

HOUSE OF REPRESENTATIVES LOCAL BILL STAFF ANALYSIS

BILL #: CS/HB 1069 Emerald Coast Utilities Authority, Escambia County

SPONSOR(S): Local & Federal Affairs Committee; Ingram

TIED BILLS: None. **IDEN./SIM. BILLS:** None.

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Local & Federal Affairs Committee	15 Y, 0 N, As CS	Dougherty	Rojas
2) Regulatory Affairs Committee	14 Y, 0 N	Whittier	Hamon

SUMMARY ANALYSIS

The Emerald Coast Utilities Authority (Authority) is an independent special district providing water, wastewater, and sewage services in Escambia County.

This bill reduces the frequency of the management efficiency audits of the Authority from every three years to every five years.

This bill is effective upon becoming law.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Emerald Coast Utilities Authority

The Escambia County Utilities Authority was created by special act in 1981 to operate utility, water, and sewer systems in Escambia County, Florida. Chapter 2001-324, L.O.F., codified the enabling legislation and ch. 2004-398, L.O.F., changed the name to Emerald Coast Utilities Authority (Authority). Today, the Authority is an independent special district providing water, wastewater, and sanitation services in Escambia County.

Management Efficiency Audits

When the Authority was created, the enabling legislation required a management efficiency audit every three years to be conducted by a private firm.¹ These audits were intended to guide the new entity and ensure proper, efficient, and economical operation and maintenance of the Authority's utility systems and facilities.

The management efficiency audits are operational, not financial, and focus on improving the economy and efficiency of the Authority's service and daily operations. These audits are separate from the annual financial audits statutorily required of special districts such as the Authority.

The Authority has completed all 10 management efficiency audits as required since its creation 32 years ago. The audits uncovered major issues during the Authority's infancy; however, the Authority believes more recent audits have been less beneficial as efficiency has improved over the last three decades. Furthermore, the Authority asserts that each management audit requires a substantial investment of principal and time. The last three management audits cost \$49,000, \$49,000, and \$45,000, respectively. The Authority claims the returns on these investments of capital and time were low.

Effect of Proposed Changes

Management Efficiency Audits

This bill reduces the management efficiency audits' required frequency from every three years to every five years. Proponents claim that the Authority successfully and efficiently operated for 32 years and so the triennial audits that were warranted previously are no longer needed. The Authority anticipates an annual savings of approximately \$6,355 by conducting management efficiency audits only every five years.²

The annual financial reporting requirements are not impacted by this bill.

B. SECTION DIRECTORY:

Section 1: Amends ch. 2001-324, L.O.F., as amended, reducing the frequency of the management efficiency audit.

Section 2: Provides an effective date of upon becoming law.

¹ Section 16 of ch. 2001-324, L.O.F.

² The last three audits, covering nine years total, cost an average of \$15,888 annually. The Authority claims that conducting the audits every five years would have extended those same expenses over 15 years instead of 9 years and cost approximately \$9,533 annually, an annual savings of approximately \$6,355 as compared to the triennial audits.

II. NOTICE/REFERENDUM AND OTHER REQUIREMENTS

A. NOTICE PUBLISHED? Yes No

IF YES, WHEN? January 21, 2013

WHERE? The *Pensacola News Journal*, a daily newspaper published in Escambia County, Florida.

B. REFERENDUM(S) REQUIRED? Yes No

IF YES, WHEN?

C. LOCAL BILL CERTIFICATION FILED? Yes, attached No

D. ECONOMIC IMPACT STATEMENT FILED? Yes, attached No

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On April 4, 2013, the Local & Federal Affairs Committee adopted an amendment removing a section of the bill relating to fuel purchases and passed the bill as amended.

This analysis has been updated to reflect the amendment adopted by the Local & Federal Affairs Committee.