



City of Pensacola

222 West Main Street
Pensacola, FL 32502

Memorandum

File #: 2021-32

City Council

5/27/2021

LEGISLATIVE ACTION ITEM

SPONSOR: Grover C. Robinson, IV, Mayor

SUBJECT:

RESOLUTION NO. 2021-32 - AMENDING THE CITY'S FINANCIAL PLANNING AND ADMINISTRATION POLICY

RECOMMENDATION:

That City Council adopt Resolution No. 2021-32.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PENSACOLA, FLORIDA; AMENDING THE FINANCIAL PLANNING AND ADMINISTRATION POLICY; PROVIDING SEVERABILITY; PROVIDING AN EFFECTIVE DATE.

HEARING REQUIRED: No Hearing Required

SUMMARY:

On July 23, 1998 City Council adopted a Financial Planning and Administration Policy. Since that time it has been revised on eight different occasions with the last revision on May 10, 2018 amending the section under Budget Policies regarding budgeted line items for salary increases. On September 13, 2001, City Council amended the Financial Planning and Administration Policy to include a provision in regards to appropriations within the Stormwater Capital Project Fund. In that amendment City Council approved a transfer in the amount equivalent to the stormwater utility fee revenue be made annually to fund stormwater capital projects.

The attached resolution proposed to amend that section of the policy to allow for the purchase of capital equipment in order to maintain the capital improvement projects as well as set a specific dollar amount to be transferred to the Stormwater Capital Project Fund.

The City of Pensacola established the stormwater assessment fee in 2001 to provide a dedicated funding source for stormwater management costs. It was last increased in 2015 from \$68.43 per ESU to the current rate of \$72.24 per ESU. Since that time, costs associated with stormwater maintenance has increased to the point that capital equipment has been unable to be replaced. Unfortunately, revenue from the stormwater assessment fee has not increased at the same pace.

In 2020, the City's stormwater assessment consultant, Government Services Group, Inc. (GSG) prepared a study to determine what the City would need to charge for stormwater management,

according to an updated analysis of stormwater operating costs. Based on the study, it was determined that to fully fund the needs of the stormwater maintenance program, the City would need to change the stormwater assessment rate from \$72.24 per ESU to \$100.77 per ESU, almost a 40% increase. In order to avoid such a dramatic increase it is requested that a revision to the Financial Planning and Administration Policy be revised to allow for the purchase of capital equipment needed to maintain the stormwater projects that have been completed, as well as those in the future to be paid for out of the Stormwater Capital Project Fund. This will provide a mechanism for ongoing replacement at the same time not burdening the property owners of such a large increase.

Another proposed change is to maintain a set dollar amount of the transfer into the Stormwater Capital Project Fund at the current amount of \$2,735,000 each fiscal year. Historically, the policy provides for the amount transferred into the Stormwater Capital Project Fund to be an amount equivalent to the stormwater utility fee revenue. In 1999, a Citizens Task Force on Urban Stormwater Runoff was created as a joint undertaking and cooperative effort among the Escambia County Commissioners, the City of Pensacola, and the Emerald Coast Utilities Authority (formerly Escambia County Utilities Authority). The mission of that task force was to "Make Stormwater Clean". In 2000 the task force published a report expressing an urgency for the City and the County to take immediate and additional measures to reduce the impact of stormwater runoff on the region's water bodies. Prior to that time, the City's policy on stormwater was focused on the prevention of flooding as opposed to the quality of stormwater runoff. The task force suggested establishing a focus to improve water quality versus water quantity. Upon adoption of the stormwater utility fee, a Stormwater Capital Improvement and Maintenance Program was developed to address improving water quality. The projects identified for water quality are substantially complete and now the focus will return to addressing the prevention of flooding and the Stormwater Capital Improvement and Maintenance Program will be adjusted accordingly.

Based on the current policy for any increase in the stormwater utility fee revenue a similar increase must be made in the Stormwater Capital Improvement Fund. While not specifically identified from where, historically that transfer has come from the General Fund. By maintaining the transfer into the Stormwater Capital Improvement Fund it will allow the General Fund to plan accordingly in the future knowing there will be a set amount transferred out, thus not impacting other departmental programs within the General Fund. Additionally, there will be a set amount within the Stormwater Capital Project Fund for the programming of projects to address flooding.

PRIOR ACTION:

July 23, 1998 - Financial Planning and Administration Policy adopted by City Council

November 18, 1999 - Financial Planning and Administration Policy amended by City Council revising General Fund and Enterprise Funds reserve goals and the targeted level of the Pensacola Energy transfer to the General Fund.

September 13, 2001 - Financial Planning and Administration Policy amended by City Council providing for the appropriation of funding for the Stormwater Capital Project Fund.

September 30, 2004 - Financial Planning and Administration Policy amended by City Council amending fiscal year end related issues and audit notes and exceptions..

November 9, 2006 - Financial Planning and Administration Policy amended by City Council increasing the General Fund Reserve, placing a percentage limit on the Pensacola Energy transfer to the General Fund and increasing the amount of total grant expenditures requiring Council approval and the addition of language to cap the amount of Beginning Fund Balance that can be appropriated in each fiscal budget.

August 19, 2010 - Financial Planning and Administration Policy amended by City Council amending the policy to be consistent with a Strong Mayor.

September 9, 2010 - Financial Planning and Administration Policy amended by City Council reorganizing the policy into categories for reference and revisions in order to formalize existing practice under the City Manager-Council form of government.

September 8, 2011 - Financial Planning and Administration Policy amended by City Council requiring all executed contracts or issued purchase orders for purchases, including capital and construction purchases, exceeding \$25,000 be reported to City Council.

May 10, 2018 - Financial Planning and Administration Policy amended by City Council establishing a line item appropriation for employee salary increases.

FUNDING:

N/A

FINANCIAL IMPACT:

Adoption of the resolution will amend the Financial Planning and Administration Policy allowing for the purchase of stormwater capital equipment as well as setting a dedicated amount for stormwater capital improvement projects.

LEGAL REVIEW ONLY BY CITY ATTORNEY: Yes

5/10/2021

STAFF CONTACT:

Keith Wilkins, City Administrator
Amy Lovoy, Finance Director

ATTACHMENTS:

- 1) Resolution No. 2021-32

PRESENTATION: No