

JEA PAY FOR PERFORMANCE WORKSHOP

May 29, 2020 • 3:00 p.m. WebEx

No physical location will be provided for this meeting.



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

II.	FOR BOARD CONSIDERATION			
	Item(s)	Speaker/Title	Discussion Action/Information	
	A.	Introductions	Angie Hiers, Special Assistant to the CEO, Human Resources	Information
	B.	History of Pay for Performance	Angie Hiers, Special Assistant to the CEO, Human Resources	Information
	C.	Review of Board’s Approval of CEO’s Compensation Authority	Angie Hiers, Special Assistant to the CEO, Human Resources	Information
	D.	Compensation Philosophy and Compensation Practices	Patricia Maillis, Director, Employee Services	Information
	E.	Florida Statue 215.425 (3)	Jody Brooks, Office of General Counsel	Information
	F.	Pay for Performance Incentive Plan FY 2019-2020	Angie Hiers, Special Assistant to the CEO, Human Resources	Information
	G.	Other New Business		Information

III.	OTHER BUSINESS	
	Item(s)	
	A.	Announcements – Next Board Meeting June 23, 2020
	B.	Adjournment

History of Pay for Performance

Program Purpose

- The primary purpose of the pay for performance program from its inception has been to incent exceptional performance as measured against aggressive goals. These goals serve to drive both individual and collective focus on important metrics.
- Since 1990, while metrics have changed, the fundamental principle of “performance incentive compensation is paid from annual operating and maintenance expense savings”, remains intact. Pay for Performance Programs have always focused on:
 1. Safety
 2. Cost Savings
 3. Customer Satisfaction
 4. Operational Excellence

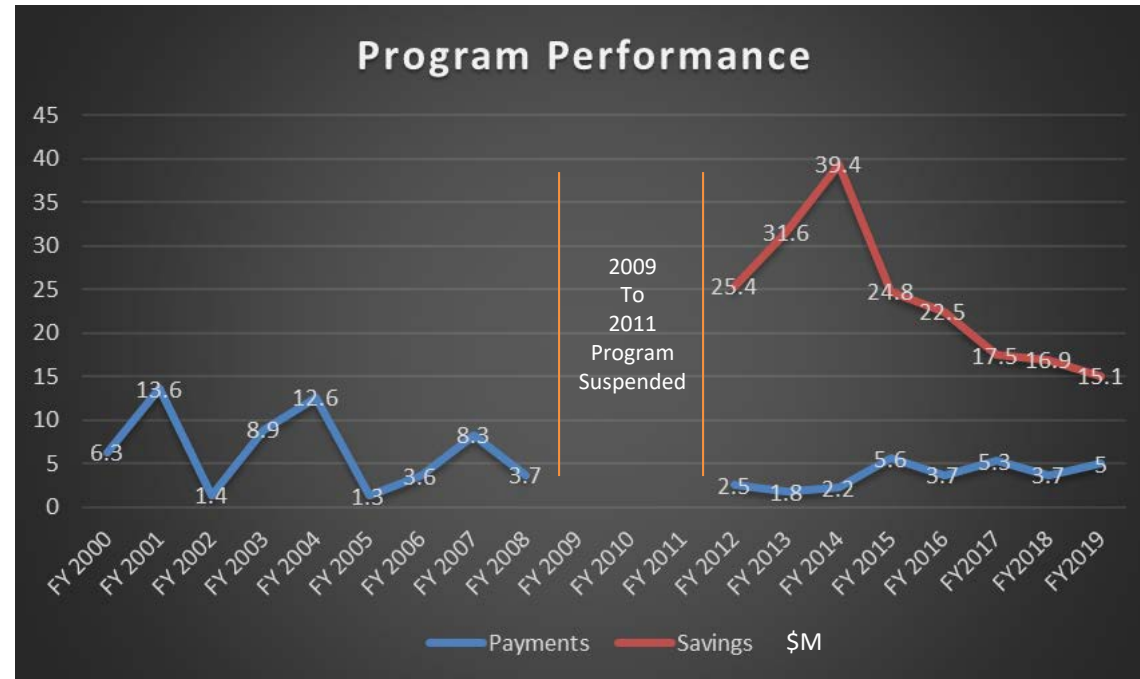
History of Program and JEA Board Action

- In one form or another, a Pay for Performance Plan has been in place since 1990
- Plans have been assessed and approved in more than 20 separate JEA Board actions

