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Executive Summary:

- The Development Services Fund supports delivery of development review, inspections, land use, and code enforcement services.
- The Development Services Fund 2023-2029 forecast reflects strong to moderate development activity as current major projects move through the review and construction phases of the development cycle. Activity is anticipated to show more moderate growth in subsequent years.
- Staff are conducting analysis and review of recent legislation adopted by the State of Washington and developing workplans for process and reporting changes.
- This forecast assumes economic uncertainty in the future, however, projects currently in the review/inspection phase will be completed and interest in development in Bellevue remains high.

Background

In the early forecast years, development activity continues at a strong to moderate pace for office, retail, and housing construction projects that are in the review and construction phases. Commercial tenant improvement projects also remain at high levels with the completion of existing commercial investment.

Although interest in construction projects remains strong, economic uncertainty from high inflation, workforce adjustments, and global economic impacts has tempered the pace of development. There is growing uncertainty of office space demand, and activity for commercial reinvestment is anticipated to be at more moderate levels through the remaining forecast period.

Projects are currently planned or under construction in all areas of the City including office, mixed-use and multi-family development. However, new office development, driven by Amazon's plans to bring 25,000 employees to Bellevue, has slowed as companies are now re-evaluating their in-office work strategies and news of layoffs at several companies based in the area has also had an impact on market confidence. The delayed completion of the Eastlink Light Rail project will also temper additional long-term commercial and residential Transit Oriented Development near light rails stations. In addition, developers are facing challenging market financing conditions which is expected to contribute to more moderate levels of development activity throughout the forecast period.

Single-family applications continue to reach peak level as new single family and reinvestment remains at high levels in the early forecast period. The high demand and low inventory for



2023-2029 Financial Forecast Development Services Fund

housing continues, but new single-family projects are impacted by high interest and costs due to high inflation which are expected to contribute to lower application volumes in the forecast period.

The timing of construction for these projects plays a role in the staffing level needed in Development Services to support major project activity. Staffing levels for review, inspection, and support services increased in prior budgets to meet the growing demand for permit review and inspection services, particularly in anticipation of several major large projects expected to be in concurrent construction phases, increasing the demand for inspection services. In the 2023-2024 budget, an additional 15.0 FTE were added in anticipation of continued demand for review/inspection work.

2023-2029 Outlook

Office vacancy rates in Downtown Bellevue are a key indicator to developers interested in developing new office space. The downtown vacancy rate in Q2 2023 was 8.6%, up by 0.4% from Q2 2022. Several new office buildings were pre-leased prior to completion, and while construction of additional office buildings during this development cycle is in response to low vacancy, there is uncertainty around future demands for office space as companies evaluate more expansive and long-term teleworking options for their employees.

The construction valuation for issued permits, considered a key barometer of development activity, is anticipated to decline to a more moderate level. Valuation in prior years is mainly a result of the volume and high valuation of projects. Construction investment for major projects will decline for office development, however, strong demand continues for single family and multi-family housing, and single-family alterations.

The land use design review application activity remains consistent with prior years indicating interest in future development in Bellevue continues, however, the pace of development is anticipated to decline in the latter years of the forecast as Bellevue moves through a downturn in the development cycle.

Recent adoption of City Council policy direction for affordable housing and State Legislation for permits related to land use decision timelines and will likely impact process and reporting efforts. Staff are conducting analysis and developing workplans to address the new requirements.

Because of the variables, the early forecast years reflect revenue collections for several new major projects, with reductions in revenue collections through the latter years.



2023-2029 Financial Forecast Development Services Fund

Development Services Fund 2023-2029 Financial Forecast (in \$000)

