



Committee Members will meet on the 8th Floor
Other Board Members may join via conference call
by dialing 904-665-7100 - No password is needed.

COMPENSATION COMMITTEE AGENDA

DATE: February 10, 2016
TIME: 1:00 – 2:30 PM
PLACE: 21 W. Church Street
8th Floor

	Responsible Person	Action (A) Info (I)	Total Time
I. OPENING CONSIDERATIONS	Delores Kesler		
A. Call to Order			
B. Adoption of Agenda		A	
C. Approval of Minutes – January 5, 2016	Cheryl Mock	A	
II. NEW BUSINESS			
A. FY2016 CEO Scorecard	Paul McElroy	A	10 mins.
B. Open Discussion			10 mins.
C. Announcements			
1. Schedule Next Meeting as Appropriate			
D. Adjournment			

JEA COMPENSATION COMMITTEE MINUTES
January 5, 2016

The Compensation Committee of JEA met on Tuesday, January 5, 2016, in the 8th Floor Conference Room, JEA Plaza Tower, 21 W. Church Street, Jacksonville, Florida.

Agenda Item I – Opening Considerations

- A. Call to Order – Committee Chair Delores Kesler called the meeting to order at 11:02 AM with Members Tom Petway and Kelly Flanagan in attendance. Also present were Paul McElroy, Angie Hiers, Jane Upton, Judi Spann, Melissa Dykes, Jody Brooks, Office of General Counsel and Robert Campbell, Office of the Council Auditor.
Committee Chair Kesler thanked Angie Hiers, Chief Human Resources Officer, and her team for their hard work in putting together the information for today’s meeting.
- B. Adoption of Agenda – The Agenda was adopted on **motion** by Mr. Petway and second by Ms. Flanagan.
- C. Approval of Minutes – The December 15, 2015 meeting minutes were approved on **motion** by Ms. Flanagan and second by Mr. Petway.

Agenda Item II – New Business

- A. Committee Charter Draft – Paul McElroy, Managing Director/Chief Executive Officer, provided the Committee with a final draft of the Charter for the Compensation Committee. On **motion** by Mr. Petway and second by Ms. Flanagan the Charter was approved.
- B. Market Definition – Angie Hiers, Chief Human Resources Officer, presented the committee with information related to JEA’s defined market. Ms. Hiers communicated that JEA’s various job descriptions and comparable skill sets are matched up to those from local utilities, similar industries in the local area, other municipalities and utilities in the neighboring states. JEA positions compensation at the 50th percentile, with the exception of some appointed personnel who may receive more due to experience. Ms. Hiers also indicated that the members of the bargaining units are on a step progression and will begin the process below the 50th percentile and progress to that level. Members of the International Brotherhood of Electric Workers (IBEW) 2358 are matched up to data points provided by the Large Public Power Council (LPPC) and American Public Power Association (APPA). Ms. Hiers advised the Committee that JEA undergoes a robust survey process to ensure that JEA has valid data, remains competitive, retains valuable employees and recruits the best new talent to the organization.
- C. FY2016 Pay for Performance Plan: Goals and Compensation – Angie Hiers, Chief Human Resources Officer, shared that the previous Pay for Performance Plan had been adjusted to incorporate previous recommendations. Ms. Hiers shared two different versions of the plan with the Committee. The first version summarizes the goals and payout amounts. The second version converts the payout as a percentage of the respective salaries. The Committee then held discussions regarding the goals and the funding of a payout. Mr. McElroy pointed to a new formula incorporated into the memo, which indicates that there must be sufficient cash from revenues to cover any payout. On **motion** by Ms. Flanagan and second by Mr. Petway, the FY2016 Pay for Performance Plan was approved. It will be presented to the full Board for a vote at the January 19, 2016 Board Meeting. The Committee and Mr. McElroy held further discussion on how information will be presented to the full Board.
- D. FY2016 CEO Goals – Mr. McElroy presented an overview of the FY2016 CEO goals. 1) The Committee held discussions regarding the CEO scorecard process. Chair Kesler requested that

staff review and create scoring definitions. Mr. McElroy and Ms. Brooks indicated that the goals could be approved by the Committee and scoring techniques could be incorporated at a later date. On **motion** by Mr. Petway and second by Ms. Flanagan, the FY2016 CEO Goals were approved. The goals will be presented to the full board for a vote at the January 19, 2016 Board Meeting.

- E. Announcements – Mr. Petway advised the Committee that the January 19, 2016 Board Meeting will begin at noon. Mr. McElroy provided an update on how the Mayor’s recently announced plan for pension reform may impact JEA.
 - 1. The next meeting will be scheduled as needed.
- F. Adjournment – With no further business claiming the attention of this Committee, the meeting was adjourned at 12:20 PM.

APPROVED BY:

Delores Kesler, Committee Chair

Date: _____

Submitted by:

Cheryl Mock
Executive Assistant



Building Community

AGENDA ITEM SUMMARY

February 2, 2016

SUBJECT:	FY2016 CEO SCORECARD
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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 CEO goals were approved by the Board at the January 19, 2016 Board Meeting. The scorecard has been referred back to the Compensation Committee for gradation.

Significance: N/A

Effect: N/A

Cost or Benefit: The scoring technique will allow the Board to rate the CEO's performance in an objective manner and place emphasis on key objectives and goals.

Recommended Board action: It is requested that the Board: 1) Identify the most important goals, 2) Evaluate the recommended weighting of each goal and 3) Approve or modify the gradation for each goal.