January 1990	Board approved JEA's first Pay for Performance (PFP) Program (5 years)
January 1994	Board approved extension of PFP Program for an additional 5 years
May 1997	Board approved adding newly acquired water/sewer employees to PFP Program
July 1998	Board authorized PFP Program for an additional 2 years
August 2000 - October 2007	Annual Board approvals for PFP Program & Payouts for each Fiscal Year
May 2001	Board approved modification of Appointed Pay Plan to increase PFP (up to 30% per year) and a three year freeze of appointed base salary increases
October 2005	Board reduced FY05 PFP for appointed employees to zero
July 2008	Net Revenue limitation caused PFP amount to be reduced to zero
2009 – 2011	JEA Suspended Pay for Performance due to financial crisis
May 2012 – December 2014	Annual Board approvals for PFP Program & Payouts for each Fiscal Year
December 2015	Board approved changes to PFP framework to include the addition of the individual performance component for appointed P4P
December 2017	Board of Director's Affirmation of CEO's Authority regarding P4P Program & Payouts
October 2019	No approval provided by CEO for FY 19/20 P4P Program



Year Over Year JEA Pay for Performance



Notes:

- Pre-2008 O&M savings were negative as payments were made based on goal achievement and to support compensation strategies in place at the time
- 1990 to 1999 not illustrated as no financial savings data is available for that time

JEA Pay for Performance 2009-2019

Year	Safety		Cost Control		Customer Satisfaction		Corporate Achievement			
	Goal	Actual	Goal	Actual	Goal	Actual	Corporate Payout	Corporate Plan Savings	Corporate Plan Savings Ratio	Payout as a % of Salaries
FY 2009	Program Suspended									
FY 2010										
FY 2011										
FY 2012	OSHA Recordable Incident Rate (RIR) = <1.5 - 0	1.48	Spend <95% of O&M Budget	93.1%			\$2.5M	\$25.4M	10:1	1.74%
FY 2013	OSHA Recordable Incident Rate (RIR) = <1.5 - 0	1.75	Spend <95% of O&M Budget	91.7%	Move into 3rd Quartile of JD Power Residential Customer Satisfaction Survey	3rd Quartile	\$1.8M	\$31.6M	17:1	1.39%
FY 2014	OSHA Recordable Incident Rate (RIR) = <1.6 - 0	2.40	Deliver Kwh <\$55.03 Deliver Kgal Water <\$4.72	\$49.86 \$3.98	Move into 2nd Quartile of JD Power Residential Customer Satisfaction Survey	Top 25% of 3rd Quartile	\$2.2M	\$39.4M	18:1	1.69%
FY 2015	OSHA Recordable Incident Rate (RIR) = <1.6 - 0	1.56	Deliver Kwh <\$53.90 Deliver Kgal Water <\$4.39 Collect Kgal Wastewater <\$7.81	\$49.44 \$3.98 \$7.26	Move into Top 25% of 2nd Quartile on JD Power Residential Customer Satisfaction Survey	1st Quartile	\$5.6M	\$24.8M	6:1	3.13%
FY 2016	OSHA Recordable Incident Rate (RIR) = <1.2 - 0	1.82	Deliver Kwh <\$49.44 Deliver Kgal Water <\$3.98 Collect Kgal Wastewater <\$7.26	\$48.35 \$4.08 \$7.12	Move into Bottom 25% of 1st Quartile on JD Power Residential Customer Satisfaction Survey	Top 25% of 2nd Quartile	\$3.66M	\$22.5M	6:1	2.60%
FY 2017	OSHA Recordable Incident Rate (RIR) = <1.4 - 0	2.01	Deliver Kwh <\$53.94 Deliver Kgal Water <\$4.75 Collect Kgal Wastewater <\$10.27	\$52.50 \$4.57 \$9.20	Residential 1st Quartile National Commercial Top Decile National	1st Q 2nd D	\$5.3M	\$17.5M	3:1	3.36%
FY 2018	OSHA Recordable Incident Rate (RIR) = <1.4 - 0	1.48	Deliver Kwh <\$56.88 Deliver Kgal Water <\$4.40 Collect Kgal Wastewater <\$9.85	\$55.34 \$4.65 \$10.07	Residential 1st Quartile National Commercial Top Decile National	2nd Q 1st D	\$3.7M	\$16.9M	5:1	2.29%
	Community & Environmental Value		Financial Value		Customer Value		Corporate Achievement			
FY 2019	Community Value: Aggregate of 4 Measures Environmental Value: Aggregate of 4 Measures	Meets Meets	Net Write-Offs <.17% Generation EFOR <2.2% Net O&M Budget <97.5% Cost Reduction >\$9M	.12% 4.9% 94% \$15.1M	Customer Value: Aggregate of 10 Measures	Meets	\$5.0M	\$15.1M	3:1	3.02%

