

Small towns, big bills: Cities look to utility taxes to plug budget holes

- [Phil Ferolito](mailto:pferolito@yakimaherald.com)
pferolito@yakimaherald.com
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YAKIMA, Wash. -- In the early 2000s, small cities across Yakima County began taxing water, sewer and garbage services to generate enough revenue to operate.

Then, significant losses in state revenue led to shortfalls in city budgets. City administrators were left scratching their heads over how to afford police, fire and even park services. Utility taxes, allowed under state law, seemed a viable fix.

Cities across Washington have turned to utility taxes to help plug budget holes, leaving residents in small towns facing big utility bills. [Click here](#) to see how much your city taxes your utilities, and how that compares with other towns in the Yakima Valley.

Now more than 15 years later, the taxes, which have helped drive up average monthly water, sewer and garbage bills in many small cities to anywhere from \$150 to \$200 a month, still aren't enough to address all needs.

And there's nothing keeping monthly bills from rising even more as inflation drives up the cost of needed maintenance to city facilities to keep up with standards.

The city of Selah is discussing possible rate increases — which are separate from the tax — on water and sewer to help fund needed sewer line upgrades, said City Administrator Don Wayman.

“The costs of finished goods are going up faster than the revenue we receive,” he said. “The consequences of that is that cities, we're going to have to ask residents to pay more for their sewer, water and streets. We're going to have to do that in order to keep our infrastructure from crumbling.”

Unable to retain police officers in Mabton, the city is having the Yakima County Sheriff's Office take over its police department under a contract. Officials in Toppenish are considering contracting out police dispatch services — last year the city closed its jail and court and entered into a contract with Sunnyside to provide those services.

“These are all vital services to every community,” said Toppenish City Manager Lance Hoyt. “Every community likes to have their own because you seem to do it better when it's yours, but with the current revenue situations, this is what cities have to do.”

This year Wapato closed its jail, saying the operation was too expensive to operate, and the century-old structure was outdated and unsafe. The city now houses its inmates elsewhere under contracts.

This trend of contracting out services will continue to grow and may lead to regionalization of services as rising costs continue to outpace revenue, city officials across the county say.

“Regionalization of services is something that is going to happen,” said Sunnyside City Manager Don Day. “I’ve known that for many years. There’s got to be cooperation between cities. We all can’t afford to buy a million dollar firetruck every year, but a few cities together can.”

Financially hamstrung

In the early 2000s, legislation sparked by a voter-approved initiative that leveled annual auto licensing fees at \$30 eliminated a state fund that provided small cities with revenue.

Later came more legislation that capped annual property increases cities could impose without voter approval at 1 percent.

Cities began running into budget shortfalls of hundreds of thousands of dollars.

As a result, most small cities began assessing taxes on water, sewer and garbage services — revenue that could go directly into general fund budgets, which largely pay for police, fire and park services. Some of those taxes are as high as 20, 30 percent, anywhere from \$20 to nearly \$50 a month.

Although a strain on local utility bills, the tax helped keep services at current levels in most cities.

Now some cities like Mabton, where residents are paying the most for water, sewer and garbage services, are feeling more financial pressure.

The city has long struggled to offer police enough pay to keep them in the town of about 2,300 people for an extended period of time, said Mayor Laura Vazquez.

Earlier this year, the police chief retired, and one of the department’s two officers left for another job elsewhere. Since then, only one officer has been on duty, but sheriff’s deputies and officers from neighboring cities have assisted when needed.

“We know that it’s just been a cycle here and in other small cities that just can’t pay top dollar, which I wish we could,” Vasquez said.

Hiring new officers, sending them off to the academy and training only to see them leave a short time later gets expensive, she said.

“We bring in a new officer, we send him off to the academy, train him and then he moves on to a bigger community or closer to home,” she said.

Hoyt said he runs into a similar dilemma in Toppenish, which has more than 9,000 residents.

“We have a big crime rate here in Toppenish,” Hoyt said. “Multiple calls a night, it’s a training ground (for officers). And by the time we get them ready to go on their own, they’re ready to go somewhere else where they get more pay.”

Hoyt says the cost of equipment, training, the academy and other requirements for a beginner officer can run as high as \$57,000.

Having the sheriff’s office take over police services in Mabton under a contract equivalent to the department’s \$600,000 budget will provide stable, quality policing, Vasquez said.

“We’re excited about that,” she said.

But the agreement won’t roll back the minimum monthly utility bill of more than \$170 in Mabton, where the median income is \$18,000 year.

Vasquez said her average monthly bill has shot up from about \$115 three years ago to nearly \$200 this year.

“Our water, sewer and garbage rates, they’ve really come up to almost double for some residents,” she said.

Much of that has been caused by the cost of a sewer plant overhaul and a new well and reservoir needed to provide an adequate water supply. Though federal and state grants covered much of the \$10 million cost of those projects, the remaining \$1 million in loans is being repaid by the rate hikes.

