

JEA BOARD OF DIRECTORS WORKSHOP
FY2025-27 Business Plan/FY2025 Budget
June 14, 2024

The JEA Board met in regular session at 9:00 am on Tuesday, June 14, 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 – Board Chair General Joseph DiSalvo called the meeting to order at 9:00 am. Board members in attendance were John Baker, Bobby Stein, and Kawanza Humphrey. Dr. Zachary Faison, Jr. and Rick Morales were not in attendance.

Others in attendance were Vickie Cavey, Interim Managing Director/CEO; Ted Phillips, Chief Financial Officer; David Emanuel, Chief Human Resources Officer; Raynetta Curry Marshall, Chief Operating Officer; Michael Boylan, Council Member; Regina Ross, Chief Legal Officer, Office of General Counsel; Kurt Wilson, Chief of Staff; and Melissa Dalton, Manager, Board Services. Sheila Pressley, Chief Customer Officer attended the meeting virtually.

Time of Reflection – A moment of reflection was observed by all.

Adoption of the Agenda – On *motion* by Mr. Baker and seconded by Mr. Stein, the agenda was approved.

Safety Briefing – Chair General DiSalvo directed participants in the room and on-line to the safety presentation on the screen and in the materials.

COMMENTS / PRESENTATIONS

Comments from the Public:

In-Person Public Comments:

John Nooney spoke to the Board regarding the Jacksonville Waterways Commission | River Accord Task Force and public access to the waterways.

Council Liaison's Comments – Council Member Michael Boylan spoke to the Board regarding the appointment of MG Orender to the Board expressing Mr. Orender's interest in serving and what a great asset he will be.

DELIVERING BUSINESS EXCELLENCE

Enterprise Planning Overview – Laure Whitmer, Director of Budgets, provided an overview of the agenda and cadence for the meeting.

Juli Crawford, Vice President, Enterprise Strategy and Planning, provided an overview of the enterprise planning process; JEA's trajectory for the next ten years; and FY25 revenue requirement drivers and rate needs for electric and water. Ms. Crawford informed the Board that JEA's combined bills are one of the lowest against Florida benchmarks and it is anticipated that other utilities will raise their rates.

Lisa Pleasants, Senior Manager, Sourcing, highlighted the supply chain strengths, weaknesses, opportunities, threats analysis.

Board members and the Council Liaison discussed rates for low-income residents.

Consolidated System Overview – Laure Whitmer, Director of Budgets, provided details on the Consolidated System Overview to include the consolidated systems operating budget with a \$1.99B budget for FY2025; illustration of every dollar on a combined FY2025 electric and water bill; government transfers via the JEA bill; and labor costs to include total headcount, payroll expense, benefits, and pension.

Mr. Baker requested the increase for the City Contributions be approved by the Board as a single line item since it's a significant increase. Ms. Whitmer explained the calculations for the increase and stated it was only a place holder while JEA is in negotiations with the city.

Pat Maillis, Director, Employee Services, provided an overview of salaries to include the low unemployment rate in Jacksonville, fluctuation of the Consumer Price Index, union contracts; and a summary of benefits focusing on pension plans and group self-funded medical plans.

David Emanuel, Chief Human Resources Officer, highlighted the budgeted staffing numbers from FY2018 – 2027 and budgeted staffing increases.

Electric System Deep Dive – Laure Whitmer, Director of Budgets, provided details on the FY2025 electric system operating revenue; electric system operating budget components to include city contribution, debt service, current year capital funds, non-fuel purchased power, O&M, and fuel and purchased power; illustration of every dollar on an electric bill; fuels including variable fuel rates and pass-through expenses; and non-fuel purchased power rate stabilization fund activities noting withdrawals from the fund will alleviate rate increase pressure starting in FY2025.

Discussions ensued regarding hedging and Mr. Baker commended the team on their success.

Ms. Whitmer continued with electric system financial metrics and Randall Barnes, Treasurer, provided an overview of FY2025 electric system debt and debt service profile. Ms. Whitmer provided details of the electric system capital budget with a FY2025 budget of \$307M.

Pedro Melendez, Vice President, Engineering and Construction, provided an overview on the electric capital budget drivers including the JEA solar sites, Greenland Electric Center to Mayo 230kV Circuit 950 addition, North Jacksonville area 138kV Transmission Loop, new customers, Northside Generating Combined Cycle 1x1 addition, and electric fleet.