 Indicates partial or total goal was attained and payout made


FY 2018 Performance Program Summary



Summary of Corporate Performance Factors

Safety

OSHA Recordable Incident Rate (RIR)
 FY12 Results: 1.48 RIR
 FY13 Results: 1.78 RIR
 FY14 Results: 2.4 RIR
 FY15 Results: 1.56 RIR
 FY16 Results: 1.82 RIR
 FY17 Results: 2.01 RIR
 FY18 Results: **1.48 RIR**

RIR		Non-Appointed	Incentive Opportunity				
			Appointed / Managerial				
		All CBU	Grade E-G	Grade H	Grade I	Grade J	Grade K
RIR > 1.4	Does Not Meet	\$0	\$0	\$0	\$0	\$0	\$0
RIR < 1.4	Meets	\$300	\$600	\$850	\$1,000	\$1,375	\$1,625
RIR < 1.2	Exceeds	\$500	\$1,000	\$1,410	\$1,700	\$2,290	\$2,705

Customer Satisfaction

JD Power Residential Electric Industry Customer Satisfaction Survey: Total Industry

Customer Satisfaction - Residential Electric

FY12 Results: No Metric for Customer Satisfaction
 FY13 Results: Top of the Third Quartile
 FY14 Results: Top 25% of the Third Quartile
 FY15 Results: First Quartile; Score of 692; Position 30
 FY16 Results: Top 25% of Second Quartile; Score of 703; Position 37
 FY17 Results: 1st Quartile Nationally; Position 21
 FY18 Results: **2nd Quartile Nationally; Score 737; Position 44**

SURVEY RANKING		Non-Appointed	Incentive Opportunity				
			Appointed / Managerial				
		CS CBUs	Grade E - G	Grade H	Grade I	Grade J	Grade K
1st Quartile Nationally	Does Not Meet	\$0	\$0	\$0	\$0	\$0	\$0
1st Quartile Nationally	Meets	\$150	\$300	\$425	\$500	\$690	\$815
1st Quartile Nationally & 10 Positions or Better than 2015 Performance	Exceeds	\$250	\$500	\$705	\$835	\$1,150	\$1,355

Customer Satisfaction - Commercial Electric

FY17 Results: #12
 FY18 Results: **#4 Nationally; #1 South Midsize**

SURVEY RANKING		Non-Appointed	Incentive Opportunity				
			Appointed / Managerial				
		All CBUs	Grade E - G	Grade H	Grade I	Grade J	Grade K
Below Top Decile Nationally	Does Not Meet	\$0	\$0	\$0	\$0	\$0	\$0
Top Decile Nationally	Meets	\$150	\$300	\$425	\$500	\$690	\$815
# 3 Nationally or #1 South Midsize	Exceeds	\$250	\$500	\$705	\$835	\$1,150	\$1,355

Cost Control: Electric Mwh

Cost per Mwh
 FY12 Baseline: \$54.73
 FY13 Results: \$53.92
 FY14 Results: \$49.81
 FY15 Results: \$49.44
 FY16 Results: \$48.35
 FY17 Results: \$52.50
 FY18 Results: **\$55.34**

COST/Mwh		Non-Appointed	Incentive Opportunity				
			Appointed / Managerial				
		All CBU	Grade E-G	Grade H	Grade I	Grade J	Grade K
Cost > \$56.88	Does Not Meet	\$0	\$0	\$0	\$0	\$0	\$0
Cost ≤ \$56.88	Meets	\$300	\$600	\$850	\$1,000	\$1,375	\$1,625
Cost ≤ \$55.60	Exceeds	\$500	\$1,000	\$1,410	\$1,700	\$2,290	\$2,705

