



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of September 10, 2019

TO: Members of the City Council

SUBMITTED BY: David Biggs, City Manager
Edwin Gato, Director of Finance

SUBJECT: Amendment No. 1 to the Utility User's Tax Billing and Collection Agreement with East Bay Municipal Utility District (EBMUD)

RECOMMENDED ACTION: Adopt a resolution authorizing the City Manager to execute the first amendment to the agreement between the City of Hercules and EBMUD for the Utility User's Tax Billing and Collection.

FISCAL IMPACT OF RECOMMENDATION: The City's General Fund receives about \$550,000 of Utility User's Tax revenues annually from EBMUD based on billing and collection efforts.

DISCUSSION: On June 18, 1991, the City of Hercules adopted Ordinance 301, which authorized the collection of utility user's tax (UUT) by the City of Hercules on electricity, gas, telephones and water, and on June 4, 2013, the voters approved Ordinance #475 adopting new definitions, activating video services, and increasing the 6% rate to 8% until 2025. Unlike the way the UUT has been collected on electricity, gas and telephones through PG&E and other agencies, EBMUD required that the costs of collection, along with administrative fees determined by EBMUD, must be borne by the City and therefore, has not collected the tax since its inception. Finally on October 15, 2009, the City and EBMUD reached a ten year agreement to bill and collect the UUT on behalf of the City, and all administrative and programming expenses incurred by EBMUD will be deducted from the revenues due to the City. The agreement is due to expire on October 15, 2019. This amendment is to extend the agreement for another ten years or until October 14, 2029.

ATTACHMENTS:

1. Original Utility User's Tax Billing and Collection Agreement with EBMUD
2. Amendment No. 1 to the Utility User's Tax (UUT) Billing and Collection Agreement with EBMUD

Financial Impact

Description:

Funding Source:

Budget Recap:

Total Estimated cost:	\$	New Revenue:	\$
Amount Budgeted:	\$	Lost Revenue:	\$
New funding required:	\$	New Personnel:	\$
Council Policy Change:	Yes <input type="checkbox"/> No <input type="checkbox"/>		