



Council Auditor's Office

Follow-Up on Stormwater Fee Audit

May 14, 2026

Report #823B

OFFICE OF THE COUNCIL AUDITOR
 Suite 200, St. James Building



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Honorable Members of the City Council
 City of Jacksonville

The purpose of this report is to document our second follow-up review of our past report #823, Stormwater Fee Audit, and to determine whether corrective action has been taken in response to our findings and recommendations. We are providing this special written report in accordance with Ordinance Code Section 102.102. This report does not represent an audit or attestation conducted pursuant to Government Auditing Standards. The initial audit report and follow-up reports can be found on our website.

We sent a follow-up letter to the City’s Chief Administrative Officer on September 16, 2024, inquiring as to the status of the original audit report recommendations after the first follow-up report. We reviewed the recommendations from our audit report and previous follow-up reports, the auditees’ responses to the recommendations, and the auditees’ responses to our follow-up letter. We then performed limited testing to verify the responses.

Based on the responses received and our follow-up testing, a table detailing the original number of issues noted and the number of issues reasonably resolved as of this follow-up is included below.

Types of Issues	Original Number of Issues	Issues Cleared Prior to This Follow-up	Remaining Issues Prior to This Follow-up	Issues Cleared During This Follow-up	Remaining Issues
Internal Control Weaknesses	6	5	1	0	1
Findings	13	7	6	3	3
Opportunities for Improvement	4	0	4	1	3
Total	23	12	11	4	7

The following is a brief summary of the remaining issues with responses from Nina Sickler, PE, Director of Public Works that we received on May 11, 2026.

Finding 1 *Inaccurate Fees for Non-Residential Parcels*

In the original audit we found 45 instances where the fee charged was too high or too low based on infrequent reviews of parcels and inconsistent measurement methods. We recommended that the Public Works Department consider engaging a third party to periodically recalculate the fee to account for change to a parcel over time.

During the first follow-up review we found that the Public Works Department was using the most recent data from the Property Appraisers database to verify that the fee was based on the current state of each parcel. However, the Property Appraiser's data does not consider all impervious areas, namely compacted dirt. Additionally, there was no consistent measurement standard, and a third-party vendor to measure impervious areas had not been selected.

During the second follow-up review, the Public Works Department responded that a third-party vendor had been selected to measure impervious areas using aerial photos. Approximately half of the non-residential parcels need to be manually reviewed and the information from the third-party vendor is utilized to assist with this process. The Public Works Department is attempting to do this review on a five-year cycle. Based on timing with our follow-up this is not yet complete.

We continue to recommend that the Public Works Department enhance efforts to ensure that the stormwater fees for non-residential parcels are based on consistent measurements that accurately reflect the current state of the parcel. This would ensure that each non-residential parcel is being manually reviewed at a minimum on a set cycle of no more than five years and if possible less. Additionally, there should be some sort of analytical testing that compares the impervious area from the vendor to the amount in the billing system to identify and research large differences.

Public Work's Response to the Follow-Up of Finding 1

Agree

Disagree

Partially Agree

The Department has made significant progress in updating historical data referenced in the initial audit to establish a more accurate baseline for ongoing process improvements. Moving forward, we will continue to enhance efforts to ensure that the stormwater fees for non-residential parcels are based on consistent measurements that accurately reflect the current state of the parcel. We will also ensure that each non-residential parcel that cannot be measured via automated formula in CUFS is reviewed at a cycle of at least every five years, if not sooner. We will also establish analytical testing to compare vendor impervious area to the CUFS calculated amount in order to identify and research large differences.