Cost Control: Water Kgal

Cost per Kgal
 FY12 Baseline: \$4.47
 FY13 Results: \$4.49
 FY14 Results: \$4.07
 FY15 Results: \$3.98
 FY16 Results: \$4.08
 FY17 Results: \$4.57
 FY18 Results: **\$4.65**

COST/KGL		Non-Appointed	Incentive Opportunity				
			Appointed / Managerial				
		All CBU	Grade E-G	Grade H	Grade I	Grade J	Grade K
Cost > \$4.40	Does Not Meet	\$0	\$0	\$0	\$0	\$0	\$0
Cost ≤ \$4.40	Meets	\$150	\$300	\$425	\$500	\$690	\$815
Cost < \$4.30	Exceeds	\$250	\$500	\$705	\$835	\$1,150	\$1,355

EXAMPLE

Cost Control: Wastewater Kgal

Cost per Kgal

FY12 Baseline: \$7.96

FY13 Results: \$7.53

FY14 Results: \$7.34

FY15 Results: \$7.26

FY16 Results: \$7.12

FY17 Results: \$9.20

FY18 Results: \$10.07

COST/KGL		Incentive Opportunity					
		Non-Appointed	Appointed / Managerial				
		All CBU	Grade E-G	Grade H	Grade I	Grade J	Grade K
Cost > \$9.85	Does Not Meet	\$0	\$0	\$0	\$0	\$0	\$0
Cost ≤ \$9.85	Meets	\$150	\$300	\$425	\$500	\$690	\$815
Cost ≤ \$9.47	Exceeds	\$250	\$500	\$705	\$835	\$1,150	\$1,355

Example Overall Payout Opportunity at Meets

Example of FY18 Payout: Company Performance Meets

JEA Actual Payout	All CBU	Grade E-G	Grade H	Grade I	Grade J	Grade K
Safety	\$300	\$600	\$850	\$1,000	\$1,375	\$1,625
Customer Satisfaction - Residential Electric	\$150	\$300	\$425	\$500	\$690	\$815
Customer Satisfaction Commercial Electric	\$150	\$300	\$425	\$500	\$690	\$815
Cost Control: Electric	\$300	\$600	\$850	\$1,000	\$1,375	\$1,625
Cost Control: Water	\$150	\$300	\$425	\$500	\$690	\$815
Cost Control: Wasterwater	\$150	\$300	\$425	\$500	\$690	\$815
Total Estimated Payout for Corporate Results	\$1,200	\$2,400	\$3,400	\$4,000	\$5,510	\$6,510

Appointed / Managerial:

Example of FY18 Appointed / Managerial Individual Performance Opportunity²

Employee Performance	All CBU	Grade E-G	Grade H	Grade I	Grade J	Grade K
Does Not Meet	N/A	\$0	\$0	\$0	\$0	\$0
Meets	N/A	\$2,400	\$3,400	\$4,000	\$5,510	\$6,510
Exceeds	N/A	\$4,000	\$5,640	\$6,740	\$9,180	\$10,830

² Individual Performance Results for Appointed / Managerial employees comprises 50% of overall incentive opportunity

Total Estimated Cost for FY 2018 Pay for Performance Program

Corporate Results	No. Emp.	Amount
SLT	11	\$59,652.89
Appointed	387	\$868,588.22
Non-Appointed	1565	\$1,136,876.25
TOTAL	1963	\$2,065,117.36

Individual Performance Results	No. Emp.	Amount
SLT	11	\$145,932.30
Appointed	387	\$1,468,951.67
TOTAL	398	\$1,614,883.96

Total FY18 Pay for Performance

Estimated Payout	No. Emp.	Amount
SLT	11	\$205,585.19
Appointed	386	\$2,337,539.88
Non-Appointed	1565	\$1,136,876.25
TOTAL	1962	\$3,680,001.32

The total amount represents 2.30% of salaries

Review of Board's Approval of CEO's Compensation Authority

JEA

BOARD MINUTES

December 12, 2017

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

Agenda Item I – Welcome

A. The meeting was **called to order** at 12:01 PM by Chair Howard.

B. A **Moment of Reflection** was observed by all.

C. The **Pledge of Allegiance** was led by Chair Howard.

D. Adoption of Agenda – The agenda was approved on **motion** by Secretary Newbill and second by Mr. Cumber.

E. The **Safety Briefing** was given by Paul McElroy, Managing Director/Chief Executive Officer.

F. Sunshine Law/Public Records Statement – Jody Brooks, Chief Legal Officer, stated this Board Meeting is being held in compliance with Florida's Government in the Sunshine Law, §286.011. The complete statement can be found in section I. F. of the Board package.