	2023	2024	2025	2026	2027	2028	2029
Beginning Fund Balance	\$63,823	\$64,661	\$63,995	\$62,527	\$60,541	\$58,533	\$56,354
Resources:							
Building Fees	\$16,683	\$17,388	\$17,216	\$17,560	\$18,087	\$18,629	\$19,188
Land Use Fees	\$2,793	\$3,122	\$3,215	\$3,280	\$3,378	\$3,479	\$3,584
Fire, Trans & Util Fees	\$8,541	\$8,551	\$8,765	\$8,852	\$9,118	\$9,392	\$9,673
sub: Dev Svcs Fees	\$28,017	\$29,060	\$29,196	\$29,692	\$30,583	\$31,500	\$32,445
Gen Fund Subsidy	\$4,546	\$4,701	\$4,771	\$4,819	\$4,915	\$5,014	\$5,114
Other Revenue/Interest	\$1,866	\$1,441	\$1,448	\$1,455	\$1,499	\$1,544	\$1,590
Total Resources	\$34,429	\$35,201	\$35,414	\$35,966	\$36,996	\$38,057	\$39,149
Expenditures:							
Building	\$13,024	\$13,842	\$14,285	\$14,742	\$15,214	\$15,701	\$16,203
Land Use	\$3,938	\$4,588	\$4,735	\$4,886	\$5,042	\$5,204	\$5,370
Fire, Transp. & Utilities	\$7,104	\$7,388	\$7,625	\$7,869	\$8,120	\$8,380	\$8,648
Policy & Code Compliance	\$2,384	\$2,523	\$2,603	\$2,687	\$2,773	\$2,861	\$2,953
Administrative/Shared Costs	\$6,302	\$6,526	\$6,735	\$6,950	\$7,173	\$7,402	\$7,639
Technology/Facility Initiatives	\$839	\$1,001	\$900	\$818	\$682	\$689	\$696
Total Expenditures	\$33,591	\$35,868	\$36,882	\$37,952	\$39,004	\$40,237	\$41,509
 Ending Fund Balance	 \$64,661	 \$63,995	 \$62,527	 \$60,541	 \$58,533	 \$56,354	 \$53,993

Forecast Drivers and Assumptions

1. The consideration of need for office space in the future, is a significant driver for the slower pace of office development and additional amenities in the downtown.

2. Several major mixed-use and nonresidential development projects (Bellevue 600, Avenue Bellevue, BIG 1, Four 106, , Broadstone Bellevue Gateway, NE 8, Northup Way Mixed Use, The Artise) are under construction in the early years of the forecast. Residential and senior housing development continues with construction of several apartment, townhome and senior living projects including 1250 112th Ave, 8 100 Bellevue Condos, Aegis at Lake Hills, Basel Newport Townhomes, Bellevue Senior Housing, Bellevue Way Townhouses, Broadstone Bellevue Gateway, MIRA II, Milestone NW Bell-Way Condos, Ondina, and Polaris at Eastgate.