Finding 6 *Undetected Errors During Review Process*

In the original audit we found that, in order to prepare the annual roll for stormwater fees, Public Works staff compared data in CUFS from the prior year to current Property Appraiser data to identify parcels that needed to be updated (e.g., a change in property use code which would indicate that a residential parcel had become non-residential which would result in a fee change). As updates were identified, staff would type the changes into a series of spreadsheets which resulted in multiple errors. We recommended in the original audit that the Public Works Department consider automating the annual

review process as much as possible, as manual processes are inherently subject to error. We also recommended that the Public Works Department implement analytical procedures and a secondary review of any manual updates in order to detect errors. This should include comparing updates to the actual fees in order to verify whether or not the updates were properly applied.

During the first follow-up, we found that CUFS was updated to automate the process of comparing the data between CUFS from the prior year to the current year Property Appraiser data. However, in instances where impervious area is not accurately reflected in the Property Appraiser's database, manual updates were still required, and there was no secondary review or analytical procedure performed on the manual updates. Additionally, the manual review and update process was not documented in a written policy or procedure. We recommended that the Public Works Department implement analytical procedures and a secondary review of any manual updates in order to detect errors. Public Works should also create written policies and procedures for their manual review and update processes as well as include any subsequent secondary review(s) or analytical procedure(s) implemented.

During the second follow-up we found that the Public Works Department had implemented a secondary review process but that they had not finalized any written policies or procedures for the review of manual updates.

We recommend that the Public Works Department continue their efforts to finalize their written policies and procedures.

Public Work's Response to the Follow-Up of Finding 6

Agree Disagree Partially Agree

As noted, Public Works has implemented a secondary review process that is now incorporated into the department's workflow. Because the most recent billing cycle included substantial process changes associated with implementation of the solid waste exemption, the Department continues to evaluate and refine procedures to ensure the process remains effective and consistent.

Public Works will continue developing and finalizing comprehensive written stormwater fee policies and procedures following completion of the next full "standard" billing cycle, which is expected to more accurately reflect the stabilized process moving forward.

Finding 10 *Charitable and Faith-based Exemptions Granted Without Request*

In the original audit, we noted that the Adjustments and Credits Manual stated that in order to qualify for the charitable and faith-based organization exemption program, property owners must certify that the property is owned and operated by a person, persons or organization that is classified as tax exempt under the Internal Revenue Code (IRC) 501(c)(3), and the manual included an application form established for this purpose (i.e., includes an attestation). However, the Public Works Department granted exemptions to charitable and faith-based organizations without having received an application or request from the property owner on file. Additionally, the Adjustments and Credits Manual stated that organizations listed in the IRS Publication 78, Cumulative List of Organizations described in Section 170(c) of the Internal Revenue Code of 1986, were eligible to receive an exemption. It was our understanding that the City granted a blanket exemption on the very first assessment in 2008 to all

organizations included in that publication without enforcing the application requirements to avoid having to process so many applications all at once. We recommended in the original audit that the Public Works Department enforce the requirement that property owners submit an application and include the certification that each parcel is owned and operated by a person, persons or organization that is classified as tax exempt under the IRC Section 501(c)(3) or seek a change to the Municipal Code to match the current practice.

During the first follow-up testing, we confirmed that the Public Works Department appeared to only grant charitable and faith-based exemptions when an application was submitted. However, we reviewed the application for 12 parcels that were granted an exemption and found four of the parcels were granted an exemption despite the application being incomplete. The applications require the applicant to attest using a check mark and a signature, but the applications only included either a checkmark or a signature. We recommended that the Public Works Department enforce the requirement that property owners submit complete applications before approving an exemption of the fee.

During the second follow-up testing, we found that four out of five of the applications reviewed had incomplete applications (either not signed or all boxes not checked) and all five had required forms that were not saved/retained(missing Property Appraiser printouts, missing Sunbiz filings showing Not-for-Profit Status with the State, or program affidavits).

We recommend that the Public Works Department continue to enforce the requirement that property owners submit complete applications and strive to keep all required supporting documents for applications on file or at least note which documentation they verified independently (e.g., checked Property Appraiser information directly).

Public Work's Response to the Follow-Up of Finding 10

Agree Disagree Partially Agree

We will continue to enforce and approve only completed applications as well as required document submissions. When required documentation is not submitted at the time of application, staff will make a note in CUFS on which information was verified independently.

