



Suspension of Underground Surtax and Customer Rebate

April 6, 2020



Impacts of COVID-19

> Major economic disruption

- Businesses forced to close for an undetermined period of time
- Hotel occupancy down to less than 15% from 80%
- Rapid increase in unemployment

> City's options are limited

- Reduction in General Fund revenues that support provision of City services; increased debt service, RBOC and PCOC revenue impacts
- Potential gift of public funds issues related to direct assistance
- Typically support is provided by state and federal resources

> Actions to date

- Eviction protection extended to businesses
- Resource information made available to local businesses
- Support for local, independent restaurants through website



Staff Proposal

- > Utilize funding provided by electric rate-payers in the Underground Surtax Fund to provide a local economic stimulus
 - Surtax Fund provides for the construction and extension of underground utility lines; street light improvements in connection with such conversions; and replacement and repair of underground utility lines (PMC Chapter 4.24)
 - Surtax is roughly 4% of customer electric charges
 - Current Fund Balance well in excess of project needs
- > Suspend collection of Underground Surtax for six months
- > Provide 2-year rebate to all electric customers
 - Approximately 67,500 customers

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Underground Surtax Fund

6/30/2019 - Cash Balance	52,000,572
FY20 Appropriations	(6,311,665)
FY20 Revenue	4,249,728
Net Available	49,938,635
<i>2 Year Rebate</i>	<i>(11,400,000)</i>
Balance 6/30/20	38,538,635
FY 21 Proposed CIP	(5,850,000)
FY 21 Revenue (half year)	2,000,000
6/30/21 Balance	34,688,635
FY 22-25 Revenue	20,000,000
FY 22-25 anticipated CIP	(47,353,241)
6/30/25 Estimated Balance	7,335,394

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Estimated Benefit to Customers by Class

	FY 2019 Monthly Avg Use (kWh)	Est. Monthly Avg Electric Chgs	Est. Monthly Avg UUG Charge	Est. Annual Avg UUG	Proposed 2 year rebate
Residential					
	350	\$60	\$2.60	\$31	\$62
	500	\$99	\$4.30	\$52	\$103
	750	\$164	\$7.12	\$85	\$171
	1,000	\$219	\$9.52	\$114	\$228
Local Restaurants - Small and Medium Commercial					
Small	12,572	\$2,244	\$89.42	\$1,073	\$2,146
Medium	23,286	\$3,445	\$133.87	\$1,606	\$3,213
Large Commercial					
Medical Facility (sm/md)	114,571	\$21,137	\$583.86	\$7,006	\$14,013
Professional Services Firm	469,500	\$65,260	\$1,172.55	\$14,071	\$28,141
Hotel Property	497,250	\$68,710	\$1,214.29	\$14,571	\$29,143



Next Steps

- > Return to Council for formal recommendation and approval
- > Issuance of checks could begin as early as two weeks to 67,500 electric customers