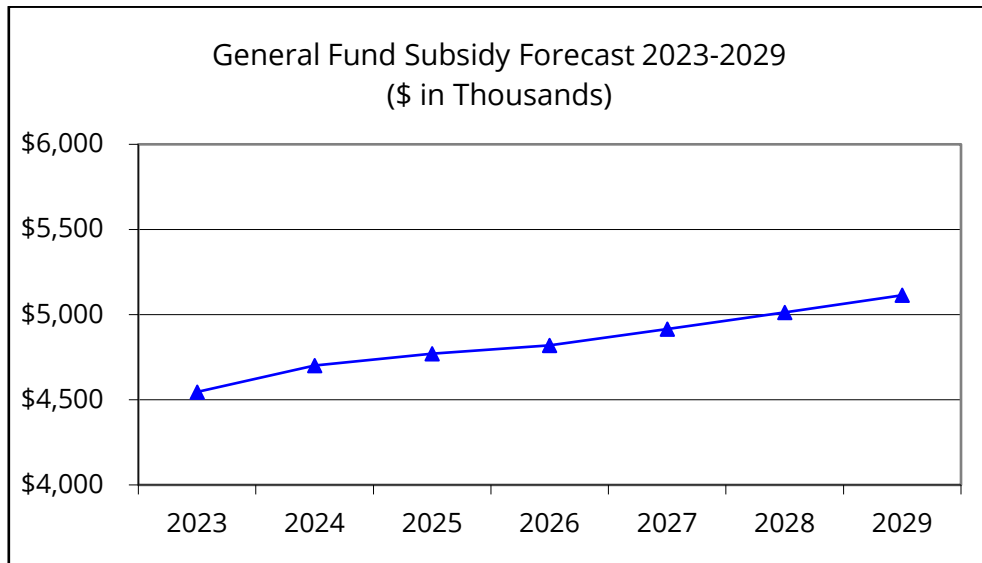


2023-2029 Financial Forecast Development Services Fund

3. New project activity continues as several currently in the review process (111th Ave NE Apartments Lakeshore Multifamily, 200 112th Office, 228 106th PI NE, 400 108th, Alexan Eastgate, Amity Court, Bel 10, Bellevue 108th Street Mixed Use, Bellevue 305 Office Building, Block 15, Bosa, Brizo, Crossroads Multifamily Mixed Use Bldg, E-P Development LLC Townhomes, Filament East Tower/West Garage, Four 106, Holland Chambers Apartment, Lochleven Townhomes, Park Row, Perle Apartments, Pine Forest Building A, Pinnacle Apartments, SummerhHill Highland Park and Silver Cloud) have the potential to begin construction in early forecast years. Tenant improvements of new office buildings will also continue, however, are anticipated at a more moderate rate.
4. Council continues to review land use codes that are pertinent to the future growth in Bellevue, including areas around or in the Downtown and other subareas. Affordable housing continues to be an area of focus and priority for the Council.
5. The forecast reflects maintaining the current level of staffing to address the current and continuing workload. Consistent with the long-range financial planning effort, changes in resource levels are continually assessed and modified to accommodate workload and maintain service levels, and to maintain budget alignment.
6. The forecast reflects the 2023-2024 budget change to the land use discretionary review cost recovery objective from 50% to 100% fee supported. The proposed change eliminated the need for general fund subsidy for the land use review service.
7. Development fees are reviewed annually and may be adjusted to assure they are set accordingly to meet cost recovery objectives endorsed by the Council. This forecast assumes that rates will grow at levels near the average rate of inflation.

General Fund Subsidy

The General Fund contribution to the Development Services Fund supports personnel and M&O costs for programs that have been designated as general funded activities. These programs include Code Compliance and a portion of Land Use. Development Services activities supported by the General Fund include public information, code and policy development.



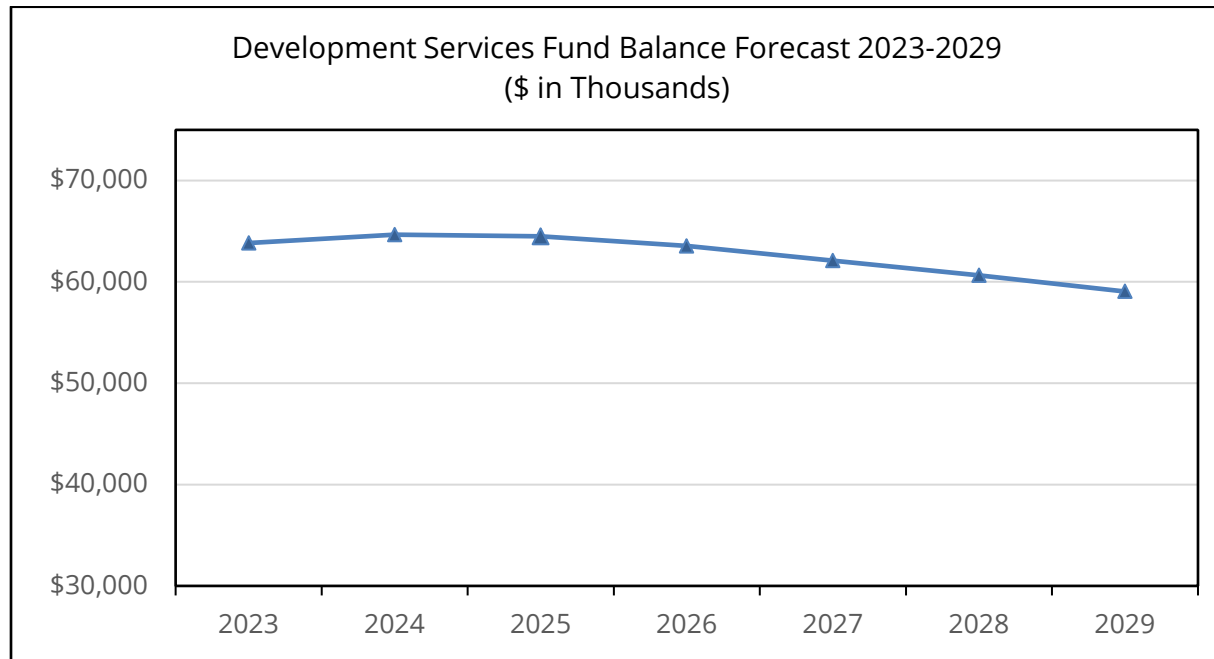
The General Fund contribution to the Development Services Fund is expected to grow in the early forecast period for code and policy development. In later years, the contribution grows by inflation factors, consistent with projections for staff and operating costs.

Development Services Fund Reserves

The Development Services Fund includes prepaid fees and reserves to assure that core staffing levels are balanced with cyclical needs, thus mitigating the effects of downturns or rapid increases in development activity. Reserves also ensure the Permit Center, capital equipment, and technology systems are adequately funded when they need replacement or renovation.

Development Services Fund level is forecast at approximately \$65 million through 2023, reflecting the most recent rapid development growth in Bellevue and staffing costs to meet the demand. As development activity slows, the fund level declines through the forecast years as reserves are drawn upon to maintain enough staff to complete the review and inspection of projects in construction and continue process improvement work.

