

RESOLUTION NO. 2023-417

RESOLUTION OF THE CITY COMMISSION OF THE CITY OF GAINESVILLE, FLORIDA, ESTABLISHING A FORMULA TO DETERMINE THE LEVEL OF THE GOVERNMENT SERVICES CONTRIBUTION FROM GAINESVILLE REGIONAL UTILITIES TO THE GENERAL GOVERNMENT GENERAL FUND EFFECTIVE FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2023; PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE.

WHEREAS, the City of Gainesville d/b/a Gainesville Regional Utilities makes annual transfers to support the City's general fund; and

WHEREAS, the State of Florida Auditor General Operational Audit of the City of Gainesville released in January of 2022 included a finding that stated that 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 considering GRU's long-term ability to pay; and

WHEREAS, establishment of a formula enables both GRU and General Government to incorporate results into the budget planning process, provides budgetary certainty for each group, and will be positively received by rating agencies which evaluate GRU revenue bonds in order to determine ratings for bond purchasers' use.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF GAINESVILLE, FLORIDA:

Section 1. Effective with the fiscal year beginning October 1, 2023, the Government Services Contribution from Gainesville Regional Utilities to the General Government General Fund will be determined by the following formula:

Property Tax Component – The formula will use the Total Insured Values included in the most recent Property Insurance Policy discounted to 70% of Total Insured Values, multiplied times the City of Gainesville's ad valorem millage rate for the fiscal year for which the contribution is being determined.

Franchise Fee Component – The formula will use, as detailed in the most recently completed audited financial statements, 90% of Electric System Revenues net of fuel and transfers to or from the Rate Stabilization Fund, times 5%.

Section 2. In no instance will the Government Services Contribution exceed the funds available to make the contribution for any year, as defined by the difference between Net Revenue net of transfers to and from the Rate Stabilization Fund and Uses of Net Revenue consisting of debt service expense and contributions to the Utility Plant Improvement Fund.

Section 3. Any excess of funds available to make the contribution over the contribution paid will be used to accelerate retirement of GRU's outstanding debt, or to provide additional equity to fund future capital project expense, thereby reducing the level of future debt issuances.

Section 4. This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED this 4th day of May, 2023.

HARVEY WARD
MAYOR

Attest:

Approved as to form and legality:

OMICHELE D. NATTIEL-WILLIAMS
CITY CLERK

DANIEL M. NEE
CITY ATTORNEY