

**AGENDA DESCRIPTION:**

Receive and file final Utility User Tax (UUT) Refund Report.

**RECOMMENDED COUNCIL ACTION:**

- (1) Receive and file Utility User Tax (UUT) report.
- (2) Leave remaining unspent balance of \$160,312 in the designated UUT claim account in the General Fund to cover ongoing litigation.

**FISCAL IMPACT:** See below.

<b>Amount Budgeted:</b>	\$713,469
<b>Additional Appropriation:</b>	\$0
<b>Total Expenditures:</b>	\$553,157
<b>Account Number(s):</b>	101-6000-315-xx-xx (Refunds Paid) 101-2020-411-32-00 (Claim Administration) 101-1003-411-32-00 (Legal Services) 101-2020-411-32-00 (Translation Services)
<b>Remaining Balance:</b>	\$160,312

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**REVIEWED BY:** Deborah Cullen, Director of Finance *DC*

**APPROVED BY:** Doug Willmore, City Manager *DW*

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**BACKGROUND AND DISCUSSION:**

On August 19, 2014, the City Council took action to suspend collection of UUT from telecommunication providers. The City created a 17-month "Refund Recovery Period" (August 1, 2013 through December 31, 2014) by which residents and businesses in the City could submit claims for refunds of the telecommunications UUT collected during this time period. To pay the refund claims, the City Council established a UUT Telecommunication Claim Account, which holds all UUT revenue collected since August 2013 from telecommunication providers.

On February 5, 2015, the UUT Notice and Claim Form were mailed to all 16,353 housing units within the City. Residents were given until August 5, 2015 (six months) to complete and submit a valid claim form to receive a refund check. During the six-month refund claim period, the City's Claim Administrator, Gilardi, mailed the following reminder notices to encourage residents to complete and submit their claim(s):

- A postcard reminder was mailed to all households in the City on June 16, 2015

- A deficiency reminder was sent to residents for claims that were either deemed incomplete or in need of correction. The reminder letter provided residents 30 days to “cure” their deficiency to receive a refund.

After the claim deadline had passed, it was determined that 730 claims remained deficient. Staff shared this information with the City Council on October 6, 2015, at which time, it was decided that Staff would provide an update to the City Council on the deficient claims. On November 17, 2015, the City Council approved the following recommendations from Staff:

1. Pay the 11 Utility User Tax (UUT) deficient refund claims that were unsigned, but had no other deficiency;
2. Mail UUT claim reminder to residents for the remaining 719 deficient claims. The reminder would give residents an additional 30 days to provide the necessary information and/or make the needed corrections to their claim to receive a refund.

This second deficiency reminder was mailed to residents on November 23, 2015 and cost \$7,465 to administer. This second reminder allowed residents whose claim was still deemed deficient, a total of seven (7) months (six month claim period plus one additional month) to cure their deficiency.

## Claim Data

### Summary Information

The City has paid out \$257,116 to 6,212 City residents, which represents over 38% of households as illustrated in the table below. It is important to mention that the number of claims processed is higher the number of residents who received a refund, as some residents were eligible for a refund on both their landline and wireless phone(s).

**Summary Table**

Number of Residents that received a refund	Total number of claims processed	Amount of claims paid out	Percentage (%) of households that received a refund
6,212	9,776	\$257,116	38%

Below is a summary of costs the City has incurred to date to administer the claim process and to pay out refund claims.

**Cost Summary**

Item	Amount
Refunds Paid	<b>\$257,116</b>
Claim Administration <ul style="list-style-type: none"> <li>• <i>General Administration (i.e. setup claim website, mail claim notices and FAQ document, process refund claims, two (2) check distributions)</i></li> <li>• <i>3<sup>rd</sup> Check Distribution</i></li> <li>• <i>Second Deficiency Claim Reminder</i></li> <li>• <i>4<sup>th</sup> (Final) Check Distribution</i></li> </ul>	80,000 3,240 7,465 1,500
Total Claim Administration	<b>92,205</b>
Language Translation Services <i>(Translate Claim and FAQ document in five (5) Languages.</i>	<b>\$3,570</b>
Legal Services <i>General: (i.e. assist in developing Request for Proposal (RFP), attendance at City Council meetings, confer with Claim Administrator, etc.)</i>  <i>Litigation: Relates to a class action lawsuit.</i>	<b>\$200,267</b>
<b>TOTAL COSTS</b>	<b>\$553,157</b>