Development activity and the Development Services fund levels will be closely monitored over the next biennium. Corrective measures will be taken during the forecast period if market conditions warrant doing so.





2023-2028 Financial Forecast Parks Enterprise Fund

Executive Summary:

- The Parks Enterprise Fund forecast assumes that user fee revenue can continue to recover program expenditures over the forecast period.
- The Parks Enterprise Fund forecast shows that the fund will meet reserve requirements and fund capital improvements from 2023-2028. Transfers for golf course capital improvements were paused from 2020-2022 due to lower than targeted reserve levels, but capital transfers are forecasted to return to typical budget levels from 2023-2028.

Background

The Parks Enterprise Fund accounts for the services provided by the Enterprise Program within the Parks & Community Services Department. These services include golf, tennis, aquatics, adult sports, and facility rentals. Enterprise Programs are fully supported through user fees but attempt to serve all residents regardless of ability to pay through the use of scholarships.

Parks Enterprise Fund Reserves

Parks Enterprise Fund reserves range between \$1.8M and \$3.2M over the forecast period, and meet the targeted reserve policy of 2-months operating expenses. This reserve helps ensure the fund meets cash flow needs during the winter months when golf course revenues are low.

Enterprise Capital Improvements

The Parks Enterprise program funds the Enterprise Facility Improvements Project (CIP project P-R-2), including capital projects at the Bellevue Golf Course to enhance player services and the financial performance of the course. Transfers for golf course capital improvements were paused from 2020-2022 due to lower than targeted reserve levels during the COVID pandemic, but are forecasted to return to typical budget levels from 2023-2028.



2023-2028 Financial Forecast Parks Enterprise Fund

Parks Enterprise Fund 2023-2028 Financial Forecast (In \$000)

	2023 Projection	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
Resources:						
Beginning Fund Balance	\$1,521	\$1,821	\$2,121	\$2,411	\$2,701	\$2,985
Program Revenue	8,226	8,518	8,731	8,949	9,173	9,402
General Fund Subsidy	0	0	0	0	0	0
Total Resources	\$9,747	\$10,339	\$10,851	\$11,360	\$11,874	\$12,387

	2023 Projection	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
Expenditures:						
Personnel	\$2,894	\$3,019	\$3,100	\$3,179	\$3,263	\$3,350
M&O	3,355	3,457	3,549	3,640	3,735	3,836
Interfund Transfer	1,572	1,632	1,676	1,719	1,764	1,811
Capital Transfer	105	110	116	122	128	134
Total Expenditures	\$7,926	\$8,218	\$8,440	\$8,659	\$8,889	\$9,131

Reserves:						
Ending Fund Balance	\$1,821	\$2,121	\$2,411	\$2,701	\$2,985	\$3,256

Note: Columns may not foot due to rounding.



2024-2029 Financial Forecast

Utilities Funds

Executive Summary

The Utilities Department operates as an enterprise within the City structure and functions much like a private business entity.

This forecast supports a prudent, balanced, and responsible budget to maintain high-quality utility service delivery to the community through continued responsible management of infrastructure assets, leveraging efficiencies, and cost containment.

Significant rate drivers in the 2023-2024 biennium include higher inflationary pressures, wholesale cost increases for drinking water supply and wastewater treatment services, and infrastructure maintenance and renewal/replacement needs.

Since all Utility functions are primarily supported by rates, this forecast includes funding for operations, asset replacements (e.g., vehicles), capital investment programs (CIP), and long-term infrastructure renewal and replacement requirements.

Background

The Utilities Department faces the following key challenges and constraints in the 2024-2029 forecast period:

Key Challenges

Operating and Construction Cost Inflation. Similar to the General Fund, and other utilities, Bellevue Utilities continues to be impacted by higher than historical inflation. Current inflation expectations result in increased personnel, operating and maintenance costs, as well as associated interfund costs. Construction costs have increased substantially due to disruptions in the global supply chain impacting materials costs, and the local construction market driving labor costs.

Aging Capital Infrastructure. The Department's ability to deliver quality services to its customers is dependent on the ability of each system to function on demand, every day of the year. Maintaining and replacing the City's aging utility infrastructure continues to be a key rate driver for all three utilities. Most of Utilities' system infrastructure is well past mid-life. This forecast includes increases to the long-term renewal and replacement (R&R) needs for storm and surface water culverts, in order to comply with current regulatory requirements.

Supporting Economic Growth. Additional utility infrastructure is needed to support development and economic growth.

Operational Efficiency. The Utilities Department is mindful of the need to operate efficiently and continually evaluates business processes to seek opportunity to deliver services in the most cost-effective manner.