Agenda Item II – Presentations and Comments

A. Comments from the Public

1. Dave Brudderly addressed the board regarding distributed energy

B. Council Liaison's Comments – Council Member Matt Schellenberg wished a Happy Hannukah, Merry Christmas and Happy New Year to all the members of JEA.

C. Office of the Mayor Liaison's Comments – Dr. Gaffney indicated that the Mayor wishes everyone a happy and safe holiday season. Jessica Laird, Director of Boards and Commissions, indicated she is happy to be working with the Board.

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

Agenda Item III – For Board Consideration

A. Consent Agenda – used for items that require no explanation, discussion or presentation and are approved by one motion and vote. On **motion** by Mr. Cumber and second by Secretary Newbill, item 1 was unanimously approved and items 2 through 4 were received for information.

1. Approval of Board Meeting Minutes November 28, 2017 – approved

2. Monthly JEA Financial Review & Statements – received for information

3. Monthly JEA Operations Report – received for information

4. Monthly FY18 Communications & Engagement Calendar and Plan Update – received for information

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

B. Strategic Discussions/Action

1. JEA Board Policy Manual: Executive Limitation – Compensation and Benefits – Angie Hiers, Chief Human Resources Officer presented to the Board the affirmed Board Policy Manual item providing authority to the CEO to establish total compensation philosophy in accordance with Board policy, as recommended by the JEA Board of Directors Compensation Committee at their November 27, 2017 meeting. Upon **motion** by Mr. Cumber and second by Ms. Flanagan, the Board approved the affirmation of authority of the CEO to establish total compensation philosophy in accordance with JEA Board Policy 2.7.3.

2. CEO Contract Modification and Extension – Jody Brooks, Chief Legal Officer – At the request of the Chair, this item was deferred to the January Board Meeting.

3. Amendments to Prior Board Authorizations for Fixed Rate Debt Refundings for Electric System and Water and Sewer System – Melissa Dykes, Chief Financial Officer, advised staff is requesting Board approval of modifications to authority delegated to the Managing Director/Chief Executive Officer to price and execute fixed rate debt refunding transactions for the Electric and Water systems, which were approved and modified by the Board at the December 13, 2016 and the November 28, 2017 meetings. Upon **motion** by Mr. Cumber and second by Ms. Flanagan, Resolutions No. 2017-42, 2017-43, 2017-44 and 2017-45 were unanimously approved by the Board.

4. Monthly Operational and Financial Review – Melissa Dykes, Chief Financial Officer, indicated that there were rating agency reports at each Board Member seat and advised that all rating agencies had affirmed JEA's strong credit ratings, although Moody's had changed JEA's electric system rating outlook to negative. Ms. Dykes also provided the Board with a review of the operating and financial results for November, including key operating statistics, safety performance and financial metrics. This item was received for information.

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

D. Other New Business – none

E. Old Business – none

Agenda Item IV – Reports

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

1. Approval of Minutes – August 7, 2017 – On **motion** by Mr. Cumber and second by Ms. Flanagan, the minutes were approved.

2. Audit Services – Quarterly ERM/Audit Update – received for information

3. Ethics Officer Quarterly Report – received for information

4. Electric System and Water and Sewer System Reserve Fund Quarterly Report – received for information

5. JEA Energy Market Risk Management Policy Report – received for information

6. Ernst & Young FY2017 External Audit Report – received for information

7. Announcements

a. Next Meeting, March 12, 2018, 8:00 – 10:00 AM

8. Committee Discussion Sessions

- a. Ernst & Young – information
- b. Director, Audit Services – information
- c. Council Auditor’s Office – Council Auditor’s representative was not in attendance

B. Managing Director/CEO’s Report – Paul McElroy, Managing Director/CEO wished those in attendance Happy Hannukah, Merry Christmas and a happy and safe holiday season and then provided an update on the following items:

