

# STAFF REPORT REGULAR MEETING

**AGENDA DATE:** March 18, 2025

**DEPARTMENT:** Electric Utility

**TITLE:**

Palm Beach State College Contract for Electric Service

**SUMMARY:**

Reconsideration of electric utility rates with Palm Beach State College.

**BACKGROUND AND JUSTIFICATION:**

City and Palm Beach Community College (now Palm Beach State College "PBSC") are parties to a contract for electric service ("Contract") dated October 10, 1990 that has provided PBSC with discounted electric service. The contract has been automatically extended as allowed under the contract but is cancellable by either party upon written notice of six (6) months prior expiration, which is next scheduled to occur on October 10, 2025.

PBSC currently receives discounted electric service from City's electric utility on two separate accounts at rates below the rate it would otherwise be charged. Staff estimates the annual value of the discount to be \$258,399 for the combined accounts as calculated using actual bills for the period of January 2024 through December 2024.

The Contract calls for a calculated rate to be applied that is no more than 14% above the Base Rate of "the other utility company furnishing electric power in the same area", and which has been mutually understood to be Florida Power & Light.

Column "h" of the Cost of Service Study performed by City's consultant (Leidos) indicates that the total City revenue from PBSC for calendar 2024 would have been \$1,605,773 if calculated using the same rates as applied to City's Commercial-Demand Service customers. Under the terms of the Contract PBSC was instead billed \$1,353,139 as shown in Column "g". The difference between these two amounts is the value of the discount afforded PBSC.

In view of the fact that a) the expiration date of the Contract Term is approaching, b) the underlying business rationale expressed in the contract has long since run its course, and c) the City's electric utility's recent significant investments in System Hardening and Reliability Improvement Projects ("SHRIP") which have significantly benefited PBSC, Staff is suggesting that the Contract with PBSC be reconsidered.

**MOTION:**

Move to approve/disapprove

**ATTACHMENT(S):**

Fiscal Impact Analysis

Contract for Electric Service Between Palm Beach Community College and City of Lake Worth

Electric Cost of Service Study – Monthly Billing Analysis

**FISCAL IMPACT ANALYSIS**

Five Year Summary of Fiscal Impact:

<b>Fiscal Years</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
<b>Inflows/Revenues</b>					
Appropriated (Budgeted)	\$0.	0	0	0	0
Program Income	0	\$252,634	\$252,634	\$252,634	\$252,634
Grants	0	0	0	0	0
In Kind	0	0	0	0	0
<b>Outflows/Expenditures</b>					
Appropriated (Budgeted)	0	0	0	0	0
Operating	0	0	0	0	0
Capital	0	0	0	0	0
<b>Net Fiscal Impact</b> <i>(If not budgeted)</i>	0	\$252,634	\$252,634	\$252,634	\$252,634
<b>No. of Addn'l Full-Time</b> <b>Employee Positions</b>	0	0	0	0	0

<b>Contract Award - New Appropriation</b>	
	Revenue
Department	Electric
Division	Electric
GL Description	Electric Commercial Sales/ Electric Sales
GL Account Number	401-0000-343.11-20
Project Number	N/A
Requested Funds	\$252,634
Remaining Balance	N/A
Source of Revenue (i.e. Paygo. Current Revenue, Bond Money, Grants, etc.)	Commercial Sale Revenues