F.19

REQUEST FOR ACTION

Non-Water Quality Protection Program Special Assessment Interest Rate for Development Charges

MEETING DATE:
July 20, 2026

ORIGINATING DEPT:
Finance Department

AGENDA SECTION:
Consent Agenda

PRESENTER:
Brian Anderson

Action Requested:
Adopting a Resolution authorizing an interest rate of 5.00% on non-Water Quality Protection Program (WQPP) special assessments for the period of Aug. 1, 2025 - July 31, 2026

Report Narrative:
The Non-Water Quality Protection Program development charge is the interest rate charged on special assessments for development charges. Setting the interest rate on Non-Water Quality Protection Program (WQPP) development charge assessments requires an annual review of the rate by August 1st of each year. At this time, the Finance Team is recommending the Non-WQPP rate be increased and set at 5.5%, to remain compatible with current economic conditions.

The 20-year Bond Buyer Index is an industry approximation of the rate the City would pay if 20-year bonds were sold to fund infrastructure projects to be repaid through assessments. The basis for consideration when setting this rate includes the 20-year Bond Buyer Index (BBI) rate. This rate has historically remained under 4.0% prior to 2025, at which time the BBI increased slightly above 5.0%. Therefore, the 2025-2026 rate was increased to 5.0%, thinking that rates might fall back into the 4.5% range. At this time, the current BBI rate has been relatively steady at 4.97% and the City is permitted to set this rate to cover administrative costs associated with processing and maintaining assessment payments and records.

The number of residents who take advantage of this program on an annual basis depends on the number and size of the projects completed per year. Historically, the City has never had to seek alternative bond revenue to cover assessment costs and has always used internal funds to cover the assessment costs that haven't been paid in full. The term of the assessments can range from 1 to 10 years, depending on the type of assessment; however, residents will get charged this approved rate under this program.

Based on the 20-year BBI current rate of 4.97%, current economic conditions, and administrative cost considerations, it is recommended that the interest rate on special assessments be set at 5.5% for the period Aug. 1, 2026 - July 31, 2027.

Bond Buyer's 20-year Bond Buyer Index as of:

June 24, 2026 = 4.97%
June 18, 2025 = 5.25%

September 11, 2024 = 3.86%
July 20, 2023 = 3.57%
June 23, 2022 = 3.54%
June 17, 2021 = 2.09%
July 9, 2020 = 2.19%
July 11, 2019 = 3.46%
Aug. 27, 2018 = 3.83%

Priorities & Foundational Principles:
Fiscal Responsibility & Sustainability

Policy Considerations & DEI Impact:
The funding provided by this rate approval assists the City to effectively repay bonds if bonds are secured to perform the infrastructure projects, and for any other carrying costs of other funding.

Prior Legislative Actions & Community Engagement:
September 22, 2025: Council approved Resolution No. 217-25
September 23, 2024: Council approved Resolution No. 184-24
August 7, 2023: Council approved Resolution No. 166-23
July 18, 2022: Council approved Resolution No. 173-22
July 19, 2021: Council approved Resolution No. 145-21
July 20, 2020: Council approved Resolution No. 211-20
July 22, 2019: Council approved Resolution No.146-19
September 5, 2018: Council approved Resolution No. 306-18
August 21, 2017: Council approved Resolution No. 359-17
August 15, 2016: Council approved Resolution No. 357-16
September 9, 2015: Council approved Resolution No. 415-15
August 18, 2014: Council approved Resolution No. 345-14
August 19, 2013: Council approved Resolution No. 413-13
October 1, 2012: Council approved Resolution No. 402-12
August 16, 2011: Council approved Resolution No. 382-11
August 16, 2010: Council approved Resolution No. 328-10
August 17, 2009: Council approved Resolution No. 338-09
October 6, 2008: Council approved Resolution No. 469-08
October 1, 2007: Council approved Resolution No. 467-07
August 21, 2006: Council approved Resolution No. 434-06
August 15, 2005: Council approved Resolution No. 381-05
August 16, 2004: Council approved Resolution No. 393-04
July 7, 2003: Council approved Resolution No. 335-03

Fiscal & Resource Impact:
If rates for non-WQPP development charge assessments are not kept up with the bond index, the City could be responsible for a larger portion of the interest charges if bonds were secured to fund the projects.

Alternative Action(s):
No alternative actions are suggested at this time.

Prepared By:
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Attachments:

Resolution - Water Quality Program Assessment