- 1. The ratings results were a confirmation of past ratings and outstanding results in light of flat and/or lowered sales, JEA’s ability to maintain reserves and liquidity, record results in employee engagement, leading the state in the business sector, proactive management, an engaged Board and a strong relationship with the city and its council. JEA will be sharing information in the coming months to obtain a change in the negative outlook received from Moody’s.
- 2. Privatization - JEA will be bringing in external resources, such as regulatory agencies and legal advisors and will provide a report in 60 days.
- 3. Mr. McElroy thanked Mr. Brudderly for his comments on the North Florida Transportation Planning Organization (TPO) and indicated that energy has made great strides and JEA will continue work in the area of lowering CO₂ emissions. Mr. McElroy advised that JEA partnered with TPO to obtain a \$300k grant for solar charging stations.

C. Chair’s Report – The Chair expressed an appreciation of the presentations provided to the ratings agencies and reiterated that JEA disagrees with the outlook provided by Moody’s and indicated that JEA can justify why. The Chair further discussed the issue of privatization and the need for its examination without taking away from the work being done by JEA.

Agenda Item V – Closing Considerations

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

B. Adjournment

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

APPROVED BY:

_____ SECRETARY

DATE: _____

Board Meeting recorded by:

Cheryl W. Mock
Executive Assistant

JEA Board Policy Manual

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.7

POLICY TITLE: *COMPENSATION AND BENEFITS*

With respect to employment, compensation, and benefits to employees, consultants, contract workers, and volunteers, the CEO shall not cause or allow jeopardy to financial integrity or to public image.

Accordingly, the CEO will not:

- 2.7.1 Change the CEO's own compensation and benefits, except as those benefits are consistent with a package for other appointed employees.
- 2.7.2 Promise or imply unconditional permanent or guaranteed employment.
- 2.7.3 ~~Administer compensation and benefits that fail to address individual accountability, motivate and reward for knowledge and skills, encourage organizational flexibility and responsiveness or are inconsistent with the geographic and professional market for the skills employed.~~

Promote a compensation philosophy that is contradictory to JEA's compensation philosophy of providing a total rewards package that encompasses salary/wages, including, when applicable incentive compensation, retirement benefits, incentives, and health and welfare benefits. Salary/wages will meet the market (50% percentile), which is where the majority of companies in the geographic area reside. The 50th percentile pays competitively for behavior that meets expectations. Additional consideration will be given to behaviors that exceed expectations which are typically rewarded at the 75th percentile. Internal equity will be achieved by evaluating differences in skill, effort, responsibility, and working conditions among jobs

Adopted in its entirety by the JEA Board on February 16, 2010.



Building Community

AGENDA ITEM SUMMARY

December 4, 2017

SUBJECT:	JEA BOARD POLICY MANUAL CHANGE: EXECUTIVE LIMITATIONS - COMPENSATION AND BENEFITS
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Purpose:	<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: The JEA Compensation Committee met on November 27, 2017 and covered a variety of topics. During the meeting, the Compensation Committee discussed and affirmed the authority of the CEO to establish total compensation in accordance with JEA Board Policy 2.7.3. which was revised and approved by the Board of Directors on June 14, 2017. A copy of the policy is attached.

Significance: N/A

Effect: The approval of this agenda item will affirm the authority of the CEO to set and promote a compensation philosophy that is consistent with JEA’s compensation philosophy and in adherence to Policy 2.7 of the JEA Board Policy Manual.

Cost or Benefit: N/A

Recommended Board action: Staff recommends that the Board of Directors approve the affirmation of authority of the CEO to establish total compensation philosophy in accordance with JEA Board Policy 2.7.3.

