$2,414,471.58 (4.1%) to \$56,364,950.70 in the BAFO Response.

This contract is for ten (10) years from 10/01/2022 to 09/30/2032, in the amount of \$56,364,950.70 and also includes two one year renewal options. The contract includes a twenty (20) year warranty on the solution endpoints and service level agreement of 99% network uptime. Compared to the other solutions, the Badger solution received the highest evaluation scores primarily due to no requirement for JEA to install, operate or maintain network devices, the use of ubiquitous cellular LTE communication strategy (could be transitioned into a future JEA Private LTE network), the maturity of the endpoint and customer portal, and the high performance of the technical staff and interface with JEA IT personnel and systems. Service unit pricing shall be fixed for all ten (10) years and endpoint hardware shall be fixed four (4) years. Any price increases thereafter are tied to Consumer Price Index ("CPI") annual adjustments. In addition, JEA negotiated value added concessions with Badger Meter Inc. including but not limited to improved initial endpoint delivery times. Badger Meter, Inc. is deemed the highest ranking responsible and responsive Respondent. Badger Meter's solution was also reviewed and approved by JEA Information Security.

The implementation of a new Water AMI System will benefit JEA's customers. The expected Customer Service and satisfaction improvements are:

- Increased ability to detect and prevent water theft;
- Improved ability to detect water leaks and thereby decrease unaccounted water;
- Better availability to customers to manage consumption by provision of online meter readings;
- Increased bill accuracy and thus decrease high bill complaints, and
- Reduced reliability on manually obtained reads

The overall implementation period for this contract is expected to span 48 months. During this period, approximately 4 - 9 months will be dedicated to the "Initial Deployment," encompassing project planning, systems architecture design and configuration, integrations, network stand-up, and a limited deployment of meters. The number of meters to be installed during the Initial Deployment is yet to be determined by JEA. JEA expects that all software configurations, integrations, and training will be complete during the Initial Deployment. The remaining 39 - 44 months will be dedicated to "Full Deployment." During Full Deployment, Badger Meter will be expected to deliver endpoints necessary for the installation of meters and resolve any FAN or HES issues discovered during this time. JEA published a separate solicitation for the installation of endpoints following approval of this award which was awarded to RTS Water Solutions.

Note a significant value add for Badger meter is ORION Cellular technology. JEA will not have to install or manage network infrastructure. Unlike traditional fixed network solutions in the other responses, the BEACON solution does not require the purchase, licensing, installation, or maintenance of network infrastructure, such as collectors, routers and repeaters. Instead, we utilize existing secure network infrastructure from our Cellular Partners, who maintain all elements and absorb all costs associated with

operating and maintaining the network. As a result, JEA has access to one of the largest and most robust cellular networks in North America.



Tri-State Utility Products - Transformer Purchases Contract - Board Update

Originally Awarded at JEA Awards Committee on May 6, 2021.

Project Title: Three-Phase Pad Mounted, Single Phase Pad Mounted, Pole Mounted, and Miscellaneous Transformers for JEA Inventory Stock

JEA Business Contract Owner: Keeler, Jessica K. – Mgr, Procurement Inventory Control

Original Scope of Work:

The purpose of this contract is for the supply of Three-Phase Pad Mounted, Single-Phase Pad Mounted, Pole Mounted and Miscellaneous Transformers for JEA Inventory Stock; these collectively consist of twenty-eight (28) three phase pad mount transformers, fifteen (15) pole mount transformers, and sixteen single phase pad mount transformers. The primary use of these items is to enable voltage changes from one to another within our network system, with the items being utilized by the Electric department.

Current Project Update:

Since the inception of this agreement, JEA's supply issues has further been exacerbated by supplier long lead times and rising prices due to low industry supply.

We further expanded the types of units on this contract to Three-Phase Pad Mounted and Pole Mounted that are purchased as a means to mitigate the supply chain issues; this effort was also replicated with other awardees in order to mitigate JEA's impact of the supply disruptions. The supply trend does seem to be improving, but there is still a notable backlog of orders with most manufacturers at this time.

Current lead-times are approximately eighty (80) weeks on the units supplied under this agreement with lead-times peaking in early 2024 at approximately one hundred (100) weeks for JEA; the supplier does quote some customers in excess of one hundred fifty (150) weeks. The supply trend does seem to be improving, but there is still a notable backlog of orders with most manufacturers at this time.

