



November 26, 2018

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

Dear Mayor Selby and Council Members:

**SUBJECT: 2019 Municipal Tax Rate Increase**

The City Utility Advisory Committee (UAC) would like to comment on the proposed 0.5 percent increase in the municipal tax rate. We understand that the additional funds generated by the rate increase would enter the City's general fund and be used for responding to the local homelessness problem.

As a citizen advisory committee, we are tasked with advising City Council and staff on utility planning, policies, and finances. The annual utility rate recommendations are a key UAC responsibility. Our financial review begins in May and culminates in October.

While staff kept us informed of your decisions over the course of the summer and fall, we remain concerned about the decision to increase the municipal tax rate in order to support emerging City responsibilities. As you know, the cost of the tax increase for ratepayers is as follows:

- |                           |           |
|---------------------------|-----------|
| • Drinking Water          | \$70,931  |
| • Wastewater              | \$103,620 |
| • Storm and Surface Water | \$27,369  |
| • Waste ReSources         | \$63,582  |

We understand that City Council has already committed to the tax increase. The UAC is concerned about the potential impact of these 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 through the Lifeline Rate Program. The municipal utility tax increase will inevitably result in a rate increase, if not in 2019, then in later years. As utility fees are independent of income or property value, we are concerned that rate increases may have a significant financial impact on low-income households and that these impacts cannot be fully offset by the Lifeline Rate Program.

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

Sincerely,

Dever Haffner-Ratliffe  
Chair, Utility Advisory Committee

DHR/lm

cc: Utility Advisory Committee members  
Andy Haub, Water Resources Director