

Temporary Increase in Utility Tax Rate (Ordinance No. 20C-20 Second Reading & Adoption) **and Interfund Loans Authorization** (Resolution No. 1586)

AB 5749 | September 15, 2020



Ordinance No. 20C-20

- Temporary utility tax increase to finance cost of litigation to enforce the terms of the Sound Transit Settlement Agreement
- Water, Sewer and Stormwater tax rates: 5.3% to 8.0%
- 36 months: November 1, 2020 through October 31, 2023
- New tax revenue will pay back interfund loans authorized by Resolution No. 1586



Resolution No. 1586

- Authorizes interfund loans from City's water and sewer utility funds to lend \$750 thousand each to General Fund
- Total amount of \$1.5 million, to be paid back within 36 months at a fixed interest rate of 0.5%.
- Interest rate reimburses the Utility Funds for opportunity cost (interest the funds would earn in local government investment pool)
- No penalty for early repayment of the loan.



Appropriation

- Council must also appropriate \$1.5 million in loan proceeds, authorized in Resolution No. 1586, for litigation costs.



Recommendation

1. Adopt Ordinance No. 20C-20 temporarily increasing utility tax rates to raise additional revenue for potential litigation to enforce the terms of the City's 2017 Settlement Agreement with Sound Transit.
2. Pass Resolution No. 1586 authorizing interfund loans in the amount of \$750 thousand each, for a combined total of \$1.5 million, from the City's water and utility funds to the General Fund.
3. Appropriate \$1.5 million in loan proceeds authorized in Resolution No. 1586 for litigation costs.