Current Project Encumbrance Update: \$43,894,229.93 of the \$54,979,460.99 awarded to Tri-state Utility Products has been encumbered to date.

AWARDEE:

Name	Vendor Contact	Email	Address	Phone	Not-To-Exceed Amount
TRI-STATE UTILITY PRODUCTS	Jim Richards	jrichards@tsup.com	160 Garrett Drive, Havana, FL 32333	850-539-8088	\$54,979,460.99

Original Amount Contract: \$30,815,003.75

Length of Contract Term: Three (3) Years w/ Two (2) – One (1) Yr. Renewals

Begin Date (mm/dd/yyyy): 06/21/2021

End Date (mm/dd/yyyy): 06/20/2026

JSEB Requirement: N/A – Optional

AMENDMENTS:

Name	Amendment Date	Amount	New Not-to-Exceed
TRI-STATE UTILITY PRODUCTS	02/17/2023	\$18,345,513.79	\$22,709,563.96
TRI-STATE UTILITY PRODUCTS	05/16/2024	\$32,269,897.03	\$54,979,460.99

Original Background/Recommendation: Advertised 01/15/2021, Eleven (11) vendors attended the optional pre-response meeting on 01/26/2021. At Response opening on 02/09/2021, JEA received six (6) Responses. All six (6) companies were short-listed. After negotiation meetings were held, all six (6) companies were invited to submit Best and Final Offers (BAFO). All six (6) companies were deemed to be responsive and responsible Respondents. After the evaluations were complete, Stuart C Irby CO, Wesco Distribution, Inc. and WEG Transformers USA were determined to be the vendors that were the highest evaluated respondents to JEA for this work scope. For Pole Mounted Transformers we are proposing an award to the second overall price supplier, and incumbent supplier, after their final scores were as an aggregate higher than the lowest cost supplier. The original award did not have Tri-state as an awardee, but due to post award contracting issues and market instability with original awarded vendors, an award amendment was made which would award the second place vendor, Tri-State Utility Products, the work scope of single-phase pad mount transformers.

The scope of the original solicitation and later contracts was developed in order to leverage JEA's spend for Three-Phase, Single-Phase Pad Mounted, Pole Mounted and Miscellaneous Transformers for JEA Inventory Stock, the internal team identified ninety-six (96) items deemed to be a good fit to be included in this initiative. The manufacturer(s) and/or catalog number(s) of the items found in this contract have been approved over time, and each item is currently approved by JEA's Electric Standards Department. Each item has a unique list of approved manufacturers based on the capabilities of the supplier(s) to meet JEA's electric system needs. Tri-state has primarily aligned with Howard Industries for the supply of transformers within this contract.

The basis for award was that JEA will Award a Contract to the Respondent that meets the Minimum Qualifications stated herein, and is the highest evaluated Respondent for each of the following bid groupings based on an 80% price and 20% qualitative response scoring criteria:

- Three-Phase Transformers Bid Tab
- Single Phase Pad Mounted Transformers Bid Tab
- Pole Mounted Transformers Bid Tab
- TRALC001 Bid Tab
- TRAPC016 Bid Tab

Name	Three-Phase BAFO Ranking	Single-Phase Pad Mounted BAFO Ranking	Pole Mounted BAFO Ranking	TRALC001 BAFO Ranking	TRAPC016 BAFO Ranking
ANIXTER	5	4	4	-	-
GRESKO SUPPLY	2	2	3	-	-
STUART C IRBY CO	-	1	1	-	-
TRI-STATE UTILITY PRODUCTS	4	3	5	-	-
WEG TRANSFORMERS USA	3	-	-	-	<u>1</u>
WESCO DISTRIBUTION INC.	<u>1</u>	5	2	<u>1</u>	-

Unit pricing for the contract(s) is adjusted quarterly with adjustments corresponding to fluctuations for Stainless Steel, Silicon Steel, Aluminum, Copper, Oil and All other Variable Costs and Margins.



Property and Casualty Insurance Brokerage Services Contract - Board Update

Originally Awarded at JEA Awards Committee on December 10, 2020.

