



City of Pensacola

222 West Main Street
Pensacola, FL 32502

Memorandum

File #: 26-974

City Council

9/24/2026

LEGISLATIVE ACTION ITEM

SPONSOR: DC Reeves, Mayor

SUBJECT:

SIX-CENT LOCAL OPTION FUEL (GASOLINE) TAX - INTERLOCAL AGREEMENT TO SHARE PROCEEDS BETWEEN ESCAMBIA COUNTY AND THE CITY OF PENSACOLA

RECOMMENDATION:

That the City Council approve an Interlocal Agreement with the Escambia County Board of County Commissioners, establishing the City's share of the Six-Cent Local Option Fuel (Gasoline) Tax proceeds at 15.15% of the total proceeds collected.

HEARING REQUIRED: No Hearing Required

SUMMARY:

This action will advance the City of Pensacola Strategic Plan Goal #2: Safe Streets for All Mobilities.

On September 10, 2026, the Board of County Commissioners are expected to extend the Local Option Fuel (Gasoline) Tax for another ten years beginning January 1, 2027 through December 31, 2036.

Local governments are authorized to levy a tax of 1 to 6 cents on every net gallon of motor fuel sold in a county. As the result of statewide equalization, this tax is imposed on diesel fuel in each county at the maximum rate of 6 cents per gallon. The proceeds are used to fund specified transportation expenditures and are distributed by the Department of Revenue (DOR) according to the distribution factors determined at the local level by an interlocal agreement between Escambia County, the City of Pensacola and the Town of Century. If no interlocal agreement has been established, then a local government's distribution is based on the transportation expenditures of that local government for the immediately preceding five (5) fiscal years as a proportion of the sum total of such expenditures for the respective county and all municipalities within the county. These proportions are recalculated every 10 years based on the transportation expenditures of the immediately preceding five (5) years.

County of municipal government may use the tax proceeds for transportation expenditures as defined in s. 336.025(7), F. S. Transportation expenditures are designed to include those

expenditures by the local government from local or state-shared revenue sources, excluding expenditures of bond proceeds, for the following programs.

1. Public transportation operations and maintenance.
2. Roadway and right-of-way maintenance and equipment and structures used primarily for the storage and maintenance of such equipment.
3. Roadway and right-of-way drainage.
4. Street lighting installation, operation, maintenance and repair.
5. Traffic signs, traffic engineering, signalization, and pavement markings, installation, operation, maintenance and repair.
6. Bridge maintenance and operation.
7. Debt service and current expenditures for transportation capital projects in the foregoing program areas, including construction or reconstruction of roads and sidewalks.

PRIOR ACTION:

March 9, 2017 - After filing an appeal to the State of Florida, a Interlocal Agreement was executed between the City of Pensacola and Escambia County determining the distribution of the proceeds of the Six-Cent Local Option Fuel (Gasoline) Tax for the period 9/1/16 - 12/31/26. The proceeds were distributed as follows:

Escambia County	84.04%
City of Pensacola	15.15%
Town of Century	00.81%

June 2, 2006 - Escambia County notified the State of Florida, the City of Pensacola and the Town of Century that in lieu of using an Interlocal agreement, the distribution formula for dividing the proceeds of the tax will default to the last five (5) years of transportation expenditures. This formula applied to the extended tax for the period 9/1/06 – 8/31/16. The proceeds were as follows:

Escambia County	81.15%
City of Pensacola	18.22%
Town of Century	00.63%

May 7, 1996 - Interlocal Agreement executed between the City of Pensacola and Escambia County determining the distribution of the proceeds of the Six-Cent Local Option Fuel (Gasoline) Tax for the period 9/1/96 - 8/31/06. The distribution percentage of this Interlocal Agreement continued the same percentage as in the prior agreement. The proceeds were distributed as follows:

Escambia County	75.3%
City of Pensacola	24.0%
Town of Century	00.7%

July 31, 1985 - Interlocal Agreement executed between the City of Pensacola and Escambia

County determining the distribution of the proceeds of the Six-Cent Local Option Fuel (Gasoline) Tax for the period 9/1/86 - 8/31/96. The distribution percentage of this Interlocal Agreement was based upon an approximation of the eligible transportation expenditures of the County, the City and the Town of Century. The proceeds were distributed as follows:

Escambia County	75.3%
City of Pensacola	24.0%
Town of Century	00.7%

FUNDING:

Budget: \$1,370,000

Actual: \$1,370,000

FINANCIAL IMPACT:

These proceeds are incorporated in the preparation of the Fiscal Year 2027 Budget.