2024-2029 Financial Forecast

Utilities Funds

Constraints

External Financial Obligations. Half of Utilities’ operating costs represent legal and contractual financial obligations, including wholesale costs for water supply and wastewater treatment, tax payments to the State and cities, and support service charges from the General Fund.

Regulatory Mandates. Utilities must comply with State and Federal mandates, such as the Safe Drinking Water Act, Clean Water Act, National Pollution Discharge Elimination System (NPDES) Municipal Stormwater Permit, and other environmental permitting requirements, to protect drinking water and surface water quality, and fish habitat.

Within this context, the 2023-2024 budget as adopted by Council was prepared with the following guiding principles to support City Council strategic direction by:

Supporting the City’s economic development;

Protecting the built and natural environment; and

Being a high-performance government by:

- Complying with Council-adopted financial policies;
- Maintaining a long-term view;
- Leveraging innovation and technology to achieve efficiencies;
- Minimizing impacts to customers; and
- Preserving Utilities’ financial sustainability.

Adopted 2024 Utility Rates

The following table summarizes the rate adjustments necessary to support the adopted budget for the Water, Sewer, and Storm and Surface Water utilities by rate drivers. The 2024 rate increases are unchanged from those adopted as part of the 2023-2024 Budget.

	Water	Sewer	Storm	Total
	2024	2024	2024	2024
Wholesale	1.1%	3.6%		2.1%
Local				
CIP/R&R	1.9%	2.1%	2.6%	2.1%
Taxes/Interfunds	1.1%	0.5%	0.9%	0.8%
Operations	0.6%	0.6%	1.8%	0.8%
Local Subtotal	3.6%	3.2%	5.3%	3.7%
Total Rate Increase	4.7%	6.8%	5.3%	5.8%

The total monthly utility bill for the typical single-family residential customer for water, sewer, and storm and surface water services is \$210.62 in 2023. With the above adopted rate increases, the total monthly utility bill for the typical single-family resident will increase by 5.8% or \$12.19 in 2024.

The following section provides further detail on the key rate drivers for the adopted 2023-2024 Utilities budget.



2024-2029 Financial Forecast

Utilities Funds

Payments to External Service Providers

Wholesale Costs

The single largest cost center for the Utilities Department is wholesale costs, which include payments to the Cascade Water Alliance (Cascade) for the purchase of water supply and regional capital facility charges and payments to King County for wastewater treatment. Combined, these expenses total \$133.9 million for the 2023-2024 biennium, or approximately 35% of the total budget for the Utilities Department.

The cost from Cascade to purchase water supply is projected to increase from \$23.1 million in 2023 to \$23.6 million in 2024. The impact of the cost increase to the Bellevue retail water rate is 1.1% in 2024.

The cost from King County for wastewater treatment is projected to increase from \$40.0 million in 2023 to \$42.3 million 2024. The impact of the cost increase to the Bellevue retail sewer rate is 3.6% in 2024.

To ensure local operations and the CIP are not degraded, the Department's adopted 2023-2024 budget is consistent with the Council-adopted financial policy which directs rate increases necessary to fund wholesale costs be passed directly through to the customer.

Local Costs

CIP / R&R

Outside of wholesale costs discussed above, the next largest cost driver for the Utilities Department is the CIP and the cost to renew and replace infrastructure in the future, representing approximately 33% of the operating expense budget for the Utilities department, or approximately \$124 million for the 2023-2024 biennium. Utilities infrastructure has a replacement value of over \$3.5 billion, and most of the systems are well past their mid-life. As a result, the systems used to deliver water, convey wastewater, and manage stormwater runoff are experiencing more failures, and the cost to maintain, operate, rehabilitate, and replace this infrastructure is increasing. To minimize costs and optimize the integrity of the utility systems, the Utilities Department has developed a strategic 75-year asset management plan to systematically fund the future renewal and replacement of these assets. Consistent with Council-adopted financial policy, this long-term funding strategy is also designed to smooth future rate increases and provide for intergenerational equity.

The adopted Utilities 2023-2029 CIP includes the following investments:

Aging infrastructure: \$262 million, or 83% of the adopted CIP, is for investments to address aging infrastructure needs. Examples of projects include water main replacements (\$111.5 million), sewer system trunk rehabilitation (\$26.8 million), sewer pump station improvements (\$23.3 million), and storm system conveyance repairs and replacements (\$19.8 million).



2024-2029 Financial Forecast Utilities Funds

Environmental preservation: \$41 million, or 13% of the adopted CIP, is for environmental preservation and flood protection projects. Example projects include the storm system flood control program (\$11.7 million), and Factoria Blvd. stormwater conveyance improvement project (\$7.3 million).

