**JEFFERSON COUNTY**
**BOARD OF COUNTY COMMISSIONERS**

**REGULAR AGENDA REQUEST**

**TO:** **Board of County Commissioners**

**FROM:** **Jeff Chapman, Assessor**
**Mark McCauley, County Administrator**

**DATE:** **April 21, 2025**

**SUBJECT:** **Agreement between Jefferson County and Jefferson County PUD**

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## STATEMENT OF ISSUE:

Washington State law requires the County and the PUD to determine a Payment in Lieu of Taxes (PILT) amount to be paid by the Jefferson County Public Utilities District No.1 (PUD) for its broadband plant in the County by April 30th of each year (RCW 54.16.425(3)). The County will distribute the amount received to taxing districts by tax code area in the same proportion as it would distribute property taxes (RCW 54.16.425 (4)).

## ANALYSIS:

The County, PUD and the Washington State Department of Revenue (DOR) have been working together to complete this agreement, attached. Generally, this assessment will be calculated in the same manner as other utilities are handled by DOR in that the total determined value will be corrected for the localized ratio, which for personal property is 92.1% for 2024. DOR has determined that the localized taxable value of the broadband assets in 2024 for 2025 PILT to be $1,565,700. Based on this the full PILT amount at 100% of the appropriate levy rate to be collected and distributed to the taxing districts is $12,717.96.

The PUD and the County have discussed what percentage of full asset value should be used because the value of the PUD broadband plant when the project is complete may be as high as $70,000,000, depending upon depreciation and other factors. Charging the full levy rates on this amount will result in a PILT charge of approximately $568,602 (based on current levy rates), which is considered excessive. This amount would then be passed on to the PUD's broadband customers at the rate of about $8 per month.

Since RCW 54.16.425 allows the PUD and County to agree to adjust the amount billed to be less than the DOR base calculation, the PUD has proposed 50% of the $12,717.96 for 2025 as a fair amount. For subsequent years the PUD and County will determine an appropriate tax adjustment table after considering all the factors involved.

Should the County and the PUD fail to agree on a valuation protocol, both parties could agree to binding arbitration the expense of which would be shared by both parties.

## FISCAL IMPACT:

This agreement would yield a PILT payment of $6,358.98 which would then be distributed to the appropriate taxing districts.

**RECOMMENDATION:**

Staff recommends that the Board agree with the PUD proposal for the 2025 PILT payment and to their hiring a consultant to help develop a PUD proposal for subsequent years. It is also recommended that the Board delegate signing authority to the County Administrator for this agreement between Jefferson County and the PUD.

**REVIEWED BY:**

Mark McCauley, County Administrator

Date 4/18/25

**AGREEMENT BETWEEN JEEFFERSON COUNTY AND JEFERSON COUNTY PUBLIC UTILITY DISTRICT REGARDING BROADBAND PAYMENT IN LIEU OF TAXES (PILT) – 2024 VALUE FOR 2025 TAXES**

**Jefferson County (County) and Jefferson County Public Utility District (PUD) agree to the following per RCW 54.16.425:**

Washington State law requires the County and the PUD to determine a PILT amount to be paid by the PUD for its broadband plant to the County in lieu of property taxes by April 30th of each year (RCW 54.16.425 (3)). The County will distribute the amount received to taxing districts by tax code area in the same proportion as it would distribute property taxes (RCW 54.16.425 (4)).

For the purpose of this agreement, Jefferson County, PUD, and the Department of Revenue (DOR) will assess the personal property assets of the broadband plant, being materials (both installed and inventory) and supplies. No real property value is included in this agreement since such real estate is either public land that serves other purposes, private taxed land, or property included with the PUD energy related privilege tax assessment.

This market assessment will be calculated in the same manner as other utilities are handled by DOR in that the total determined value will be corrected for the localized ratio, which for personal property is 92.1%. DOR has determined that the localized taxable value of the broadband assets in 2024 to be $1,565,700. For 2025 the County agrees to use 50% of the calculated broadband assets for each Tax Area Code.

The distribution by Tax Code Area (TCA) for 2025 collection will be as follows:

| Tax Code Area | Vicinity | Market Value | PILT Taxable Value (50%) | 2024 for 2025 Levy Rate | PILT to be Collected |
|---|---|---|---|---|---|
| 110 | City of Port Townsend | 259,095 | 129,548 | 8.7063489890 | $ 1,127.89 |
| 111 | Quimper (less PT) | 365,452 | 182,726 | 8.3942215547 | $ 1,533.84 |
| 211 | Tri-Area | 258,356 | 129,178 | 7.9268582334 | $ 1,023.98 |
| 213 | Port Ludlow/Shine | 406,729 | 203,364 | 7.9268582334 | $ 1,612.04 |
| 323 | Coyle | 276,068 | 138,034 | 7.6882204151 | $ 1,061.24 |
| | Totals: | 1,565,700 | 782,850 | | $ 6,358.99 |

PUD agrees to remit to Jefferson County $6,358.99 by April 30,2025 which the County Treasurer shall then distribute to the taxing districts using the above stated TCAs.

Agreed By:

Mark McCauley, County Administrator

Date

Kevin Streett, PUD General Manager

Date

Approved as to form only:

04/18/2025

Melissa Pleimann
Date

Civil Deputy Prosecuting Attorney

# CONTRACT REVIEW FORM

Clear Form

*(INSTRUCTIONS ARE ON THE NEXT PAGE)*

**CONTRACT WITH:** Jefferson County PUD No. 1 Contract No: PILT-PUD 2025

Contract For: PILT payment Term: 2025

| | |
|---|---|
| **COUNTY DEPARTMENT:** | County Administrator's Office |
| **Contact Person:** | Carolyn Gallaway |
| **Contact Phone:** | 360-385-9122 |
| **Contact email:** | carolyn@co.jefferson.wa.us |

**AMOUNT:** $6,358.98

Revenue:

Expenditure:

Matching Funds Required:

Sources(s) of Matching Funds

Fund #

Munis Org/Obj

**PROCESS:**

- ☐ **Exempt from Bid Process**
- ☐ **Cooperative Purchase**
- ☐ **Competitive Sealed Bid**
- ☐ **Small Works Roster**
- ☐ **Vendor List Bid**
- ☐ **RFP or RFQ**
- ☑ **Other:**

**APPROVAL STEPS:**

**STEP 1: DEPARTMENT CERTIFIES COMPLIANCE WITH JCC 3.55.080 AND CHAPTER 42.23 RCW.**

**CERTIFIED:** ☐ **N/A:** ☒ Carolyn Gallaway 4/18/25

Signature Date

**STEP 2: DEPARTMENT CERTIFIES THE PERSON PROPOSED FOR CONTRACTING WITH THE COUNTY (CONTRACTOR) HAS NOT BEEN DEBARRED BY ANY FEDERAL, STATE, OR LOCAL AGENCY.**

**CERTIFIED:** ☐ **N/A:** ☒ Carolyn Gallaway 4/18/25

Signature Date

**STEP 3: RISK MANAGEMENT REVIEW (will be added electronically through Laserfiche):**

**STEP 4: PROSECUTING ATTORNEY REVIEW (will be added electronically through Laserfiche):**

**STEP 5: DEPARTMENT MAKES REVISIONS & RESUBMITS TO RISK MANAGEMENT AND PROSECUTING ATTORNEY(IF REQUIRED).**

**STEP 6: CONTRACTOR SIGNS**

**STEP 7: SUBMIT TO BOCC FOR APPROVAL**