Project Title: Property and Casualty Insurance Brokerage Services
JEA Business Contract Owner: Steven Bossier – Director, Risk Management Services

Original Scope of Work:

An RFP was completed to evaluate and select a firm (“Company” or “Proposer”) to provide the following Property and Casualty Insurance Brokerage Services to JEA (collectively, the "Work" or "Services"):

- Procurement of Insurance (Property and Casualty)
- Property Loss Prevention Engineering
- Claims Settlement (Property and Casualty)

Current Project Update: The renewal has been exercised for this contract and will be rebid.

Current Project Encumbrance Update: \$34,714,131.18 out of \$52,462,320.19 has been encumbered to date.

AWARDEE:

Name	Address	Not-To-Exceed Amount
Arthur J. Gallagher Risk Management Services	111 Veterans Blvd., Ste. 1130 Metairie, LA 70005	\$52,462,320.19

Original Award Amount: \$43,699,609.00
Contract Amendment 07/22/2021: \$1,000,000.00 (Cyber Insurance 3 yrs)
Renewal Award 12/14/2023: \$7,762,711.19
NTE: \$52,462,320.19
Length of Contract/PO Term: Three (3) Years w/One (1) – One (1) Yr. Renewal
Begin Date (mm/dd/yyyy): 01/01/2021
End Date (mm/dd/yyyy): 12/31/2024
Renewal Options: None remaining
JSEB Requirement: N/A – No JSEBs identified

Respondents:

Name	Rank	Bid Amount	Score
ARTHUR J GALLAGHER RISK MANAGEMENT SERVICES, INC.	1	\$510,000.00	94.33
MCGRUFF SEIBELS & WILLIAMS	2	\$525,000.00	80.82
AON	3	\$780,000.00	79.21

Original Background/Recommendations:

JEA evaluated the companies on financial responsibility, staff experience, company experience and rates and Arthur J. Gallagher Risk Management Services, Inc. is deemed the highest evaluated Responsive and Responsible Proposer. A copy of the Proposal Form and Evaluation Results are attached as backup.

Under this contract, JEA will pay Arthur J. Gallagher Risk Management Services, Inc. a flat annual fee in the amount of \$170,000.00 for Insurance Brokerage Services. The total amount for 4 years is \$680,000.00. Insurance Premiums are paid to the Insurance Carriers through the broker contract. Per the contract terms, Arthur J. Gallagher Risk Management Services, Inc. is not permitted to add any mark up or commissions to the Insurance Premiums that are paid to the Insurance Carriers through this contract. Documentation to support the selection process for the Insurance Carriers' is on file in JEA Risk Management Services.

In addition to the broker service fees paid to Arthur J. Gallagher Risk Management Services, Inc., JEA pays various premiums through the broker. The premium estimates were included in the award amount. The totals below represent the spend to date for each FY.

- FY 2021 - \$1,665,216.53
- FY 2022 - \$11,587,907.00
- FY 2023 - \$11,201,119.66
- FY 2024 - \$10,259.887.99 (ytd)

When comparing the broker's fee between the current contract and the new contract, it resulted in an approximate thirteen percent (13%) savings or \$75,000.00 over three (3) years.