Capacity for growth: \$4 million, or 1% of the adopted CIP, is to increase utility system capacity to accommodate growth. Example projects include water storage availability for downtown (\$4.2 million).

Operational efficiencies: \$11 million, or 3% of the adopted CIP, is funding to support operational efficiencies, including building an additional operational facility to maintain service delivery to the community (\$10.0 million).

Total funding for current and future capital infrastructure needs will require a combined rate increase of 2.2% in 2024.

Taxes/Internal Service Provider Payments

Taxes and interfund payments represent approximately 15% of the total budget for the Utilities Department, or approximately \$55.3 million for the 2023-2024 biennium. The amount of taxes paid is based upon the amount of revenue collected and the tax rates assessed by the State and cities. No changes to the State and city tax rates are assumed in the adopted budget. Interfund payments represent costs that Utilities pays to the General Fund for support services. A combined rate increase of 0.8% in 2024 is required for cost increases in taxes and interfund payments.

Operations

Operating costs include personnel, supplies, and professional service expenses that are necessary to carry out the daily functions of the Utilities Department. This cost category totals \$66.1 million, or about 17% of the Utilities budget for the 2023-2024 biennium. The costs to operate and maintain the utilities are increasing and will require a combined rate increase of 0.7% in 2024.

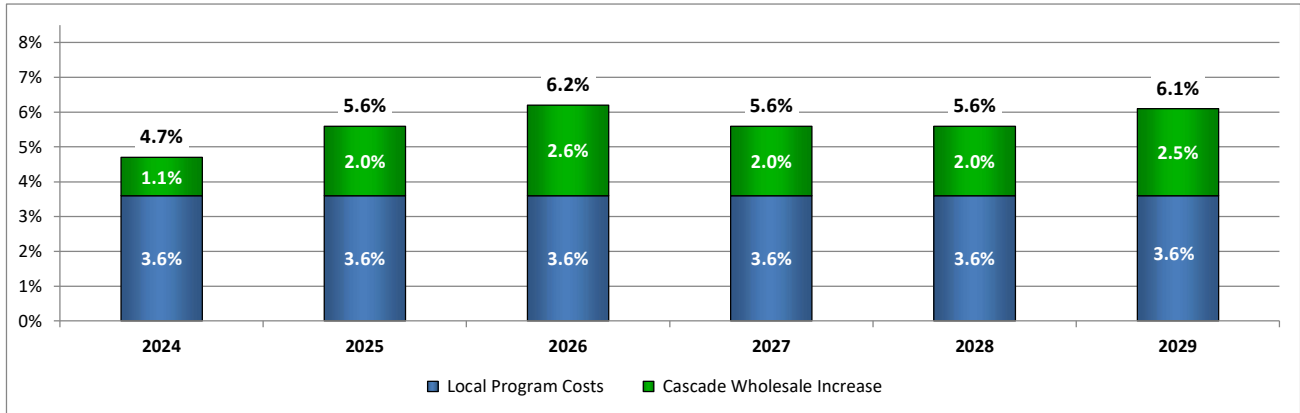
2024-2029 Financial Forecast

The following pages provide a more in-depth discussion of the individual rate drivers and forecasted rate adjustments through the year 2029 for the water, sewer, and stormwater utilities.

2024-2029 Financial Forecast Utilities Funds

WATER UTILITY FUND 2024 - 2029 Utilities Rate Forecast

PROJECTED RATE INCREASES



Impact to Monthly Bill for a Typical Residential Customer						
	2024	2025	2026	2027	2028	2029
Prior Year Bill	\$79.15	\$82.87	\$87.51	\$92.94	\$98.15	\$103.64
Increase:						
Cascade Wholesale Purchased Water	0.87	1.66	2.28	1.86	1.96	2.59
Local	<u>2.85</u>	<u>2.98</u>	<u>3.15</u>	<u>3.35</u>	<u>3.53</u>	<u>3.73</u>
Total	<u>\$3.72</u>	<u>\$4.64</u>	<u>\$5.43</u>	<u>\$5.21</u>	<u>\$5.49</u>	<u>\$6.32</u>
Projected Bill	\$82.87	\$87.51	\$92.94	\$98.15	\$103.64	\$109.96

Minor differences may exist due to rounding

Key Rate Drivers

- **Wholesale Costs**

Drinking water for the City of Bellevue is purchased from the Cascade Water Alliance (Cascade). The wholesale rate is adopted by Cascade, and per City financial policy is passed directly through to the ratepayer. Cascade's wholesale costs to the City of Bellevue are projected to increase by 2.3% in 2024, for a retail rate impact to Bellevue customers of 1.1%. Beyond that, the anticipated retail rate impacts due to Cascade's projected cost increases to the City of Bellevue average 2.2% per year for 2025 through 2029.