REVIEWED AS TO FORM BY CITY ATTORNEY'S OFFICE: Yes

8/10/2026

STAFF CONTACT:

D.C. Reeves, Mayor

David Stafford, City Administrator

Amy Lovoy, Finance Director

ATTACHMENTS:

1. Local Option Fuel Tax Final Interlocal with County - 08-10-2026

PRESENTATION: Yes

**INTERLOCAL AGREEMENT BETWEEN ESCAMBIA COUNTY, FLORIDA AND
THE CITY OF PENSACOLA, RELATING TO 6-CENT LOCAL OPTION FUEL
TAX PROCEEDS**

THIS AGREEMENT is made and entered into by and between Escambia County, a political subdivision of the State of Florida (hereinafter referred to as "County"), with administrative offices located at 221 Palafox Place, Pensacola, Florida 32502, and the City of Pensacola, Florida, (hereinafter referred to as "City") a municipal corporation organized under the laws of the State of Florida, with administrative offices located at 222 West Main Street, Pensacola, Florida 32502, (each, at times, being referred to as "Party" or collectively as "Parties").

WITNESSETH:

WHEREAS, the County and the City have legal authority to perform general governmental services within their respective jurisdictions; and

WHEREAS, the Parties are authorized by §163.01, Florida Statutes, to enter into interlocal agreements and thereby cooperatively utilize their governmental powers and available resources in the most efficient manner possible; and

WHEREAS, pursuant to the authority granted in §336.025, Florida Statutes, the County enacted Ordinance 2026-_____ to extend the six (6) cent local option fuel tax levied upon every gallon of motor fuel and diesel fuel sold in the County for a period of ten (10) years commencing on January 1, 2027, and expiring on December 31, 2036; and

WHEREAS, pursuant to §336.025(3)(a)(1), Florida Statutes, the proceeds of said tax may be distributed among the County and the eligible municipalities located therein based upon interlocal agreement; and

WHEREAS, the County has distributed to the City 15.15% of the total six (6) cent local option fuel tax proceeds calculated on an annual basis since the City and the County entered into a stipulated settlement agreement on April 6, 2017, which established this percentage of distribution; and

WHEREAS, the Parties desire to enter into this Interlocal Agreement setting forth the terms whereby the County may contribute to the City 15.15% of the total six (6) cent local option fuel tax proceeds calculated on an annual basis; and

WHEREAS, the Parties acknowledge the requirement to review the distribution of the six (6) cent local option fuel tax on a periodic basis pursuant to §336.025(1)(d), Florida Statutes,

WHEREAS, the Parties have concluded it is in the best interest of the citizens of Escambia County to enter into this agreement establishing the terms whereby the County may contribute to the City 15.15% of the total six (6) cent local option fuel tax proceeds calculated on an annual basis as provided herein.

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein and of the mutual benefits and for other good and valuable consideration, the County and the City agree as follows:

1. Recitals. The recitals contained in the preamble of this Agreement are declared to be true

and correct and are hereby incorporated into this Agreement.

2. Purpose. Pursuant to §163.01, Florida Statutes, this Interlocal Agreement establishes the terms whereby the County may contribute to the City a total of 15.15% of the of six (6) cent local option fuel tax proceeds on an annual basis.

3. Funds. During the term of this Agreement, the County agrees to contribute to the City of Pensacola a total of 15.15% of the six (6) cent local option fuel tax proceeds calculated on an annual basis.

4. Term. The term of this Agreement shall commence on January 1, 2027, and shall renew annually on January 1st, for a period of ten (10) years ending on December 31, 2036, unless earlier terminated as provided herein.

