



November 12, 2021

Olympia City Council  
PO Box 1967  
Olympia, WA 98507-1967

Dear Honorable Mayor Selby and Council Members:

**SUBJECT: Proposed 2022 Municipal Tax Rate Increase**

At our November 4th meeting, the Utility Advisory Committee (UAC) learned of a proposed increase in the tax rate for City Utilities. UAC does not concur with this proposed one percent (1%) increase in the municipal utility tax rate from 11.5% to 12.5%. As a citizen advisory committee we make recommendations to the City Council and staff on utility planning, policies, and finances. Our annual utility rate review is a key UAC responsibility, which begins in May and culminates in recommendations to City Council in October. We unanimously approved a budget and rates. UAC sent a letter of concurrence on October 14th. This budget, developed by staff, was fair and balanced, and prioritized minimal rate increases.

The Municipal Utility Tax increase will benefit the general fund. We also understand that this increase will most likely be ongoing. As a result of our discussion about this proposal the UAC is unanimously opposed to this new tax proposal.

Further, the estimated \$585k raised by this tax proposal for 2022 is small in the face of the overall City budget. Surely, there are ways to trim budgets or to find additional revenue (e.g. with new Federal assistance programs.) Again, we feel that your Water and Waste Utility staff have continued to do a marvelous job in keeping rates and services in line.

The UAC is also concerned about the potential impact of rate increases on utility ratepayers. This increase is occurring at a time when we are working to minimize utility rate increases and reviewing options for reducing the burden of utility fees on low-income households. As utility fees are independent of income or property value, we are concerned that the additional rate increases may have a more significant financial impact on low-income households.

Thank you for your consideration. I can be reached at [cstephen@ci.olympia.wa.us](mailto:cstephen@ci.olympia.wa.us) as needed.

Sincerely,

**CULLEN STEPHENSON**

Chair, Utility Advisory Committee

CDS/lm

cc: Utility Advisory Committee members  
Jay Burney, City Manager  
Eric Christiansen, Water Resources Director  
Gary Franks, Waste Resources Director