



**Kalama City Council - Council Agenda Item  
Information Form**

**Agenda Item: 4A – Public Hearing on Utility Tax  
Increase – Water/Sewer/Garbage**

**Meeting Date**            March 21, 2018

**Prepared by:**            Coni McMaster, Clerk/Treasurer

**Subject:**                    5% Increase to the existing Utility Tax on  
Water/Sewer/Garbage

**Summary:**                At Workshops in February the Council and public were provided with the many options for addressing the funding of the new General Fund Capital Facilities plan with the first goal to be covering the construction funding for the much-needed police facility. At the meeting on March 7<sup>th</sup>, the Council requested staff to prepare documents for implementing a 5% increase to the existing 6% utility tax on Water/Sewer/Garbage services.

What are the effects of the increase to the public?	IN	OUT	
<b>User of 500 cft of Water</b>	Water	20.80	38.48
	Sewer	89.80	
Annual Increase	Garbage – 32 gal	15.62	
Inside = 75.72	Garbage tax 3.6%	.56	
Outside = 23.04	6% W/S/G	<u>7.57</u>	<u>2.31</u>
	Current bill	134.35	40.79
	Add'l 5%	<u>6.31</u>	<u>1.92</u>
		140.66	42.71
<b>User of 1000 cft of Water</b>	Water	31.30	57.91
	Sewer	129.05	
Annual Increase	Garbage – 60 gal	19.31	
Inside = 107.76	Garbage tax 3.6%	.70	
Outside = 34.80	6% W/S/G	<u>10.78</u>	<u>3.47</u>
	Current bill	191.14	61.38
	Add'l 5%	<u>8.98</u>	<u>2.90</u>
		200.12	64.28

**User of 2000 cft of Water**

	Water	52.30	96.76
	Sewer	207.55	
	Garbage – 90 gal	23.01	
Annual Inside = 169.68	Garbage tax 3.6%	.82	
Outside = 58.08	6% W/S/G	16.97	5.81
	Current bill	300.65	102.57
	Add'l 5%	14.14	4.84
		<u>314.79</u>	<u>107.40</u>

Current Low-Income Discount would apply to the above and would reduce the charges by \$26.56 plus the taxes (including increase) in the amount of 2.92 for a monthly reduction of \$29.76 for inside residents. Outside's reduction would be \$11.81 – water only.

It is projected that the 5% increase will raise an estimated \$150,000 annually which will be deposited into the General Fund Capital Facilities Fund for the sole purpose of funding capital expenses on City facilities beginning with the Police Facility.

Staff and the Council recognize that no tax increase is painless and the public does not fully support this process. The Council has a responsibility to the public to provide certain services which includes public safety and a responsibility to its employees to provide safe, adequate and functional working conditions. The City Council and the staff have worked over the last two years to find the most cost effective, responsible and long-term solution in replacing the Police department. Not one of the options that was considered would cost less than the current estimated price tag and provide for the needs into the future of our growing community. The public has expressed concerns with the current estimated cost. The cost continues to increase as materials, labor and interest rates rise. These cost escalations and liability concerns are the leading factors in the City's need to move the project forward. Part of the responsibility of managing the public funds of the City is to spend them wisely so that expenses are not duplicated because the City fails to plan for the future or is short-sited. The Council has an obligation to meet their responsibility in providing for the whole community which includes making very difficult decisions, even when those decisions or their impacts may be unpopular or unsupported by a portion of the citizens they serve.

Ordinance No. 1395 has been prepared for adoption of the Utility tax increase. The increase will be effective on bills issued on May 31, 2018.

**Alternatives:** The Staff does not see any alternatives that will provide for an immediate resolution of the funding issue for replacing the Police Facility. The immediacy is due to the liability the City faces if they take no actions. Two years has elapsed since the flood and the Police remain in a temporary location which is inadequate and poses liabilities. Costs for construction and interest rates continue to escalate at a rapid pace. The ultimate cost borne by the Citizens will continue to increase if action is delayed. Alternatives in design and site will not change the need for the funding.