City of Alameda – Proposed Utilities Modernization Act (UMA)
FAQ

What is the Utilities Modernization Act (UMA)?
The City is considering placing the Utilities Modernization Act (UMA) on the November 2016 ballot. This measure will allow Alameda to maintain essential city services such as police, fire and emergency response, street and sidewalk repairs, park maintenance, and library services by modernizing our existing Utilities Users Tax (UUT) and confirming Alameda Municipal Power's (AMP) historical support of city services.

What is the Utility Users Tax?
The UUT is an existing tax on certain utility bills. Since 1970, Alameda residents have paid a UUT on their electricity, gas, cable TV, and telecommunications bills. The UUT was established by an ordinance of the City Council and affirmed by voters in 1998.

What does the UUT fund?
The City of Alameda's UUT revenues fund high quality services including rapid 9-1-1 emergency response, police patrol and investigations, fire protection, street and sidewalk maintenance, parks and recreation, libraries, and other programs and services—all of which maintain Alameda's quality of life.

What is the nature of the update?
Alameda's existing UUT ordinance was written long before anyone could have envisioned how technology would change. This update modernizes the UUT ordinance by simply clarifying what services are covered and equally applying the tax across all providers.

What will be the impact if this measure is not approved?
The revenues generated by the UUT are declining each year as technology changes and service providers apply it unequally due to ambiguous language in the existing UUT ordinance. This decline reduces Alameda's ability to fund essential city services such as public safety, street and sidewalk repair, and parks. If the UUT is not modernized, this decline will continue and our core city services will suffer. In addition, if the AMP transfer is not confirmed, the City could lose up to $3.7 million in funding each year, which is approximately 5% of total revenues.

Will this change or create a new Utility Users Tax?
Absolutely not. The UUT will remain at 7.5% as approved by voters in 1998.

What about the AMP transfer?
In addition to updating the UUT, the UMA would update the language in the City's Charter that addresses a practice started in 1914 and officially adopted in 1937. This authorizes Alameda Municipal Power to support the City in providing essential city services. Currently, AMP annually transfers $2.8 million directly to the City (as most Utility Companies do for the cities in which they operate) and funds approximately $900,000 for the electricity and maintenance of our street lights, for a total of $3.7 million to fund core services. The UMA measure would confirm this transfer and authorize adjustment in the future to account for inflation.

Will this change increase the UUT or AMP's electric rates that are charged to residents?
No, the UUT rate will remain at the existing 7.5% and AMP's electric rates will not be affected. This measure would NOT increase tax rates.

Will this change my bill?
Your AMP electricity bill will <u>not</u> change. Your UUT bill could change, ranging from $0 increase to $5 per month per person, depending on your carrier, number of users, and if the tax is being properly applied.

Will the exemptions remain in place?
Yes. Seniors and low-income residents will continue to receive a UUT exemption as they do now, including an option for seniors to donate their exemption to Mastick Senior Center.

How can I be sure that the UUT and AMP transfer revenues are spent responsibly?
The City of Alameda has a well-earned reputation for effective fiscal planning and budgeting. All revenues from the UUT and AMP are and will continue to be subject to an annual audit by an independent auditing firm.

How much funding does the UUT and AMP transfer generate for Alameda city services each year?
The UUT is the fourth largest revenue source for city services funded by the General Fund and contributes to the formula that calculates compensation for City staff, including police and fire. This UUT modernization will shore up the funds that the City is now losing, an estimated $1.5 million, due to changing technology, bundling of services, and unequal application of the UUT by telecommunication companies. This measure will return the City's UUT revenue to the amount collected in 2007 and ensure a stable funding source that is under local control – these funds cannot be taken by the State. In addition, every year AMP supports the City by transferring $2.8 million to the City's General Fund to pay for essential city services, in addition to maintaining all City street lights. This transfer to support City services has existed since 1914.