

Commissioners' Corner



Tim McClain

Many of you will remember a radio program that ran for many years called "The Rest of the Story". The program, hosted by Paul Harvey, presented stories with important details revealed only at the end. With this edition of the Commissioner's Corner, it is my hope to give you a little bit of the "rest of the story" concerning the District's challenge to the excise tax that the City of Federal Way is attempting to impose on the District and its ratepayers.

This past February, City of Federal Way Mayor Jim Ferrell asked District representatives to meet with him at City Hall. During that meeting, the Mayor informed us that he would be taking a proposal to the City Council for a 7.75% tax on the revenues we received from providing water and sewer service within the City of Federal Way. The reason for this, he explained, was that the city needed extra revenue of about \$900,000 a year to balance the City budget.

Our reaction was that we should consider other options before the City made any final decision to pursue a tax (which we indicated the Board might determine to challenge). One option mentioned was for the District to purchase the City's one-half interest in the French Lake Dog Park. This seemed like it would be a good opportunity for the City to bridge the short-term budget problem while other solutions to the City's financial problems could be explored. The circumstance arises because the District has plans in the longer term to use our half of the Park property for water supply purposes, including recharge of the aquifers, and would benefit from owning the entire parcel. Under current planning, the District would not need the Park for ten or fifteen years at the earliest, allowing the property to continue being used as a dog park in the interim.

We saw this as a win-win opportunity. We also indicated that we would be willing to discuss other possible solutions to the City's revenue problem that could make sense for the District and the City. The Mayor rejected the offer to consider selling the Park as part of a near-term solution to the budget problem and informed us that the matter of discussing other options was closed for further consideration.

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Lakehaven Links

Our Mission

The Lakehaven Water and Sewer District is committed to the continued delivery of safe, reliable and high quality drinking water and environmentally responsible sewer service to our customers.

Board of Commissioners

Tim McClain, President
Don Miller, Vice President
Peter Sanchez, Secretary
Ron Nowicki
Len Englund

Regular Board of Commissioners meetings are held at 6:00 p.m the 2nd and 4th Thursdays of each month at the Lakehaven Center at 31531 1st Ave South, Federal Way.

Contact Us

Federal Way: 253-941-1516
Tacoma: 253-927-2922
After Hours Emergencies:
253-941-1516

Business Hours:
Monday – Friday
8:00 a.m. to 4:30 p.m.

www.lakehaven.org

Annual Water Quality Report

Starting July 1, 2018 you will be able to view the Lakehaven Water & Sewer District Annual Water Quality Report online at www.lakehaven.org/CCR.

This report contains important information about the source and quality of your drinking water during 2017. Please call (253) 946-5442 if you would like a paper report delivered to your home.



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Let me say that I appreciate the consideration the Mayor showed by letting us know ahead of time what his plans were. I remain extremely frustrated, however, that we were not able to discuss possible solutions that may have avoided the City's move to attempt to impose the tax. I believe that reasonable options exist that could have produced a mutually beneficial solution that would have prevented this dispute.

The Board of Commissioners voted to challenge the legality of the tax, as well as a 6% tax the City of Edgewood seeks to impose on our revenues from water and sewer service within Edgewood. It will likely take a number of years for this to be sorted out. That, as Paul Harvey would say, is the rest of the story.

Federal Way and Edgewood Customer Excise Tax

The Cities of Federal Way and Edgewood have recently adopted ordinances seeking to levy an excise tax on the District's revenues charged for the provision of water and sewer utility services within the boundaries of the respective cities. The City of Federal Way excise tax rate is 7.75%. The rate for the City of Edgewood tax is 6%. The District is challenging both ordinances in court.

As "gross receipts" taxes, each tax applies to the revenues received by the District, including the amount charged to pay the excise tax itself. With this compounding, the net impact of the Federal Way tax (i.e. its "effective" rate), will be an 8.4% increase in water and sewer rates. Edgewood residents will see a 6.38% increase in rates.

The Board of Commissioners recently adopted new water and sewer rates for Federal Way and Edgewood customers to implement collection of the taxes. For benefit of the administration of the tax obligation, the amount of the tax is embedded in the rates and will not be shown as a separate amount. If you live in one of these areas, your billing statement will reference the tax and the rate of the tax. To determine the actual cost of the tax, simply multiply the City tax rate times the amount of your water and sewer bill (e.g. the effective rate of the Federal Way tax is 8.4%, so the total for a \$100 water and sewer bill is \$108.40. The tax portion is $\$108.40 \times 7.75\% = \8.40). The tax on Federal Way bills will begin with billings that go out on June 20, 2018. The tax for Edgewood customers will likely start sometime later in July or early August.

2018 Poster Contest Winners

Lakehaven Water and Sewer District presented awards to local elementary students participating in its 22nd annual Water Conservation Poster Contest at the District's May 24th Board meeting. The purpose of the contest is to help children understand the importance of water conservation through the development of posters containing a water conservation message.

Approximately 70 members of the community, including students and their families, teachers and principals, and Federal Way Public School District representatives attended the Board meeting. There were 46 poster entries submitted from 4 Federal Way Elementary Schools, and 13 winning posters were selected to include in the District's 2019 Water Conservation Calendar.

The winning students (who attend Spring Valley Montessori, Wildwood, Mark Twain and Green Gables elementary schools) are: Jacqueline L. (1st Place Winner), Michael B., Zaki C., Eva S., Huda K., Nina L., Olivia M., Melanie S., Kevin F., Wesley C., Marianna C., Juanita V. and Sofia S.

A special "Thank you!" goes to Wild Waves Theme Park, SKFR Fire Station, Red Canoe Credit Union, Qualstar Credit Union (f/k/a Woodstone Credit Union), Shirtz-to-Go, Trader Joe's, Costco, and Subzero Ice Cream for their generous donations to the contest winners.