Internal Control Weakness 3 *Lacking Comprehensive SOP for Annual Billing Process*

In the original audit, we found that the standard operating procedures related to the overall billing process were still in the process of being written. We recommended that the Public Works Department continue its efforts to develop and maintain comprehensive standard written operating procedures related to the stormwater fee.

During our first follow-up, we reviewed the standard operating procedures provided by the Public Works Department and found that several processes were still not written. Specifically:

1. The fee schedule provides ranges for categorizing single family residences (small, average, and large) by square foot. However, the Public Works Department uses a different set of ranges to categorize the buildings. The ranges in the fee schedule are higher because there are projections

that represent an estimate for the total impervious area associated with the single-family residence building (e.g., accounts for outside areas such as driveways).

2. The City User Fees system needs to be updated for each new annual roll, and this includes a series of analytical procedures. Although the City User Fees system manual provides instructions on how to make updates in the system, there is no written procedure to guide staff through processes that may be performed outside of the system, specifically the manual fee override process.
3. Compacted dirt or gravel is included in the measurement of impervious areas for nonresidential parcels; however, it is sometimes difficult to confirm whether or not an area qualifies when using the primary method for measuring the parcels (i.e., City’s aerial imaging website). There needs to be a detailed written description for how to distinguish between the compacted dirt or gravel that should be included and other areas that should be excluded.
4. Stacks of inventory, equipment or supplies that appear to be on the ground are sometimes included in the measurement of impervious areas for non-residential parcels, but not always. As with compacted dirt, there needs to be written criteria for when to include these areas and when to exclude them.
5. How to handle methodology changes, including who should be involved in the decision, what kind of updates need to be made based on the decision, and how the updates should be documented.
6. How to properly maintain applications and other records in accordance with the City’s Records Retention Schedule.

We recommended that the Public Works Department develop and maintain comprehensive standard written operating procedures related to the stormwater fee.

During the second follow-up, Public Works provided an electronic copy of their “CUFS Annual Update Process Guide” and a draft “Parcel Review Procedure”. A limited review of the guide showed many of the items above have been addressed, but they have not yet been approved. In their response to our request for an update on the implementation of changes since the previous follow-up, Public Works acknowledged that the formal SOPs have not been approved.

We recommend that the Public Works Department strive to complete their efforts to approve and implement comprehensive standard written operating procedures related to the stormwater fee.

Public Work’s Response to the Follow-Up of ICW 3

Agree Disagree Partially Agree

As noted above, because the most recent billing cycle included substantial process changes associated with implementation of the solid waste exemption, the Department continues to evaluate and refine procedures to ensure the process remains effective and consistent. Public Works will continue finalizing comprehensive written stormwater fee policies and procedures following completion of the next full “standard” billing cycle, which is expected to more accurately reflect the stabilized process moving forward.

Opportunity For Improvement 1 *Pond Credits based on Construction Permits*

In the original audit, we learned that the Public Works Department’s process for reviewing pond credit applications was to research the permit number or project name on the St. Johns River Water Management District website or the Florida Department of Environmental Protection website to verify

that a permit had been issued and then compare the real estate numbers to the design plan drawings to verify that the parcel receiving the credit was within the service area. We noted that pond credits were approved based on construction permits instead of operating permits. We recommended in the original audit that the Public Works Department require applicants to specify the full permit number, including sequence, for the operating permit on their pond credit applications. This would include denying any applications that were submitted under a construction permit until the applicant could provide the appropriate reference for the operating permit.

During our first follow-up testing, we found four out of nine approved applications tested were approved based on what appeared to be a construction permit. We recommended that the Public Works Department consider denying applications that are submitted under a construction permit until the applicant can provide the appropriate reference for the operating permit.

During the second follow-up testing we found that two of five or 40% of the pond credit applications tested were approved based on construction permits.

