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FOR MORE INFORMATION

Union City is continuing to monitor the impact of COVID-19 on the health of our communities and families. If you have any questions or need additional information, please visit our website at www.unioncity.org/coronavirus or contact Lauren Sugayan, Communications Manager at (510) 675-5400 or LaurenS@unioncity.org.

INFORMATION REGARDING UNION CITY'S FINANCIAL OUTLOOK

PRESERVING LOCAL FUNDING FOR ESSENTIAL SERVICES IN UNION CITY



Dear Resident,

As City Manager my top priority has been to balance Union City's budget. Through directives from the Mayor and City Council, the City's Strategic Plans and conversations with community leaders and residents, we have worked to ensure we are providing the essential services for all who live, work and play in the city.

Due to the expiration of local, voter-approved funding measures and the impact of COVID-19 on the local economy, additional measures will be needed to overcome an anticipated severe budget deficit. While the City has already taken significant actions to reduce our expenses, conditions caused by the COVID-19 outbreak in combination with the loss of local funding is placing a dire strain on our City's financial health. As more residents are facing unemployment and businesses are closing or reducing hours, we expect to see city revenues continue to sharply decline.

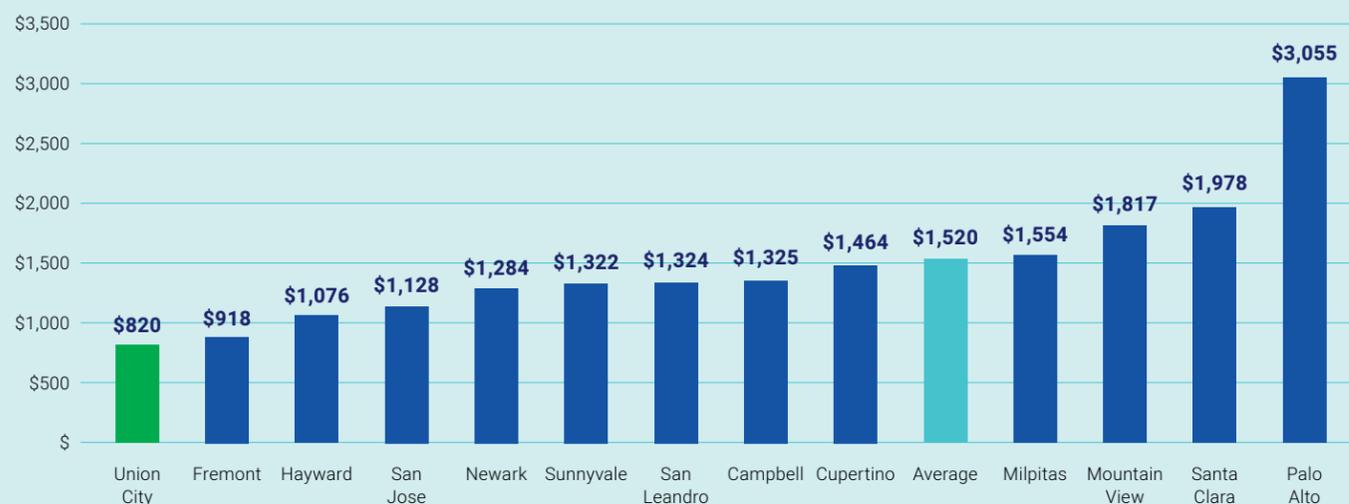
Did you know that only 17 cents of each property tax dollar goes to funding city services? Property taxes, along with other local fees, help fund essential services; however, Union City receives the lowest revenue per resident when comparing General Fund revenues received by various Bay Area cities of comparable size. Union City receives \$820 in tax revenue for every resident while the average of comparable cities is \$1,520 per resident. If Union City could even generate the same amount as the City of Fremont, it would generate an additional \$7 million in revenue a year.

I am confident that we can overcome these obstacles with an honest, open discussion. I am committed to continuing to educate residents about our financial challenges along the way. I look forward to finding more ways to work with our residents on building a bright future for Union City!

Sincerely,

Joan Malloy, City Manager

FY 2019-20 GENERAL FUND REVENUES PER CAPITA



RESERVE FUND BALANCE WITH COVID IMPACT



UPDATED BUDGET FORECAST

Due to the expiration of local voter-approved funding measures and the impact of COVID-19 on sales tax revenues, hotel tax revenues, parking revenues, fees and other revenue sources, Union City is facing a significant revenue loss over the next four years. This chart illustrates how the City is anticipated to deplete all of its General Fund reserves by 2023. In order to maintain fiscal solvency and without any new revenue sources, the City will need to permanently cut approximately \$11 million from the budget, which will result in deep cuts to essential programs and services.

PRESERVING ESSENTIAL SERVICES

Without additional revenue, the City Council will have to consider deep cuts to the city budget. With input from the public, the City Council has moved forward and placed a temporary utility users' tax on the November 2020 ballot. The proposed 5% utility users' tax would be levied on electricity, gas, video and telecommunication services. This measure would provide about \$6.1 million in additional funding that can help to preserve essential city services. **Seniors and low-income residents are eligible to receive an exemption from the tax.**

Revenue from the utility users' tax measure could be used to help preserve essential services, including:

- Maintaining paramedic and fire protection services, 9-1-1 emergency response and emergency and disaster preparedness programs, including for a public health crisis
- Ensuring senior citizens receive support and access to food during the COVID-19 crisis and during the recovery
- Maintaining street and pothole repair
- Preserving youth violence prevention and drug and gang intervention programs to keep kids off the street and maintain community safety

LOCAL CONTROL AND ACCOUNTABILITY

Revenue generated from a utility users' tax would include fiscal safeguards. All funds generated from the UUT must be used locally and cannot be taken away by the State. Businesses will pay their fair share, so homeowners do not shoulder the entire cost.