The upgrades have drastically improved the city’s water and sewer capacity, and now Vasquez is working with the county to get some land to the south eventually annexed into the city. A developer is interested in building a dental and medical clinic and some low income housing, projects that may improve the city’s profile that could lure additional development, resulting in improved revenue into city coffers, she said.

“I’m striving very hard to get some things done here in the city,” she said. “Yeah, we’re a small town, and we’re ready to grow and we’re ready to invite people in.”

Utility Rates for Yakima County Towns & Cities

* **Grandview**

- Water: \$23.77 (1,000 gallons)
- Sewer: \$33.29 (1,000 gallons)
- Garbage: \$13.95, (90 gallon container)
- Taxes: Water, 24.2 percent; sewer, 6 percent; garbage, 38 percent
- Minimum bill: \$84.06
- General fund budget: \$6.6 million

* **Granger**

- Water: \$39.05 (5,000 gallons)
- Sewer: \$39.05 (5,000 gallons)
- Garbage: \$22.33 (90 gallon container)
- Mosquito control: 50 cents
- Tax: water, sewer, 36 percent
- Minimum bill: \$100.93
- General fund: \$1.3 million

* **Harrah**

- Water: \$28.50 (600 cubic feet)
- Sewer: \$50.90 (flat rate)
- Garbage: (contracted by Yakima Waste)
- Taxes: Water, sewer, 8 percent
- Minimum bill: \$85.75
- General fund: \$670,000

* **Mabton**

- Water: \$57.85 (536 cubic feet)
- Sewer: \$65 (536 cubic feet)
- Garbage: \$19.37 (92 gallon container)
- Tax: 20 percent
- Minimum bill: \$170.62.
- General fund: \$937,500

* **Moxee**

- Water: \$19.50 (300 cubic feet)
- Sewer: \$35 (flat rate)

- Garbage: \$12.15 (64 gallon container), \$14.95 (96 gallon container)
- Tax: Water, sewer, garbage, 6 percent
- Minimum bill: \$58.50
- General fund: \$1.8 million

* **Naches**

- Water: \$31.12 (400 cubic feet)
- Sewer: \$48.76 (400 cubic feet)
- Garbage: \$12.77 (96 gallon container)
- Tax: Water, 6 percent; sewer, garbage, 3 percent
- State refuse tax: 6.5 percent
- Minimum bill: \$100.60
- General fund: \$623,910

* **Selah**

- Water: \$16.58 (300 cubic feet)
- Sewer: \$40.52 (flat rate)
- Garbage: \$12 (64 gallon container)
- Tax: Water, sewer, garbage, 29.5 percent
- Minimum bill: \$90.37
- General fund: \$5 million

* **Sunnyside**

- Water: \$17.73 (300 cubic feet)
- Sewer: \$40.65 (300 cubic feet)
- Garbage: \$12.09 (96 gallon container)
- Tax: Water, sewer, garbage, 19 percent
- State surcharge: 3.6 percent
- Minimum bill: \$96.33
- General fund: \$13.7 million

* **Tieton**

- Water: \$37.68 (400 cubic feet)
- Sewer: \$50.87 (1,000 cubic feet)
- Garbage: \$14.51 (96 gallon container)
- Taxes: Water, sewer, garbage, 6 percent
- General fund: \$639,687

* **Toppenish**

- Water: \$33.04 (6,000 cubic feet)
- Sewer: \$65.18 (6,000 cubic feet)
- Garbage: \$16.77 (90 gallon container)
- Tax: Water, sewer, garbage, 33 percent
- Minimum bill: \$152.93
- General fund: \$5.3 million

* **Wapato**

- Water: \$40.29 (1,000 cubic feet)
- Sewer: \$55.86 (1,000 cubic feet)
- Garbage: \$24.41 (96 gallon container)
- Taxes: (information wasn't available by deadline)
- Minimum bill: \$120.56
- General fund: (information wasn't available by deadline)

* **Yakima**

- Water: \$10.60 (500 cubic feet) includes a daily 34-cent service charge
- Sewer: \$21.60 (500 cubic feet) includes a daily 72-cent service charge
- Garbage: \$17.60 (32 gallon container), \$20.10 (96 gallon container)
- Taxes: Water, sewer, 20 percent; garbage, 15 percent
- Minimum bill: \$81.50
- General fund: \$78 million

* **Zillah**

- Water: \$14.76 plus a \$9 improvement fee (300 cubic feet)
- Sewer: \$30.50 plus a \$7 improvement fee (300 cubic feet)
- Garbage: \$14.81 (64 gallon container)
- Tax: Water, 26.3 percent; sewer, garbage, 32 percent
- Minimum bill: \$94.45
- General fund: \$2.4 million

Note: A typical family uses about 460 gallons of water a day, or 13,800 gallons a month, which translates into about 1,845 cubic feet of water, according to the U.S. Geological Survey.