

## CITY COUNCIL REGULAR SESSION

Ordinance establishing revised sewerage service charges for the Sewer Utility for the City of Bellevue; repealing Ordinance No. 6553; providing for severability; and establishing an effective date.

Nav Otal, Director, 452-2041  
Andy Baker, Fiscal Manager 452-4193  
*Utilities Department*

## EXECUTIVE SUMMARY

This Ordinance will revise the sewerage service charges to provide sufficient resources to support the annual operating and capital investment program (CIP) funding needs of the Sewer Utility; consistent with the City Manager's 2023-2024 Preliminary Budget.

## RECOMMENDATION

Move to adopt Ordinance No. 6694

## BACKGROUND/ANALYSIS

As with any business enterprise, the changes in the cost to deliver services must be evaluated and incorporated into the budget. The key budget drivers for the Sewer Utility are: 1) external financial obligations including regional costs, and payments for taxes and support services from the General Fund; and 2) investments in the City's sewer utility infrastructure. Maintaining the integrity of the utility infrastructure is critical to the Department's ability to continue quality service delivery to the community.

This Ordinance will revise the charges to include the anticipated increases in King County charges for regional wastewater treatment, as well as updated costs for local program operating and capital expenditures, and will establish charges needed to support the 2023-2024 biennial budget. Under the existing sewer rate structure, residential customers pay a fixed monthly charge equal to the charge from King County for wastewater treatment plus a volume charge to fund local operating and capital costs.

### **Wholesale**

This Ordinance will revise the charges to include anticipated increases in King County wastewater treatment costs in 2023 and 2024. The King County Council adopted a 2023 monthly wastewater treatment charge per residential equivalent unit of \$52.11 per unit, representing a 5.75 percent increase from the 2022 rate of \$49.27 per unit. King County projects an additional increase to the regional wastewater treatment charge of 5.75 percent in 2024. Consistent with Council-adopted policies, the impact of these charges will be passed through to Bellevue customers. This translates to rate increases to Bellevue customers of 3.7 percent in 2023 and 3.6 percent in 2024.

### **Local Programs**

This Ordinance will revise the charges to include updated assumptions for local program operating and capital expenditures. Rate increases of 4.0 percent in 2023 and 3.2 percent in 2024 are needed for

critical capital infrastructure needs, increases in payments for support services and taxes, and local operations and maintenance costs.

The total rate increase, including wholesale cost increases, is 7.7 percent in 2023 and 6.8 percent in 2024.

The Environmental Services Commission reviewed the proposed Utilities Department operating and capital budget in detail between January and September, and recommended approval of the proposed rate increases to Council on September 15. The City Council reviewed the proposed Utilities Department budget and rate increases during the Council study session on October 10.

**POLICY & FISCAL IMPACTS**

**Policy Impact**

State Law

State law requires approval of a balanced budget.

City Financial Policies

In accordance with Council-adopted policies, sewer service rate increases are needed to invest in utility infrastructure to ensure reliable service delivery to sewer customers and meet increased payments for taxes and support services from the General Fund. The requested charges meet Council-approved rate guidelines which direct pass-through of regional wastewater treatment cost increases and provide sufficient funds to fulfill Council policy regarding infrastructure replacement reserves.

**Fiscal Impact**

Changes to the existing sewerage service charges in 2023 and 2024 are needed to provide sufficient resources to support annual operating and capital funding needs of the Sewer Utility, consistent with the proposed 2023-2024 Utilities Department budget and the Utilities Six-Year Rates Forecast.

The impacts on the typical customer monthly bills in 2023 and 2024 from the proposed sewerage service charge increases are shown below:

	<u>Bill</u>	<u>\$ Increase</u>	<u>% Increase</u>
<b>Single Family:</b> 7.5 ccf per mo.			
2022	\$92.97	N/A	N/A
2023	\$100.14	\$7.17	7.7%
2024	\$106.95	\$6.18	6.8%

	<u>Bill</u>	<u>\$ Increase</u>	<u>% Increase</u>
<b>Multi-family:</b> 12 units, 100 ccf per mo.			
2022	\$1,063.67	N/A	N/A
2023	\$1,145.68	\$82.00	7.7%
2024	\$1,223.53	\$77.85	6.8%

	<u>Bill</u>	<u>\$ Increase</u>	<u>% Increase</u>
<b>Commercial: 4" meter, 1,000 ccf per mo.</b>			
2022	\$11,940.97	N/A	N/A
2023	\$12,858.69	\$917.72	7.7%
2024	\$13,734.23	\$875.53	6.8%

## OPTIONS

1. Adopt the Ordinance establishing revised sewerage service charges for the Sewer Utility for the City of Bellevue; repealing Ordinance No. 6553; providing for severability; and establishing an effective date.
2. Do not adopt the Ordinance and provide alternative direction to staff.

## ATTACHMENTS

Proposed Ordinance No. 6694

## AVAILABLE IN COUNCIL LIBRARY

N/A