



JAX DAILY RECORD

THURSDAY, SEP. 26, 2019 10:23 AM EST

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Privatization could leave city with millions in unfunded pension liability.

by: [Mike Mendenhall](#) | Staff Writer

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The council's 16-3 approval of Ordinance 2019-566 brought with it concern from members that there is not a plan to pay JEA's remaining \$338 million unfunded pension liability should the utility privatize.



made a minimum requirement for any company or organization to purchase JEA.

Council members Brenda Priestly Jackson, Randy DeFoor and Garrett Dennis voted against the ordinance.

Priestly Jackson, who represents District 10, said her vote was not against the pension protections or JEA employees but the process.

The Council Finance Committee approved the legislation but it was not referred to other committees.

Rules Committee Chair Joyce Morgan unsuccessfully attempted to delay Tuesday's vote and pull the bill to her committee for further debate.

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contemplation that we cannot vet this in the Rules Committee is troubling to say the least," Priestly-Jackson said.

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She said the legislation shifts the JEA portion of its liability for the unfunded pension to the city.

The bill will make any active JEA employees on the date of a "recapitalization event" a vested member of the city's employee pension plan regardless of their years of credited service.

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The bill says that in the event of a sale or recapitalization, \$132 million of the proceeds would go toward the General Employees Pension Plan to cover the enhanced pension benefits.



liability attributable to JEA.

Any company or organization that acquires JEA would make at least a \$3 billion cash payment to the city as a minimum requirement.

Mayor Lenny Curry has proposed using proceeds from the sale of JEA toward wiping out the city's roughly \$2.2 billion of debt.

He said the plan would free \$234 million in annual debt service payments replacing JEA's annual contribution to the city — projected at \$118 million in fiscal year 2019-20.

The remaining pension debt could be paid from the cash payment for JEA.



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said in August that if JEA is sold and the city debt paid off early, a sales tax approved in 2016 by voters to pay off pension reform would bring up nearly \$800 million that also could be used against JEA's remaining pension liability.

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City Chief Administrative Officer Brian Hughes framed the vote as protection for employees "if" the sale of JEA moves forward — separate from the consideration of a possible sale itself.

"Your council auditors have told you in their notes, this is not a contemplation

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forward in the legislation and wants it as quickly as possible," he said.

"It has to do with the level of servitude that the people — the men and women who work at JEA — can understand that if something that you will, ultimately,



The Council vote Tuesday was the first tied to the privatization debate.

Three Council members have made clear their opposition to selling JEA.

DeFoor has been outspoken in her opposition to selling JEA's water utility. Like Priestly Jackson, DeFoor's reservations extended to the committee process used to vet the pension bill.

"I think all of us should be concerned about the fact that there's pension funding that there's no money for," DeFoor said.

"I can tell you my conservative constituents are not happy about this. So, we have unfunded pension liability that we have to address," she said.



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r called it "inconceivable" that Council would not allow the bill to to the Rules Committee.

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"Because then we're not doing our job and it looks like we're covering up for something."

District 2 Council member Al Ferraro supported the pension extension because of its intent to retain JEA employees in the event of a sale.

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"One of the reasons I agree with this bill is that this is one more concrete reason why you would not want to sell JEA," he said.



support.”

JEA leaders promised to give employees \$165 million in retention bonuses should the public utility be sold or recapitalized.

“They work day in and day out for a pension,” said JEA CEO Aaron Zahn after the Council vote.

“They wanted to ensure that, whatever the outcome, that the retirement that they’ve worked for — whether it’s five years, 20 years or 30 years — is protected.”

## Pension contracts



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The agreements extend annual base wage increases of 3.5% through fiscal year 2022 for the 1,264 workers represented by the International Brotherhood of Electrical Workers; Laborers International Union of North America; Jacksonville Supervisors Association; and the American Federation of State, County and Municipal Employees.

The 200 JEA employees represented by the Professional Employees Association

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Local labor unions have been lobbying City Council members to support Ordinance 2019-566, but IBEW Local 2358 President and Business Manager

“This gives our membership a scene of security,” she said. “God forbid the recapitalization does take place.”

Priestly Jackson said at the Council vote that the perception is that a sale is expected.

She said she does “not think it is realistic to think that the public does not perceive this action today as precursor to the selling of JEA,” Priestly Jackson said.

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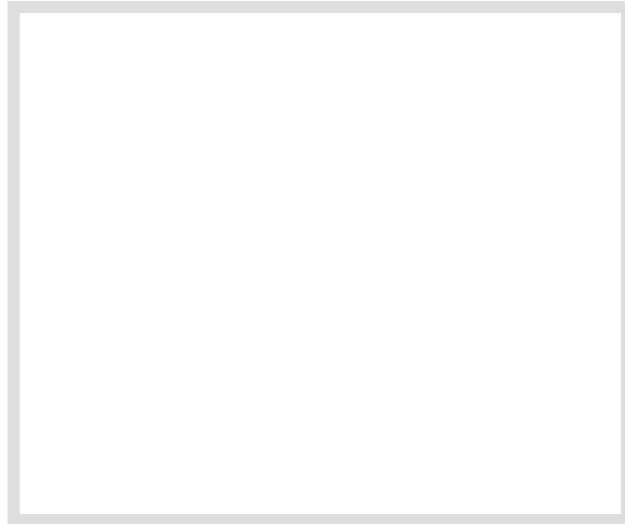
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