Ms. Whitmer continued with electric system O&M budget with a FY2025 and FY2024 comparison.

Mr. Melendez provided highlights on environmental services including the 2024/2025 budget increases to accommodate cleanup mandated by regulators at Kennedy Generation Station and Northside Generating Station.

Brad Krol, Chief Information Officer, provided an overview of Technology Services Maintenance Agreements to include applications, security, infrastructure, and telecom agreements.

Water System Deep Dive– Laure Whitmer, Director of Budgets, provided details on the FY2025 water system operating revenue assuming a base revenue increase mid-year and forecasting 1.4% growth from FY2024 budget. Ms. Whitmer also reviewed the water system operating budget components to include city

contribution, debt service, current year capital funds, O&M and interlocal payments; illustration of every dollar on a water bill; and water system financial metrics.

Randall Barnes, Treasurer, provided highlights on FY2025 water system debt stating total debt service in FY2025 is projected to be \$136M and outstanding debt is projected to go up by \$307M and the water system debt service profile.

Board Chair General DiSalvo recessed the meeting at 10:28 am. The meeting resumed at 10:44 am.

Ms. Whitmer continued with details of the water system capital budget with a FY2025 budget of \$567M.

Pedro Melendez, Vice President, Engineering and Construction, provided an overview on the water capital budget drivers including the H2.O Water Purification Demonstration Facility, Surface Water Discharge Elimination Program, Buckman biosolids, Arlington East Water Reclamation Facility, Small Diameter Pipe Replacement Program, Southside Integrated Piping System, Northwest Water Reclamation Facility, and Blacks Ford expansion.

Kevin Holbrooks, Director, Environmental Operations, highlighted regulations impacting water capital expenditures including Senate Bill 64 reclaimed water and per-and polyfluoroalkyl substances.

Ms. Whitmer continued with water system O&M budget with a FY2025 and FY2024 comparison with a total O&M budget increase of \$27.4M.

Russell Caffey, Controller, provided a detailed overview of Shared Services at JEA noting the different business units that are collectively utilized by the electric and water/wastewater system departments and intercompany charges within Shared Services. Board members held discussion on shared services utilized within the departments and the cost benefits. Ms. Humphrey requested a summation of cost savings within a shared services model.

District Energy System Deep Dive – Laure Whitmer, Director of Budgets, provided details on the district energy system operating revenue and budget components to include debt service, current year capital funds, and O&M.

Randall Barnes, Treasurer, provided highlights on FY2025 district energy system debt stating total debt service in FY2025 is projected to be \$5M and outstanding debt is projected to increase by \$13M. Ms. Whitmer continued with details of the district energy system capital budget with a FY2025 budget of \$18M.

Jordan Pope, Vice President, Grid Modernization & Business Development, provided details of the district energy system capital budget summary for FY2025 – 2027.

Ms. Whitmer continued with district energy system O&M budget with a FY2025 and FY2024 comparison and a total O&M budget increase of \$305K.

Mr. Pope provided an overview on the district energy O&M cost drivers including forecasted O&M expenses, forecasted ton hour sales, utility O&M, and non-utility O&M.

OTHER BUSINESS AND CLOSING CONSIDERATION

Old and Other New Business / Open Discussion – Ms. Whitmer thanked her team and the presenters for their hard work and collaboration putting the budget presentation together.

Chair General DiSalvo and Mr. Stein thanked the staff for their efforts and hard work in preparing the budget presentation.

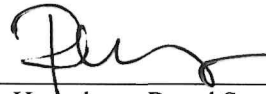
Council Liaison Boylan commented on his appreciation for the due diligence of the Board in reviewing and approving the budget.

Ms. Cavey extended her appreciation to the finance team for their hard work.

Announcements – The next Board meeting will be held on June 25, 2024.

Adjournment – With no further business coming before the Board, Chair General Joseph DiSalvo declared the meeting adjourned at 11:38 am.


APPROVED BY:



~~Kwanza Humphrey~~, Board Secretary

Date: 8/27/24

Board Meeting Recorded by:



Allison S Hickok
Executive Staff Assistant