- **Capital Program**

The 2023-2029 water capital investment program (CIP) includes \$178.2M to proactively construct, maintain, and replace system assets. The water utility is in active system replacement and the majority of the projected capital program (\$170.0M) will be invested to replace existing aging infrastructure. Significant aging infrastructure water CIP projects include water main replacement and reservoir rehabilitations. Total costs for current and future infrastructure needs will require rate increases of 1.9% in 2024, and an average of about 1.7% per year thereafter.

- **Taxes/Intergovernmental**

As an enterprise fund, Bellevue Utilities pays city and state taxes, and pays the general fund for support services. These costs are expected to increase and will require a rate increase of 1.1% in 2024. Rate increases for taxes and support services for the remainder of the forecast period are projected to average 1.0%.

- **Operations**

The cost to operate and maintain the utility, including personnel, professional services, and other maintenance & operating costs are projected to increase and will require a rate increase of 0.6% in 2024, and an average of about 0.9% per year thereafter.

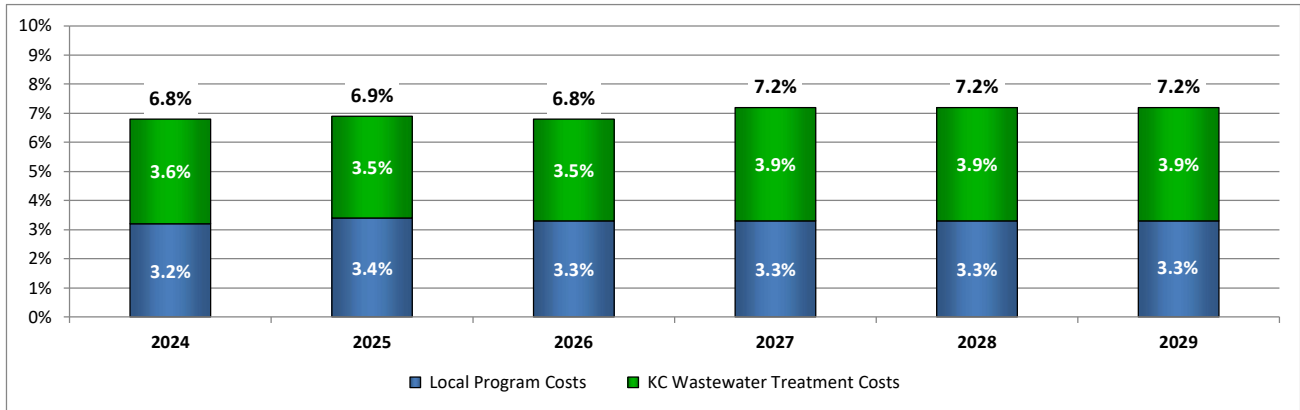
2024-2029 Financial Forecast

Utilities Funds

SEWER UTILITY FUND

2024 - 2029 Utilities Rate Forecast

PROJECTED RATE INCREASES



Impact to Monthly Bill for a Typical Residential Customer						
	2024	2025	2026	2027	2028	2029
Prior Year Bill	\$100.14	\$106.95	\$114.33	\$122.10	\$130.89	\$140.31
Increase:						
KC Wastewater Treatment	3.61	3.74	4.00	4.76	5.10	5.47
Local	<u>3.20</u>	<u>3.64</u>	<u>3.77</u>	<u>4.03</u>	<u>4.32</u>	<u>4.63</u>
Total	<u>\$6.81</u>	<u>\$7.38</u>	<u>\$7.77</u>	<u>\$8.79</u>	<u>\$9.42</u>	<u>\$10.10</u>
Projected Bill	\$106.95	\$114.33	\$122.10	\$130.89	\$140.31	\$150.41

Minor differences may exist due to rounding

Key Rate Drivers

- **Wholesale Costs**

The City of Bellevue purchases wastewater treatment services from King County. The wholesale wastewater treatment rate is established by the County, and per City financial policy is passed directly through to the ratepayer. Per King County's adopted sewer rate plan, wholesale costs to Bellevue Utilities will increase by 5.75% in 2024, with a retail rate impact to Bellevue customers of 3.6%. Beyond that, the anticipated retail rate impacts due to King County's projected cost increases to the City of Bellevue average 3.7% per year for 2025 through 2029. The projected increases provided by King County do not fully reflect increases due to regulatory compliance projects such as combined sewer overflows or the Puget Sound nutrient general permit.