5. Termination. This Agreement may be terminated by either party upon providing written notice of termination at least thirty (30) days prior to the annual renewal date of January 1st.

6. Periodic Review. Pursuant to §336.025(1)(d), Florida Statutes, the Parties agree each Party will review this agreement on a periodic basis with the first review occurring five (5) years from the date the last party executed this contract.

7. Effective Date. This Agreement shall become effective, after being properly executed by the Parties, when filed in the Office of the Clerk of the Circuit Court of Escambia County. The County shall be responsible for filing the Agreement with the Clerk.

8. Liability. Subject to any claim of sovereign immunity provided by §768.28, Florida Statutes, each Party to this agreement shall be fully liable for the acts and omissions of its respective employees and agents acting within the course of normal duties in the performance of this Agreement.

9. Records. The Parties acknowledge that this Agreement and any related financial records, audits, reports, plans, correspondence, and other documents may be subject to disclosure to members of the public pursuant to Chapter 119, Florida Statutes, as amended. In the event either Party fails to abide by the provisions of Chapter 119, Florida Statutes, the other Party may, without prejudice to any right or remedy and after giving that Party, seven (7) days' written notice, during which period the Party fails to allow access to such documents, immediately terminate this Agreement.

10. Rights of Bondholders. Under no circumstances shall this interlocal agreement materially or adversely affect the rights of holders of outstanding bonds of the County, City, or the Town of Century which are backed by fuel taxes authorized by section §336.025, Florida Statutes.

11. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Florida, and the Parties stipulate that venue for any matter which is the subject of this Agreement shall be in the County of Escambia.

12. Prior Agreements Superseded. This document incorporates and includes all prior negotiations, correspondence, conversations, agreements, or understandings applicable to the matters contained herein, and the Parties agree that there are no commitments, agreements, or understandings concerning the subject matter of this Agreement, that are not contained in this document. Accordingly, no deviations from the terms and conditions hereof shall be predicated

upon any prior representations or agreements, whether oral or written. It is further agreed that no modification, amendment, or alteration in the terms and conditions contained herein shall be effective unless contained in a written document executed with the same formality and of equal dignity herewith.

13. Severability. The invalidity or non-enforceability of any portion or provision of this Agreement shall not affect the validity or enforceability of any other portion or provision. Any invalid or unenforceable portion shall be deemed severed from this Agreement and the balance shall be construed and enforced as if this Agreement did not contain such invalid or unenforceable portion or provision.

14. Further Documents. The Parties shall execute and deliver all documents and perform further actions that may reasonably be necessary to effectuate the provisions of this Agreement.

15. No Waiver. The failure of either Party to insist upon the strict performance of the terms and conditions hereof shall not constitute or be construed as a waiver or relinquishment of any other provision or of any right to thereafter enforce the same in accordance with this Agreement.

16. Notices: All notices required or made pursuant to this Agreement by either Party shall be in writing and delivered by hand or by United States Postal Service, first class mail, postage prepaid, return receipt requested, addressed to the following:

To the County:

County Administrator
Escambia County
221 South Palafox Place
Pensacola, Florida 32502

To the City:

Mayor
City of Pensacola
222 West Main Street
Pensacola, Florida 32502

Either Party may change its above noted address by giving written notice to the other Party in accordance with the requirements of this section.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Parties hereto have made and executed this Agreement on the respective dates, under each signature:

COUNTY:

ESCAMBIA COUNTY, FLORIDA, a political subdivision of the State of Florida acting by and through its authorized Board of County Commissioners.

By: _____
Ashee M. Hofberger, Chair

Date: _____

ATTEST: Pam Childers
Clerk of the Circuit Court

By: _____
Deputy Clerk

CITY:

The City of Pensacola, a Florida Municipal Corporation

By: _____
D.C. Reeves, III, Mayor

Date: _____

ATTEST: Ericka Burnett
Clerk of the City of Pensacola

By: _____
City Clerk

Legal in form and valid as drawn:

By: _____
City Attorney