We recommend that the Public Works Department consider denying applications that are submitted under a construction permit until the applicant can provide the appropriate reference for the operating permit.

Public Works Response to the Follow-Up of Opportunity for Improvement 1

Agree Disagree Partially Agree

Applications submitted with a construction permit only, without reference to an O&M permit, will be recommended for denial as stated in our SOP. We will review this requirement, and the full SOP, with the appropriate Public Works staff.

Opportunity For Improvement 3 *Variable Indicator of Impervious Area*

In the original audit, we learned that the Public Works Department was using tire tracks to determine the location of compacted dirt when measuring impervious areas using JaxGIS. We found that the JaxGIS pictures looked different across the years and showed the parcel in various conditions which could be related to weather conditions that existed when the different pictures were taken. We recommended in the original audit that the Public Works Department update the specifications for how to measure compacted dirt using JaxGIS to include written detailed visual clues that are fairly consistent over time and weather conditions. If this was not possible, we also recommended that the City find another way to account for compacted dirt in a reliable and consistent manner (e.g., utilize a consultant or perform site visits on a periodic basis).

During our first follow-up testing, we requested the determinations made by Public Works in their efforts to establish a methodology to account for compacted dirt and learned that there is still not an established methodology. The Public Works Department explained that the methodology was pending the selection of an outside vendor who will measure the City’s entire service area. We continued to recommend that the Public Works Department update the specifications for how to measure compacted dirt or hire a consultant to perform site visits on a periodic basis.

During the second follow-up, the Public Works Department stated that a third-party vendor had been selected and used starting with the 2023 annual billing. Draft policies and procedures have also been created for parcel review, including compacted dirt, but are not yet approved.

We recommend that the Public Works Department strive to complete their efforts to approve and implement comprehensive standard written operating procedures for how to measure compacted dirt.

Public Work's Response to the Follow-Up of OFI 3

Agree

Disagree

Partially Agree

We will continue to finalize and implement all stormwater fee written policies and procedures as recommended above following completion of the next full "standard" billing cycle, which is expected to more accurately reflect the stabilized process moving forward.

Opportunity for Improvement 4 *Establish Consistent Measuring Standards*

In the original audit, we noted that the Public Works Department used several resources to determine the measurement of impervious area. Public Works indicated that there was not a complete list of resources used for measuring impervious area, and they would use any resource available to them to make determinations. This appeared to be due to the fact that there was no perfect data source available to the City. However, by using resources that were not fully understood or vetted as appropriate for the Public Works Department's intended purpose (measurement of impervious area), inconsistencies or errors could arise. We recommended in the original audit that the Public Works Department establish a process for reviewing any resources that are proposed to be used for measuring impervious area for adequacy and, if approved, document specifications for how to use those resources in a way that is consistent and will result in consistent and fair conclusions.

During our first follow up, we found that the Public Works Department still uses several methods to determine the measurement for impervious area and these methods are still not documented. The Public Works Department explained that the methodology was pending the selection of an outside vendor who will measure the City's entire service area. We continued to recommend that the Public Works Department establish a process for measuring impervious area and once a methodology is determined, Public Works should ensure the policy is documented in a way that will result in consistent and fair conclusions.

During the second follow-up, the Public Works Department stated that a third-party vendor had been selected and used starting with the 2023 annual billing. Draft policies and procedures have also been created for measuring impervious area but are not yet approved.

We recommend that the Public Works Department strive to complete their efforts to approve and implement comprehensive standard written operating procedures for measuring impervious area.

Public Work's Response to the Follow-Up of OFI 4

Agree

Disagree

Partially Agree

We will continue to finalize and implement all stormwater fee written policies and procedures as recommended above following completion of the next full "standard" billing cycle, which is expected to more accurately reflect the stabilized process moving forward.

We would like to thank the Public Works Department for their cooperation in conducting this follow-up review.

Respectfully submitted,

Kim Taylor

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Council Auditor