

CITY OF BURIEN CONSIDERING 6% UTILITY TAX

King County Water District No. 20 (District) is issuing this notice to inform its customers that the City of Burien is considering adopting a 6% utility tax. If the utility tax is adopted, and you are located within Burien and receive water or sewer service from **Water District No. 20, Water District No. 49, Southwest Suburban Sewer District** or **Valley View Sewer District**, your water and/or sewer bills will be increased by at least 6%. For customers receiving both water and sewer service, you could experience an increase of 6% to each utility bill.

In 2018, the City considered various options to address its projected budget deficits. One option was to increase City revenues through the imposition of a 6% franchise fee on water and sewer districts. In December of 2018, the City requested a meeting with the districts to discuss potential City Council action regarding a utility tax and the negotiation of franchise agreements. In an effort to protect the interests of the districts' customers, the districts agreed to coordinate their efforts and to negotiate collectively with Burien on mutually acceptable franchise terms.

On January 10, 2019, the districts met with City representatives. At this meeting, the City explained its need for additional revenue sources to address projected budget deficits. The City stated that it needed to collect additional revenues from the districts in the form of a voluntary 6% franchise fee paid pursuant to negotiated franchise agreements or through a City imposed 6% utility tax which would go into effect in 2020. The districts expressed their interest in negotiating mutually acceptable franchise agreements. The districts agreed to prepare the initial draft franchise agreements for the City's review and comment.

On February 15, 2019, the districts provided the City with proposed franchise agreements in advance of a scheduled meeting. On February 28th, the districts met with the City to discuss the proposed franchise agreements. The City did not offer any written comments or counter-proposals to the districts' proposed franchise agreements during this meeting. However, the City did express its concern about a provision in the proposed franchise agreements which would prohibit the City from imposing a utility tax in addition to the agreed upon franchise fee during the term of the franchises. This provision was proposed by the districts in an effort to prevent the City from adopting utility taxes in the future in addition to the agreed upon franchise fee which would further impact your water and/or sewer rates. After the meeting, the districts advised the City that they were opposed to any term in the franchise agreement which reserves to the City the right to impose a utility tax in addition to the agreed upon franchise fee. The districts believed the City would get back to the districts with specific written comments and counter-proposals to the proposed franchise agreements. That never occurred.

In May of 2019, the districts reached out to the City to inquire about the status of the City's review of the proposed franchise agreements. The City advised the districts that the City was unwilling to waive its right to impose an additional utility tax on the districts and the City was unwilling to accept several terms of the proposed franchise agreements. The City also advised the districts that the City will be reviewing its options before the end of 2019, including considering the imposition of a utility tax. Subsequent efforts by the districts to reinstate franchise negotiations with the City were unsuccessful because the City insists on reserving the right to impose a utility tax on the districts in addition to any agreed upon franchise fee.

The City may be considering whether to adopt a 6% utility tax before the end of this year. The districts feel strongly that their respective customers need to be informed and made aware of this fact so you can monitor the City's actions and become involved in an issue that could result in significant increases to your water and sewer rates. If you are concerned about the City imposing a utility tax on the districts, the districts encourage you to contact the Burien City Council and to become involved in this important discussion.

Board of Commissioners

King County Water District No. 20