

COMMUNITY BENEFITS INCENTIVE DISCOUNT (CBID)

CITY COUNCIL MEETING
OCTOBER 1, 2025

2 COMMUNITY BENEFITS INCENTIVE DISCOUNT

- Adopted in 1996
 - To encourage development and continued operation of organizations providing wide spectrum of direct benefits to the community
 - Never anticipated to be fiscally neutral or positive
 - Approximately 14 entities currently receiving discount
 - 5 ineligible under current criteria
 - Cost = less than \$30,000 annually



Provides 30 percent discount on monthly electric charges for IRS 501(c)(3) non-profit entities receiving CDBG funds in past 2 years



3 BACKGROUND

- Staff review of discount and eligibility requirements in 2019
 - Legal opinion that any changes could trigger Proposition 26
 - Staff directed to notify and remove ineligible customers
 - Activities put on hold due to COVID
 - Recent legal opinion that discount is considered a subsidy even though approved prior to Proposition 26

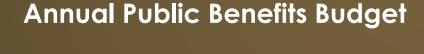


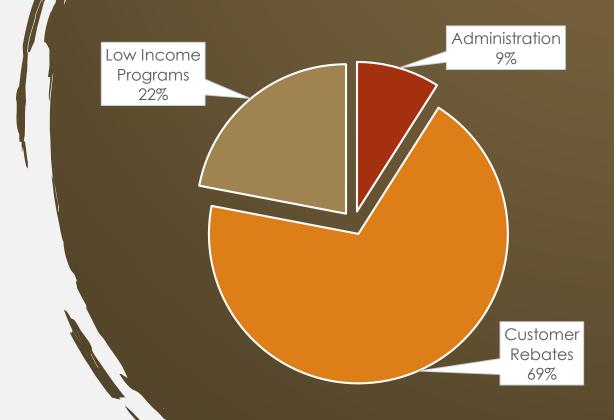
Proposition 26 prevents provision of specific benefit, privilege, government service or product to a customer whereby the cost is subsidized by another



PUBLIC BENEFITS FUNDING

- Requires utilities to collect and set aside portion of retail energy sales for:
 - Energy Efficiency
 - Renewable Energy
 - Research & Development
 - **►** Low Income Programs
- LEU collects approximately \$2M each year/in Public Benefits funding
 - Approximately 20 percent current used for SHARE Discount Program and CARE payments







5 OPTIONS TO CONSIDER

- STATUS QUO
 - Not an option MUST change funding source
- OPTION 1 CHANGE FUNDING SOURCE TO PUBLIC BENEFITS
 - Leave eligibility criteria as is
 - Possibly expand CDBG recipient status from "within past 2 years" to longer period
 - Applicants would need to demonstrate/self-certify non-profit serves low-income/disadvantaged communities
- OPTION 2 CHANGE FUNDING SOURCE AND ELIGIBILITY CRITERIA
 - Would caution against opening to all non-profits
 - CDBG recipient criteria ensures discount is being provided to community/service type organizations
- OPTION 3 ELIMINATE DISCOUNT



NEXT STEPS

- All options would require change to Lodi Municipal Code, Sections 13.20.240 and 13.20.250
- Changes and implementation could be completed by end of calendar year based on time needed to:
 - Revise ordinance
 - Communicate with existing discount recipients
 - Cønduct public hearing







QUESTIONS DISCUSSION.

Lodi Electric Utility

www.lodielectric.com

