

June 13, 2012

To the Albany City Council:

This letter is to urge Albany City Council to place our proposed Utility User Tax (UUT) increase of 2.0% on the ballot in November, 2012.

Our proposal evolved from a City Council request to the Sustainability Committee to recommend a funding mechanism for Climate Action Plan implementation. We responded to the request by researching several funding mechanisms, concluding with a recommendation to increase the UUT by 2.0% for Albany residents and businesses. Please see the attached document, which was previously provided to City Council; it summarizes our research, analysis, and recommendations.

The following highlights the Sustainability Committee's reasons for urging the City Council to take this requested action:

The proposed UUT increase is a very small dollar amount per household. The proposed increase translates to just \$21 per year for the average Albany household, based on data provided by PG&E. This small increase will raise more than \$247,000 per year for the City of Albany to dedicate directly to CAP implementation projects.

UUT ties directly to energy consumption. A key benefit of the UUT mechanism is that it ties CAP implementation funding directly to the goal of reduced energy consumption, one of the key approaches recommended in the CAP to achieve Albany's GHG reduction goal by 2020. In addition, PG&E will charge and collect these tax revenues, providing a seamless administration process to the City at no cost.

Funding is urgently needed to accelerate implementation of Albany's Climate Action Plan. The Sustainability Committee is currently measuring our community's progress towards achieving the CAP goal of reducing GHG emissions by 25 percent by 2020. Our preliminary finding is that although progress has been made, we have not achieved sufficient reductions since CAP adoption that necessary to reach the goal in the remaining time frame. Immediate acceleration of CAP implementation is vital to achieving the City Council's GHG reduction goal.

This vote needs to occur this year. The Sustainability Committee believes that it is critical to place this measure on the ballot this year, due to the limited bi-annual window for local ballot measures (per our understanding from staff). If it is not put forth this year, the next window of opportunity is two years hence, resulting in a lengthy delay to achieve a reliable funding stream for CAP implementation.

The survey of likely voter approval is not reliable and does not predict the outcome. Although the recent community survey of several tax measures showed this proposal as falling short of the 2/3rds vote necessary, we believe that the survey results are not accurate, and therefore do not reflect the actual vote that is likely to occur on this item. Our reasons for this statement are detailed below.

1. Janet Smith-Heimer, Vice Chair of the Sustainability Committee, is directly acquainted with two respondents to the tax survey – her own husband, and an employee of her company. Both respondents fully support the UUT increase and will vote for it, yet both felt compelled to answer “no” to those questions on the survey, due to the way the questions were phrased and delivered (not read as shown in Godbe report to Council). According to these two respondents, the questions were vaguely worded, did not describe the average amount of UUT increase (e.g., \$21) or even what UUT is now, and did not clearly explain the intended uses of the funds. Both respondents reported to Janet Smith-Heimer that they were extremely frustrated by the dissonance of a desire to say “yes I will vote for the UUT increase” and their inability to get this across in the context of the questions that they heard and were asked to answer.
2. A puzzling contradiction inherent in the Godbe report’s findings is that a one percent sales tax is overwhelmingly endorsed by survey respondents, yet a tiny \$21 per year UUT tax increase is not. The average Bay Area per capita taxable retail sales expenditure in 2010 was \$9,647. This would translate to more than \$24,000 per year in taxable sales for the typical 2.5 person household in the Bay Area. A one percent sales tax increase would therefore result in more than \$240 per year in additional taxes paid by the typical Albany household. How would a survey find such overwhelming endorsement of a \$240 per year sales tax increase per household, compared to a \$21 per year UUT increase for the same household? This does not make sense, and illustrates the impact of a poorly delivered survey, as underscored by the two respondents’ feedback given to Janet Smith-Heimer noted above. If the survey had included these dollar examples, a far more accurate outcome would have been achieved.
3. The Godbe report is deficient in several additional fundamental ways, which may impact the reliability and accuracy of the findings:
 - a. The 352 respondents listed in the 4/2012 report to Council are not compared with Albany’s adult demographic profile, so the nature of respondents is unknown as to its accurate representation of registered voters living in Albany. Related to this, the method to obtain the phone numbers that were called is not described. The net result is that the reader of the report cannot judge the requisite randomness of the process or the weightings applied to the results (yet this is all necessary information to make the margin of error statements shown in the report).

- b. The total number of attempted calls made in order to achieve 352 responses is not shown, resulting in missing information regarding “response rates.” Providing this information is standard professional practice, yet absent in this report. Response rates serve as key indicators of the efficacy of the survey process. For example, an extremely low response rate would indicate potential problems in the timing of the call (e.g., day of the week or time of day), the surveyor’s delivery of the initial script, etc. As another example, if a large number of respondents aborted the call in the middle of the survey, this information (typically also shown in professional survey reports) would indicate a weak survey instrument that did not engage the respondent sufficiently to complete it. It is standard professional practice to provide all of this information, to underscore either a strong survey process or identify any potential weaknesses.
4. Finally, we would like to underscore that the survey reflects responses prior to any campaign to urge a “yes” vote. If over half of the survey respondents to a flawed survey said “yes” without clear information, we believe that the pattern of Albany voters to exceed 2/3rds “yes” votes on almost all such tax measures placed on the ballot since 1990 (with one exception), will again hold true for this measure. Once voters learn that this measure’s actual dollar amount per household is so small, and that the purpose and use of funds is vital and specific, we believe this measure will pass.

For all of the above reasons, we strongly urge you to place our proposal on the ballot. We know that time is of the essence, and stand ready to help in any way needed to create the ballot measure. Please let us know if you have any questions or concerns.

Thank you for your continued support of the Sustainability Committee’s work on this matter.

Sincerely,

City of Albany Sustainability Committee