- **Capital Program**

The adopted 2023-2029 sewer capital investment program (CIP) includes \$77.5M in investments. Unlike the water utility, the sewer utility is just beginning systematic asset replacement. Most of the capital program (\$71.3M) will be invested to replace existing aging infrastructure. Significant aging infrastructure projects include sewer system pipeline major repairs, sewer pump station improvements, and sewer system pipeline replacements. Total costs for current and future infrastructure needs require rate increases of 2.1% in 2024, and an average of 2.1% per year thereafter.

- **Taxes/Intergovernmental**

As an enterprise fund, Bellevue Utilities pays city and state taxes, and pays the general fund for support services. These costs are expected to increase and require a rate increase of 0.5% in 2024, and an average of 0.6% per year thereafter.

- **Operations**

The cost to operate and maintain the utility, including personnel, professional services, and other maintenance & operating costs are projected to increase and require a rate increase of 0.6% in 2024, and an average of 0.7% per year for the remainder of the forecast period.

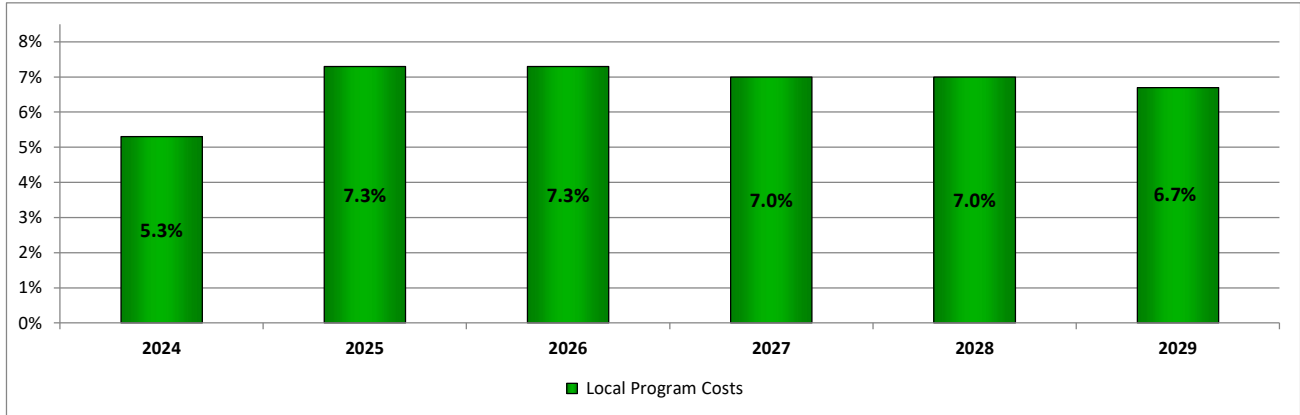
2024-2029 Financial Forecast

Utilities Funds

STORM AND SURFACE WATER UTILITY FUND

2024 - 2029 Utilities Rate Forecast

PROJECTED RATE INCREASES



Impact to Monthly Bill for a Typical Residential Customer						
	2024	2025	2026	2027	2028	2029
Prior Year Bill	\$31.33	\$32.99	\$35.40	\$37.98	\$40.64	\$43.48
Increase	\$1.66	\$2.41	\$2.58	\$2.66	\$2.84	\$2.91
Projected Bill	\$32.99	\$35.40	\$37.98	\$40.64	\$43.48	\$46.39

Minor differences may exist due to rounding

Key Rate Drivers

- **Wholesale Costs**

The storm and surface water fund does not have a wholesale component. All elements of storm and surface water management is performed locally by the City of Bellevue.

- **Capital Program**

The adopted 2023-2029 stormwater capital investment program (CIP) includes \$61.7M in investments. Of this amount, \$40.6M is for environmental preservation investments, and include mitigating flood hazards and constructing fish passage and stream improvement projects. The remaining \$21.1M is largely for aging infrastructure rehabilitation and replacements. Significant projects include stormwater system conveyance infrastructure rehabilitation, and long-term renewal and replacement of culverts. Total costs for current and future infrastructure needs require rate increases of 2.6% in 2024 and an average of about 4.2% per year thereafter.

- **Taxes/Intergovernmental**

As an enterprise fund, Bellevue Utilities pays city and state taxes, and pays the general fund for support services. These costs are expected to increase and require a rate increase of 0.9% in 2024, and increases averaging about 0.9% per year thereafter.

- **Operations**

The cost to operate and maintain the utility, including personnel, professional services, and other maintenance & operating costs are projected to increase and require a rate increase of 1.8% in 2024, and about 2.0% per year thereafter.