For additional information, contact: Angelia R. Hiers 665-4747

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

Commitments to Action

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

MEMORANDUM

December 12, 2017

TO: *Paul McElroy, CEO/Managing Director*
JEA

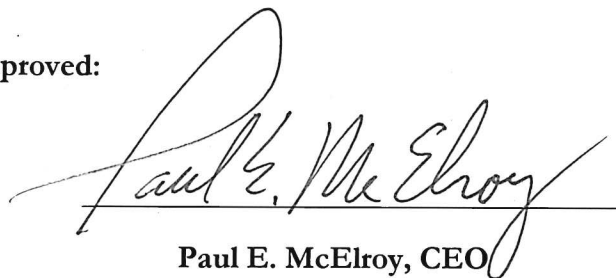
FROM: *Angelia (Angie) Hiers, Chief Human Resources*
JEA

RE: JEA Board of Director's Approval of Affirmation of CEO's Authority

Pursuant to the approval of affirmation of the Chief Executive Officer's authority to establish total compensation for JEA, in accordance with JEA Board Policy 2.7.3, at the December 12, 2017 JEA Board of Directors meeting, the Pay for Performance Program for Fiscal Year 2017-2018 will be communicated to all JEA employees.

- Communication of the FY 2017-2018 Plan, with metrics and eligibility for participation, will be communicated to all JEA employees within 24 hours of approval by the CEO.
- The FY2017-2018 Pay for Performance Plan will be administered per **Procedure ES A0200 001 JEA Pay for Performance Program**.

Acknowledged and approved:



Paul E. McElroy, CEO

Compensation Philosophy and Compensation Practices

Performance Pay in the Broader Context of JEA's Compensation Philosophy

From JEA Board Policy Manual, revision adopted by JEA Board on June 17, 2014

“With respect to employment, compensation, and benefits to employees, consultants, contract workers, and volunteers, the CEO shall not cause or allow jeopardy to financial integrity or to public image.

Accordingly, the CEO will not” ...

“Promote a compensation philosophy that is contradictory to JEA’s compensation philosophy of providing a total rewards package that encompasses salary/wages, retirement benefits, incentives, and health and welfare benefits. Salary/wages will meet the market (50th percentile), which is where the majority of companies in the geographical area reside. The 50th percentile pays competitively for behavior that meets expectations. Additional consideration will be given to behaviors that exceeds expectations which are typically rewarded at the 75th percentile. Internal equity will be achieved by evaluating differences in skill, effort, responsibility and working conditions among jobs.”



JEA's Compensation Philosophy

- Board Policy Manual 2.7 summarizes the components of total compensation and the competitive positioning of those components of compensation'
- JEA's Total Compensation Philosophy is designed to ensure JEA's ability to attract, retain, and reward a highly technical and specialized workforce while ensuring compensation is:
 - Internally Equitable,
 - Externally competitive and appropriate for the market JEA operates within,
 - Driven by excellence in performance and safety, and
 - Delivered based the company's financial ability to pay.
- JEA has used short-term incentives since 1990. This form of incentive is widely used in both in the public and private sector.



Florida Statue 215.425 (3)

215.425 Extra compensation claims prohibited; bonuses; severance pay.—

(1) No extra compensation shall be made to any officer, agent, employee, or contractor after the service has been rendered or the contract made; nor shall any money be appropriated or paid on any claim the subject matter of which has not been provided for by preexisting laws, unless such compensation or claim is allowed by a law enacted by two-thirds of the members elected to each house of the Legislature. However, when adopting salary schedules for a fiscal year, a district school board or community college district board of trustees may apply the schedule for payment of all services rendered subsequent to July 1 of that fiscal year.

(2) This section does not apply to:

(a) A bonus or severance pay that is paid wholly from nontax revenues and nonstate-appropriated funds, the payment and receipt of which does not otherwise violate part III of chapter 112, and which is paid to an officer, agent, employee, or contractor of a public hospital that is operated by a county or a special district; or

(b) A clothing and maintenance allowance given to plainclothes deputies pursuant to s. [30.49](#).

(3) Any policy, ordinance, rule, or resolution designed to implement a bonus scheme must:

(a) Base the award of a bonus on work performance;

(b) Describe the performance standards and evaluation process by which a bonus will be awarded;

(c) Notify all employees of the policy, ordinance, rule, or resolution before the beginning of the evaluation period on which a bonus will be based; and

(d) Consider all employees for the bonus.

(4)(a) On or after July 1, 2011, a unit of government that enters into a contract or employment agreement, or renewal or renegotiation of an existing contract or employment agreement, that contains a provision for severance pay with an officer, agent, employee, or contractor must include the following provisions in the contract:

1. A requirement that severance pay provided may not exceed an amount greater than 20 weeks of compensation.

2. A prohibition of provision of severance pay when the officer, agent, employee, or contractor has been fired for misconduct, as defined in s. [443.036\(29\)](#), by the unit of government.

