



City of Pensacola

222 West Main Street
Pensacola, FL 32502

Memorandum

File #: 25-670

Agenda Conference

6/9/2025

RESOLUTION

SPONSOR: DC Reeves, Mayor

SUBJECT:

SUPPLEMENTAL BUDGET RESOLUTION NO. 2025-34 - FRANK v. THE CITY OF PENSACOLA SETTLEMENT FUND BALANCE CARRY FORWARD

RECOMMENDATION:

That City Council adopt Supplemental Budget Resolution No. 2025-34.

A RESOLUTION AUTHORIZING AND MAKING REVISIONS AND APPROPRIATIONS FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2025; PROVIDING FOR AN EFFECTIVE DATE.

HEARING REQUIRED: No Hearing Required

SUMMARY:

This action does not directly advance a goal of the City of Pensacola Strategic Plan but is a necessary function of municipal government.

The purpose of this supplemental budget amendment is to bring forward the remaining fund balance in the Pensacola Energy Fund to pay the legal settlement resulting from *Frank v. City of Pensacola* in the amount of \$15,900,000.

These funds will be distributed as follows:

\$3,300,000 - Legal Fees and settlement to plaintiff

\$8,946,000 - Payments to current active customers. (Checks will automatically be mailed.

Current customers do not need to file a claim.)

\$3,654,000 - Payments to former customers that can be located. (Former customers will need to file a claim.)

Upon closure of the settlement claims period, 35% of any funds not paid out will be returned to the City up to \$4,410,000. The next \$1,000,000 in remaining funds (if applicable) will then be sent to the previous recipients of refunds on a pro rata basis. Any further remaining funds would be returned to the City.

PRIOR ACTION:

May 22, 2025 - City Council voted to accept the negotiated settlement in Frank v. the City of Pensacola.

FUNDING:

Budget:	\$15,900,000	Pensacola Energy Fund Balance
Actual:	<u>\$15,900,000</u>	Settlement Costs
	\$15,900,000	TOTAL

FINANCIAL IMPACT:

The effect of this action will be to bring forward remaining fund balance in the Pensacola Energy fund. It is anticipated that this cash will be replaced with the issuance of a bond of no more than \$40,000,000 currently targeted for October of 2025.

Pensacola Energy is currently performing a rate study to estimate what the rates should be to fund all operations. Once finalized, the proposed rates will be brought to City Council.

LEGAL REVIEW ONLY BY CITY ATTORNEY: Yes

STAFF CONTACT:

Tim Kinsella, City Administrator
Adam Cobb, City Attorney
Amy Lovoy - Finance Director
Darryl Singleton - Pensacola Energy Director

ATTACHMENTS:

1. Supplemental Budget Resolution No. 2025-34
2. Supplemental Budget Explanation No. 2025-34

PRESENTATION: No