

STORAGE NAME: h0839.ca

DATE: March 28, 2000

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
COMMUNITY AFFAIRS
ANALYSIS - LOCAL LEGISLATION**

BILL #: HB 839

RELATING TO: Jacksonville/St. Johns River Park

SPONSOR(S): Representative Crady and others

TIED BILL(S): None

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) GOVERNMENTAL OPERATIONS (PRC) YEAS 5 NAYS 0
 - (2) COMMUNITY AFFAIRS (PRC)
 - (3)
 - (4)
 - (5)
-

I. SUMMARY:

This bill authorizes employees, who transfer between the Jacksonville Electric Authority and the St. Johns River Power Park, to choose an option regarding pension plans. Employees will continue making contributions, to be matched by the employing entity.

The Economic Impact Statement indicates that this bill may contain a fiscal impact.

The Committee on Governmental Operations adopted one amendment that is traveling with the bill. As indicated in the "AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES" section the amendment clarifies that a fixed number of employees can opt for pension portability between the Jacksonville Electric Authority plan and the St. Johns River Power Park retirement plan.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|---|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

The Jacksonville Electric Authority (JEA) owns and operates an electric system with three power plants. The JEA is authorized to enter into joint electric power projects and is a joint owner, with Florida Power & Light, in a fourth power plant, the St. Johns River Power Park (SJRPP), which JEA operates. SJRPP is a coal-fired electric power generating station. SJRPP is the largest and most efficient generating plant consisting of two 624 net megawatt coal fired generating units.

Section 12, chapter 90-439, Laws of Florida, applies to personnel whose duties relate exclusively to a joint electric power project. These employees are not employees of the City of Jacksonville nor members of the Civil Service System of the City of Jacksonville and may not participate in the city's pension fund. SJRPP has its own employment and pension plan.

The JEA may provide benefits to its employees and may allocate the services of its employees to a joint electric power project on a temporary basis. If an employee of the JEA, a member of the city classified civil service system and of the 1937 Employees' Pension Fund of the city ("City Plan"), becomes a full time employee of the joint electric power project, that employee must relinquish all rights and privileges inuring to employees within the city civil service system. That employee would then be entitled to the benefits afforded to other full time employees of the joint electric power project. If an employee leaves the city civil service system for employment at a joint electric power project prior to January 1, 1990, the employee may opt to remain a member of the City Plan. This would require an ongoing contribution to the fund from both the employee and the JEA.

Any employee who receives a time service pension under the City Plan who becomes an employee of the SJRPP may opt to join the St. Johns River Power Park retirement plan or remain on the City Plan. The latter option terminates on December 31, 1990, and any employees of the SJRPP after that date may only participate in the SJRPP retirement plan. The SJRPP contributes to the fund in the same manner and amount the City of Jacksonville provides for city employees who are members of the City Plan.

C. EFFECT OF PROPOSED CHANGES:

This bill amends chapter 80-513, Laws of Florida, as amended by chapter 90-439, Laws of Florida, to permit JEA employees changing employment to the SJRPP to choose to either:

- rejoin the City Plan; or
- join the St. Johns River Power Park retirement plan.

If an employee leaves JEA employment to become an employee of SJRPP, without a break in service, the employee may opt to remain as a member of the City Plan. If the employee decides to remain in the City Plan, the employee must make the required employee contribution which will be matched by the SJRPP. There is no termination date as to the option to rejoin the City Plan.

This bill also amends chapter 80-513, Laws of Florida, as amended by chapter 90-439, Laws of Florida, to permit SJRPP employees changing employment to JEA to choose to either:

- continue in the SJRPP retirement plan; or
- join the City Plan.

If an active employee leaves SJRPP employment to become an employee of JEA, without a break in service, the employee may opt to remain in the SJRPP plan, including social security. If the employee decides to remain in the SJRPP plan, JEA will make the required contribution to the SJRPP fund in the same manner and amount as the SJRPP is required to do for SJRPP members.

This option to remain as a member of the SJRPP retirement plan after becoming an employee of JEA is limited to the first 150 employees choosing to exercise this option.

D. SECTION-BY-SECTION ANALYSIS:

Section 1 Amends paragraph (1) of section 12, chapter 80-513, Laws of Florida, as amended by chapter 90-439, Laws of Florida, permitting former employees of JEA who work for the SJRPP to have the option of remaining in the City Plan or joining the SJRPP retirement plan; permitting a limited number of employees who leave the SJRPP for employment with JEA to have the option of staying in the SJRPP retirement plan or joining the City Plan; removes the requirement that a JEA employee who leaves JEA to work at a joint power project must do so before January 1, 1990, to have the option of pension plans; removes the requirement that the option for JEA employees who become SJRPP employees to rejoin the City Plan terminates on December 31, 1990; revises references from "the authority" or "City of Jacksonville" to "JEA"; adds conforming gender neutral language.

Section 2 Provides that intent is to provide prospective rights and limitations.

Section 3 Provides an effective date upon becoming law.

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III. NOTICE/REFERENDUM AND OTHER REQUIREMENTS:

A. NOTICE PUBLISHED? Yes [x] No []

IF YES, WHEN? October 25, 1999

WHERE? Financial News & Daily Record, Jacksonville, Florida

B. REFERENDUM(S) REQUIRED? Yes [] No [x]

IF YES, WHEN?

C. LOCAL BILL CERTIFICATION FILED? Yes, attached [x] No []

D. ECONOMIC IMPACT STATEMENT FILED? Yes, attached [x] No []

IV. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

N/A

C. OTHER COMMENTS:

According to the Economic Impact Statement, there may be a negative fiscal impact. The effect on expenditures is unknown until an actuarial analysis is completed.

There is no impact on the contribution requirements for implementing the changes proposed by this bill. The City Plan currently takes into account new employees, regardless of place of prior employment. The effect of a change in employees is seen in the average age at entry, which is calculated in arrears after each valuation notes new employees.

If an employee left JEA and participated in the SJRPP plan, that would affect the rates the same as an employee who terminated with JEA. If the JEA employee switched to SJRPP but stayed with the City Plan, that would not affect rates, as that employee is already part of the current rate in the City Plan.

The JEA supports this bill, and has provided a position statement expressing the following benefits:

This bill "removes a disincentive for employees to move from JEA...to St. Johns River Power Park systems, and vice versa, when it is mutually beneficial to JEA and the employee. Currently...a change usually results in some loss of pension benefits. This could cause qualified persons to pass up a job opportunity. This...will benefit employees by allowing them greater career opportunities. It will also benefit JEA and Power Park, by providing broader fields of candidates when filling vacant positions."

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V. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On March 14, 2000, the Committee on Governmental Operations considered HB 839. The bill passed unanimously as amended with one amendment. The amendment provided for the number of employees who may opt for pension portability between the Jacksonville Electric Authority plan and the St. Johns River Power Park retirement plan.

VI. SIGNATURES:

COMMITTEE ON GOVERNMENTAL OPERATIONS:

Prepared by:

Staff Director:

Amy K. Tuck

Jimmy O. Helms

AS REVISED BY THE COMMITTEE ON COMMUNITY AFFAIRS:

Prepared by:

Staff Director:

Cindy M. Brown, J.D.

Joan Highsmith-Smith