



City of Gainesville Agenda Item Report

File Number: 2023-417

Agenda Date: May 4, 2023

Department: Gainesville Regional Utilities

Title: 2023-417 Resolution Establishing a Formula to Determine the Level of the Government Services Contribution from Gainesville Regional Utilities to the General Government General Fund (B)

Department: GRU Budget, Finance, Accounting

Description: This item requests that the City Commission approve the resolution authorizing the components of a formula designed to determine the Government Service Contribution (GSC) from GRU to the General Government General Fund as approved by the General Policy Committee at their meeting of April 13, 2023.

Fiscal Note: The proposed formula will reduce the expense level of the GSC to GRU and the revenue level to the City's General Fund by more than 50% compared to what is currently budgeted for FY2024. The expense reduction reflected in the GSC will be utilized by GRU to accelerate Net Debt reduction.

Explanation:

At the April 13, 2023 meeting of the General Policy Committee a formula was proposed for developing the annual GSC from GRU to the General Government General Fund. This formula addressed two of the central findings in the January 2022 State of Florida Auditor General Operational Audit of the City of Gainesville:

- GRU debt levels are significantly higher than comparable municipal utilities
- The City had not established a reasonable and consistent methodology for determining the amount of the annual transfer from GRU to the City's General Fund consistent with GRU's long-term ability to pay

The General Policy Committee approved the components of the formula as detailed in the attached resolution unanimously.

Strategic Connection:

- Goal 1: Equitable Community
- Goal 2: More Sustainable Community
- Goal 3: A Great Place to Live and Experience
- Goal 4: Resilient Local Economy
- Goal 5: “Best in Class” Neighbor Services

Recommendation: The City Commission approve the resolution authorizing the establishment of a formula to determine the level of the Government Services Contribution from Gainesville Regional Utilities to the General Government General Fund.