



Tahoe City Public Utility District Temporary Commercial Sewer Rate Relief Program In Response to the COVID-19 Pandemic Emergency

Purpose – Provide sewer rate relief to commercial sewer customers whose businesses are within the Tahoe City Public Utility District’s service area and have been negatively affected by the economic impacts of the COVID-19 Pandemic Emergency.

Scope of Work – The following provides a recap of the tasks to put the Temporary Commercial Sewer Rate Relief Program (Program) in place by the June 1, 2020 billing cycle.

- Determine criteria for Program Eligibility
 - Review commercial sewer rate code structure
 - Create public entity rate structure to be used for exclusion from Program
- Determine a uniform rate reduction percentage to be applied
- Determine funding mechanism for the Program
- Program Implementation
- Develop Community Outreach strategy

Criteria for Program Eligibility - Upon review of both Placer County and El Dorado County orders in response to COVID-19, Placer County’s order is the more comprehensive in identifying and clarifying essential businesses. Therefore criteria for commercial sewer rate relief will be based upon Placer County’s essential business guidance & procedures. Government entities, including local agencies, are not eligible for the Program.

In light of the Placer County order, the District recognizes first that virtually all commercial businesses fall within the spectrum of experiencing moderate to severe financial impacts due to COVID-19 and second, the District is not completely aware of the impacts to each business sector or individual businesses. Therefore, a universal reduction percentage will be applied to all sewer rate codes.

- Rational for selecting sewer rate codes versus individual businesses to effect commercial sewer rate relief - The District performs monthly and quarterly commercial sewer service charge billing based on a set of 24 rate code categories. While some rate codes specifically target a type of business, such as a motel or theater, over 60% percent of the commercial sewer revenue is derived from two rather generic codes: fixture counts and square footage. In addition, sewer billing is typically sent to the property owner, which may not be the business owner. In a multi-tenant commercial building the majority of the rate codes billed to the property owner do not distinguish the specific businesses within that building and are aggregated together. Therefore, identifying specific businesses through the rate code process requires a review of 150-200 commercial customer files to isolate specific businesses. Based on these challenges, using rate codes versus specific businesses to apply a form of rate relief is equitable and administratively efficient.

Rate Reduction Applied Uniformly – Apply a fifty percentage (50%) rate reduction to all commercial sewer customer accounts beginning with the June 1, 2020 billing cycle through the

August 1, 2020 billing cycle, effectively 3 months of rate reduction to all monthly and quarterly commercial sewer customers. This reduction in rate revenue to the District can be accommodated without putting at risk sewer or district-wide operations or capital plans. Rate relief to commercial sewer customers is estimated at \$114,200 over a three-month period.

Funding the Program – Funding the Program – Property tax, not already designated by the Board for other purposes, is to be used to fund the Commercial Sewer Rate Relief Program (Program). It should be noted that the use of existing and available sewer rate revenues or reserves was considered as a funding source for the Program. However, in order to maintain consistency with the sewer rate design developed in the 2019 Water & Sewer Comprehensive Rate Study (prepared by HDR), and to ensure legal compliance with Proposition 218, it was determined that property tax revenue would need to be used to fund the Program. Sewer reserves may be considered as a potential funding source if the Program is to be extended.

Program Implementation – Outlined below are the steps and timeframe to implement the Program:

- Prepare memo for May Board Committee Meetings for discussion and feedback.
- Implement changes to rate codes / fee codes for June 1 monthly billing – last week in May.
- Implement changes to rate codes / fee codes for July 1 quarterly billing – update on same time frame as monthly.
 - Set up separate rate codes for public agencies and update all public agencies.
 - Set end date for commercial sewer rate relief program to conclude and calendar to reinstate rate codes or suspend with fee codes.

Public Outreach – Staff will implement a public outreach plan to notify both business owners and commercial property owners of the Program. The District recognizes that typically the bills are sent to the property owner, unless the property owner specifically requested the District to bill the business owner. For the Program to be effective, property owners must pass on the rate relief to their tenants/business owners. The District cannot guarantee that relief will be passed on to the tenants/business owners. Public outreach will include, but not be limited to:

- District website
- Outreach letter to commercial sewer customers of record and business owners of record
- E-mail blasts
- Partnership with Tahoe City Downtown Association
- Press releases
- Social media where appropriate
- Bill notices