(b) On or after July 1, 2011, an officer, agent, employee, or contractor may receive severance pay that is not provided for in a contract or employment agreement if the severance pay represents the settlement of an employment dispute. Such severance pay may not exceed an

amount greater than 6 weeks of compensation. The settlement may not include provisions that limit the ability of any party to the settlement to discuss the dispute or settlement.

(c) This subsection does not create an entitlement to severance pay in the absence of its authorization.

(d) As used in this subsection, the term "severance pay" means the actual or constructive compensation, including salary, benefits, or perquisites, for employment services yet to be rendered which is provided to an employee who has recently been or is about to be terminated. The term does not include compensation for:

1. Earned and accrued annual, sick, compensatory, or administrative leave;
2. Early retirement under provisions established in an actuarially funded pension plan subject to part VII of chapter 112; or
3. Any subsidy for the cost of a group insurance plan available to an employee upon normal or disability retirement that is by policy available to all employees of the unit of government pursuant to the unit's health insurance plan. This subparagraph may not be construed to limit the ability of a unit of government to reduce or eliminate such subsidies.

(5) Any agreement or contract, executed on or after July 1, 2011, which involves extra compensation between a unit of government and an officer, agent, employee, or contractor may not include provisions that limit the ability of any party to the agreement or contract to discuss the agreement or contract.

History.—Formerly s. 11, Art. XVI of the Constitution of 1885, as amended; converted to statutory law by s. 10, Art. XII of the Constitution as revised in 1968; s. 27, ch. 79-190; s. 1, ch. 80-114; s. 35, ch. 84-336; s. 3, ch. 92-90; s. 83, ch. 92-279; s. 55, ch. 92-326; s. 2, ch. 95-169; s. 5, ch. 98-320; s. 8, ch. 99-259; s. 1, ch. 2011-143; s. 24, ch. 2012-5; s. 44, ch. 2014-218.

Pay for Performance Incentive Plan FY 2019-2020



INTER-OFFICE MEMORANDUM

May 26, 2020

SUBJECT: FY2020 PAY FOR PERFORMANCE (P4P) PROGRAM

FROM: Jon Kendrick, VP/Chief Human Resources Officer

TO: Paul McElroy, Interim CEO/Managing Director

BACKGROUND: The JEA Pay for Performance Program was first implemented in 1990. It is a discretionary short-term incentive/bonus plan based on the achievement of company metrics and financial ability to pay. The CEO has the authority to modify, suspend or terminate the plan per the Affirmation of Authority provided at the JEA Board of Directors at the December 17, 2018 Board meeting and the JEA procedure, HUMR Pay for Performance Program. The Plan is re-evaluated at the end of each fiscal year to determine achievement of company goals and ability to provide a payout for the current fiscal year's plan and determine the viability, metrics and structure for the coming fiscal year's plan. Public Sector incentive/bonus plans in FL are required to comply with FL Statute 215.425 (3), provisions a – d.

- (a) Base the award of a bonus on work performance;
- (b) Describe the performance standards and evaluation process by which a bonus will be awarded;
- (c) Notify all employees of the policy, ordinance, rule, or resolution before the beginning of the evaluation period on which a bonus will be based; and
- (d) Consider all employees for the bonus.

DISCUSSION: In October 2019, the FY19 Plan was audited and approved for payment by the CEO. However, no formal authorization or approval for a FY2020 Plan was provided by the CEO and a plan was not presented to the Board of Directors, ergo the Board did not approve a plan for FY2020. Further, no communication regarding modification, suspension or termination of the Plan for FY2020 was provided to the JEA employees.



Jon Kendrick, VP/Chief Human Resources Officer



Memo

To: Paul McElroy, Interim Chief Executive Officer
JEA

From: La'Trece Bartley, Manager-Executive Administration
JEA

cc: Angelia (Angie) Hiers, Special Assistant to Chief Executive Officer
JEA

Date: 5.26.2020

Re: JEA Pay for Performance Plan

Paul,

I was not able to locate, nor do we have on record, any documents that would indicate a pay for performance plan was presented to the Board, approved by the Board or communicated to JEA employees for Fiscal year 2019-2020.

Please let me know if you need anything in addition to the above information.