

Ordinance No. 20C-20 (First Reading) **Temporary Increase in Utility Tax Rate**

AB 5747 | September 1, 2020



Impasse with Sound Transit on Design of Bus/Rail Interchange

- Council's resolve to enforce the terms of Settlement Agreement and prepare for litigation
- Temporary 36-month utility tax increase to finance cost of litigation
- Water, Sewer and Stormwater tax rates: 5.3% to 8.0%



Utility Tax Increase - Revenue Projections

COMBINED TOTAL - UTILITY TAX (in thousands)	2019	2020	2021	2022	2023
<i>Estimates based on 2019 rate updates for 2020:</i>					
Water Fund Revenue	\$7,401	\$7,803	\$8,227	\$8,674	\$9,146
Sewer Fund Revenue	\$9,732	\$10,032	\$10,575	\$10,927	\$11,422
Stormwater Fund Revenue	\$1,953	\$2,015	\$2,080	\$2,147	\$2,215
Total Subject to Utility Tax	\$19,085	\$19,850	\$20,882	\$21,747	\$22,783
Utility Tax @ 5.3%		\$1,052	\$1,107	\$1,153	\$1,207
2.70% Additional Utility Tax		\$536	\$564	\$587	\$615



Utility Tax Increase - Impact

Estimated utility bill of average single-family residence

Rate Component	2020
Water Meter	\$ 37
Water Usage (16 ccf)	\$ 88
Sewer Line Maint (11 ccf)	\$ 90
KC Sewage Treatment	\$ 91
Storm Water	\$ 36
Sub-Total Charge (bi-monthly)	\$ 342
Util Tax 5.3%	\$ 18
Util Tax 2.7%	\$ 9.23
Net Annual Impact	\$ 55.37



Interfund Loan

- \$1.5 million from Utility Fund(s) to General Fund
- Use additional revenue from utility tax to repay loan (30-36 months)
- Resolution authorizing interfund loan at September 15 Council Meeting



Interfund Loan Calculations

Simple Loan Calculator

Loan amount	\$ 1,500,000.00
Annual interest rate	1.00%
Start date of loan	11/1/2020
Monthly payment	\$ 42,312.15
Number of payments	36
Total interest	\$ 23,237.36
Total cost of loan	\$ 1,523,237.36



Recommendation

- Set Ordinance No. 20C-20 for second reading and adoption on September 15, 2020.