FY24 Jacksonville Small Emerging Business (JSEB) Scorecard

3RD QUARTER



JSEB Goal

AVAILABLE SPEND

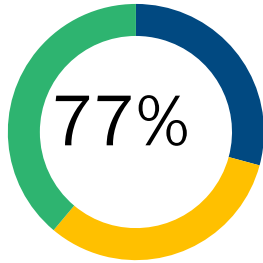
\$133,000,000

JSEB GOAL

\$26,600,000

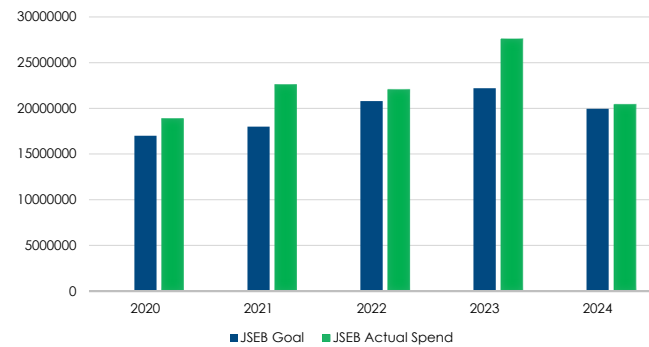
JSEB ACTUAL SPEND

\$20,444,333



QTR 1	\$5,968,508
QTR 2	\$6,524,828
QTR 3	\$7,950,997
QTR 4	\$0

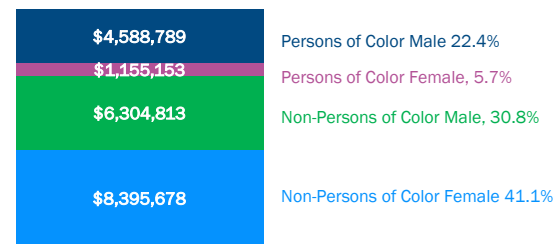
Past 5 Years - JSEB Goal vs. Actual Spend



TOP 10 JSEB SUPPLIERS BY SPEND

DJ Contracting of Jacksonville, Inc.	\$1,494,572.72	WBE
VIA Consulting Services Inc.	\$1,389,709.47	WBE
J & D Maintenance and Services	\$1,265,628.69	OTHER
Four Waters Engineering Inc.	\$1,223,532.60	WBE
Smith Surveying Group, LLC	\$1,199,598.50	OTHER
RZ Service Group LLC	\$992,659.38	AA
Construction and Engineering Services Consultants Inc.	\$847,393.53	AA
Garmon Trucking, Inc.	\$774,002.29	WBE
Kirby Development Inc.	\$720,276.38	OTHER
DN Concrete & Construction Services LLC	\$683,760.65	WBE

JSEB SPEND BREAKDOWN

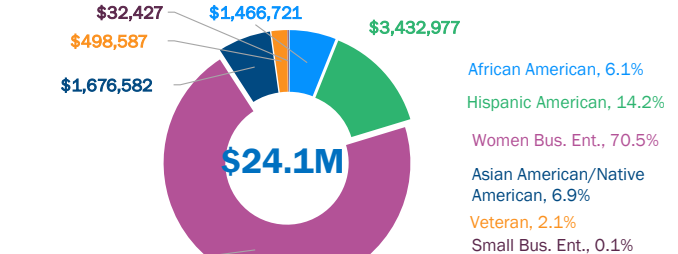


JSEB SPEND	PRIME - 38 50%	SUB - 89 50%	# of JSEBs CURRENTLY DOING BUSINESS WITH = 89
	\$10,284,382	\$10,090,852	# of NEW VENDORS FY24 vs. FY23 = 9
21 JSEBs are Prime and Sub			

TOP 10 DIVERSE SUPPLIERS BY SPEND (NON-JSEB)

WorkSpend Inc.	\$10,178,938	WBE
Keville Enterprises, Inc.	\$2,769,060	WBE
Netsync Network Solutions, Inc.	\$1,513,462	HA
Zabatt Power Systems Inc.	\$1,291,138	HA
SGS Technologie LLC	\$925,037	AI
Action Environmental, LLC	\$819,879	AA
PROSYS	\$773,617	WBE
JO KELL Inc.	\$737,615	WBE
BCI Integrated Solutions	\$649,795	WBE
Sumitomo SHI FW North America Equipment Co. Inc.	\$643,500	AI

SUPPLIER DIVERSITY BREAKDOWN (NON-JSEB)



OF DIVERSE SUPPLIERS (NON-JSEB) DOING BUSINESS WITH = 72

Quarterly Growth of the Supplier Diversity Program:

		FY24 Actual (Cumulative)				
	FY23 Actual	FY24 Goal	QTR 1	QTR 2	QTR 3	QTR 4
Supplier Diversity Spend	\$36M	\$37.8M	\$6.8M	\$16.1M	\$24.1M	
Diverse Suppliers Currently Doing Business With	75		49	60	72	

OUTREACH INITIATIVES

JSEB Marketplace
6/6 Hosted by CoJ (Council Chambers)JSEB Meeting @ JAA
6/10 Director (w/ CoJ JSEB Director)JSEB Community Outreach Meeting
6/20 JSEB Director (w/ CoJ)JaxBridges
7/10 (Hosted by Jax Chamber)JSEB Marketplace
7/11 Hosted by CoJ (Council Chambers)