

# STAFF REPORT UTILITY MEETING

**AGENDA DATE:** September 24, 2024

**DEPARTMENT:** Electric Utility

**TITLE:**

Resolution No. 42-2024 – Electric Utility Storm Fund

**SUMMARY:**

Creation of an Electric Utility Storm Fund

**BACKGROUND AND JUSTIFICATION:**

As an outcome of City's annual budget process and review of fund reserves it has been determined that City's Electric Utility Enterprise Fund should be augmented with sufficient funds to withstand the impacts of unforeseen large expenses associated with repairs required as an outcome of storm events. Accordingly, City Staff, Financial Advisors, and Commission have expressed a desire to see the City implement an Electric Utility Storm Fund ("Storm Fund") for the purpose of reserving for and paying for extraordinary costs associated with repairs to the City's electric utility infrastructure due to storm events.

City Commission has previously directed that \$500,000 of Electric Utility Power Cost Adjustment ("PCA") revenues be deposited in a Storm Fund to begin the process of building fund balance. In order to continue to build Storm Fund balance City Commission reached a consensus that an Electric Utility Storm Fund Surcharge ("Storm Fund Surcharge") be billed to City's Electric Utility customers in the amount of \$5.00 per month per electric utility account until such time as the Storm Fund Balance reaches a satisfactory amount. Based on prior storm events such as Irma and Dorian Staff has suggested achieving a Storm Fund balance of \$4 million, after which billing for the Storm Fund Surcharge shall be ceased. The Storm Fund Surcharge would then remain at zero until such time that the City Commission determines that the Storm Fund needs to be increased.

It is anticipated that the desired level of Storm Fund can be achieved over an estimated period of twenty-four (24) months based on the current numbers of Electric Utility Customers, anticipated customer growth, and interest on Storm Fund balance.

**MOTION:**

Move to approve/disapprove Resolution No. 42-2024 – Electric Utility Storm Fund to be implemented effective December 1, 2024, with an amount of \$5.00 per month added to all electric utility bills regardless of monthly usage.

**ATTACHMENT(S):**

Fiscal Impact Analysis-see Exhibit A  
Resolution 42-2024  
Exhibit A (Transfer Requests)