

LEGISLATIVE #
210125A

RESOLUTION NO. 210125

**RESOLUTION OF THE CITY COMMISSION OF THE CITY OF GAINESVILLE
RESOLVING TO ESTABLISH RATES FOR ELECTRIC AND WASTEWATER
THROUGH FISCAL YEAR 2027; RESOLVING TO ESTABLISH UTILITY RATE
ASSISTANCE PROGRAMS; PROVIDING AN IMMEDIATE EFFECTIVE DATE**

Whereas, at its May 12, 2021, City Commission meeting, the commission heard a presentation from the staff of the utilities, analyzing the utilities' budget for fiscal year 2022; and

Whereas, during the presentation the utility staff explained that revenues from utility operations were not keeping pace with rising costs. Revenues were not keeping pace with rising costs, in part because of low customer growth but also because the city's conservation efforts were successful which meant a decrease in revenue; and

Whereas, while the low growth level in utility revenue is not unique to the city's utilities, there are unique characteristics to Gainesville's utilities that have affected a need for increased rates. The unique characteristics to Gainesville's utilities include: 1) prior decisions to increase renewable energy; 2) higher levels of debt because of the commitment to renewable energy; 3) higher electric rates because of the higher debt levels; and

Whereas, in prior budget years, the utility has reduced its operation and maintenance expenses, and reduced its full-time employees; and

Whereas, in this current budget analysis and planning for fiscal year 2022, the City Commission requested that utility staff review their budget to determine if there were additional cuts that could be made; and

Whereas, at the City Commission meeting on June 7, 2021, utility staff reported that they had again reviewed the budget and there was less than \$2 million in their budget that might be considered discretionary cuts; and

Whereas, at its June 7, 2021, commission meeting, the City Commission approved 1) adopting a rate ordinance increasing electric utility rates 7% and wastewater utility rates 5% for fiscal year 2022; 2) adopting a resolution reducing the amount of the general fund transfer by \$2 million a year through 2027; 3) adopting a rate ordinance through fiscal year 2027, increasing electric utility rates by 3% and wastewater utility rates by 5% annually for fiscal years 2023 through 2027; and 4) requiring staff to report back to the City Commission with eligibility requirements and guidelines and a program for i) recurring assistance for neighbors impacted by rising utility costs; and ii) requiring staff to report back to the City Commission with eligibility requirements and guidelines for a program to provide recurring assistance for neighbors most impacted by rising utility costs. and

37 **Whereas,** the benefits of these actions include: 1) the sustainability of the utility; 2) a
38 more normalized rate adjustment annually for customers to rely upon and budget for; 3) fully
39 funding the customer information system and advanced meter infrastructure system; 4)
40 preventing utility employee layoffs; and 5) allowing the commission to defease debt; and

41 **Whereas,** the City Commission finds that the rate increases will fulfill its stated mission to
42 provide safe, reliable, competitively priced utility services in an environmentally responsible
43 manner to enhance the quality of life in our community.

44 **NOW, THEREFORE, THE CITY COMMISSION RESOLVES THAT:**

- 45 **1.** The Commission will consider adoption of an ordinance that increases electric rates by
46 7% and wastewater rates by 5% for fiscal year 2022 and that increases electric rates by
47 3% and wastewater rates by 5% annually for fiscal years 2023 through 2027.
- 48
- 49 **2.** The Commission will consider assistance programs and funding to mitigate the financial
50 impacts to those most negatively affected by the above described utility rate increases.
51

52 This Resolution will take effect immediately upon adoption.

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54 **PASSED AND ADOPTED** this _____ day of _____, 2021.

55

56

57 _____

58 LAUREN POE

59 MAYOR

60

61 Attest:

62 Approved as to form and legality:

63

64 _____

65 OMICHELE D. GAINES

66 CITY CLERK

67 _____

NICOLLE M. SHALLEY

CITY ATTORNEY