For additional information, contact: Angie Hiers 904-665-4747

Submitted by: PEM/ARH

MISSION	VISION	VALUES
		
Energizing our community through high-value energy and water solutions.	JEA is a premier service provider, valued asset and vital partner in advancing our community.	<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**



FY2016 CEO Goals

GOAL	WEIGHT	NEEDS IMPROVEMENT	MEETS REQUIREMENTS		EXCEEDS REQUIREMENTS	COMMENTS
			50%	75%		
Scale	%	0	50%	75%	100%	
Exceed budgeted (\$682.6M) combined ¹ annual net revenues (excluding weather contingency), per the "Schedules of Debt Service Coverage", this is a proxy for EBITDA (schedule and source documents attached)	3% (3 points)	X < \$682M	X > \$682M	X > \$695M	X > \$708M	
Effectively execute the Capital Investment Plan or Capital Budget (\$331.9M) (schedule attached)	3% (3 points)	X > \$332M	X < \$332M	X < \$316M	X < \$300M	
Improve the 12 utility reliability and environmental metrics, per the attached schedule and reported to the Board monthly	4% (4 points)	X < 9	X = 9	X = 10/11	X=12	
Achieve first quartile rankings for Residential and Commercial J.D. Power Customer Satisfaction Ratings						
Residential	1% (1 point)	X < 2015	X = 2015+1	X = 2015 + 10	X = top half first quartile	
Commercial	1% (1 point)	X < 2015-10	X = 2015-10	X = 2015 - 5	X = 2015	
Improve employee satisfaction and engagement, as measured by an independent employee survey (baseline 74.4%)	1% (1 points)	X < 74.4%	X > 74.4%	X > 75.4%	X > 76.4%	
Demonstrate significant progress on the Electric System revenue stabilization plan	1% (1 points)	Pilot launched after 12/31/16	Pilot launched by 12/31 by 10/31		Pilot launched by 9/30/16	
Maintain positive and constructive relationships with all key stakeholders	1% (1 points)					
Total	15% (15 points)					

1. Please comment on any other aspect of the CEO's performance, including exceptional performance or other areas that require attention:

2. Please identify the three or four key areas facing the company that you would like the CEO to focus on in his objectives:

Strategic Focus:

Talent and Culture:

Other:

¹ Combined = Electric System plus Water and Sewer System plus District Energy

FY2016 JEA Net Revenues Goal - Excluding Weather Contingency

\$ in Millions	FY2016			FY2015	FY2014	FY2013
	<u>Actual</u>	<u>Goal</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
Electric System		\$415.6	\$405.3	\$461.6	\$389.6	\$397.0
Water and Sewer System		\$288.7	\$273.8	\$278.5	\$281.7	\$276.8
District Energy System		\$3.7	\$3.5	\$3.9	\$3.9	\$3.4
Total		\$708.0	\$682.6	\$744.0	\$675.2	\$677.2

FY2016 JEA Capital Investment Plan/Budget Execution

\$ in Millions	FY2016		FY2015	FY2014
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Electric System		\$153.2	\$116.7	\$86.2
Water and Sewer System		\$175.0	\$100.8	\$76.9
District Energy System		\$3.7	\$0.9	\$0.5
Total		\$331.9	\$218.4	\$163.6

FY2016 JEA Reliability and Environmental Metrics Goal

<u>Electric System</u>	<u>Improvement</u>		<u>Water and Sewer System</u>	<u>Improvement</u>	
	Yes	No		Yes	No
<ol style="list-style-type: none"> 1. Customer Outage Frequency 2. Experiencing More than 5 Outages in the Previous Year (CEMI₅) 3. Customer Outage Duration 4. Transmission Fault Frequency Index 5. Fleet Forced Outage Rate 6. Reportable Environmental Events 			<ol style="list-style-type: none"> 1. Unplanned Water Main Outages 2. Water Distribution System Pressure 3. Customer Response Time 4. Consumptive Use Permits 5. Total Nitrogen Discharge 6. Sanitary Sewer Overflows 		

Note: Assuming general reliability performance will remain consistent with the previous three years, CEMI₅ is perhaps the reliability index with the greatest impact on customer satisfaction.

* Customers Experiencing Momentary Interruptions: 5 Times

Electric Systems Reliability

- Customer Outage Frequency** – The number of extended outages (one minute or longer) experienced by the average JEA customer per year.
- Service Reliability** – The cumulative number of outage minutes experienced by the average JEA customer per year.
- CEMI₅** – The percentage of JEA’s customers experiencing more than 5 extended outages (one minute or longer) in the last 12 months.
- Transmission Fault Frequency Index** – The number of transmission line faults experienced per 100 line miles in the last 12 months.
- Fleet Forced Outage Rate** - The amount of hours as a percentage of total hours, fiscal year-to-date, that JEA generators are not available and running when needed.
- Reportable Environmental Events REEs** - The number of environmental events that have occurred at power plants, fiscal year-to-date, that are reportable permit violations to FDEP and the EPA.

Water and Sewer Systems Reliability

- Unplanned Water Main Outages**- # of Customers affected by unplanned water outages per year
- Water Distribution System Pressure** - Average minutes per month less than 30 psi across a total of 110 monitoring stations across the service area
- Customer Response Time** - Average annual minutes from a customer call to the ticket completion or transfer to a field crew for a more extensive repair
- Consumptive Use Permit (CUP)** - Meeting annual CY basis CUP requirements including Total System Limit and South Grid Wellfield Allocation Limits
- Total Nitrogen Discharge** - Amount of tons of Nitrogen discharged annually to the St. Johns River
- Sanitary Sewer Overflow** - # of annual sanitary sewer overflow events