

CITY COUNCIL AGENDA TOPIC

Briefing on proposed 2026 sewer rate adjustment

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EXECUTIVE SUMMARY**DIRECTION**

This evening, staff will present the following information as part of the Development Services Permit Fees presentation.

The 2025-2026 Mid-Biennium Budget includes a recommended adjustment to the Council-adopted 2026 sewer rate. The rate adjustment is due to an increase in King County's wastewater treatment charges anticipated in 2026, which will increase wholesale costs for the City of Bellevue. The adjustment is consistent with Council-adopted policies, which directs rate increases necessary to fund wholesale costs to be passed directly through to the customer. A rate ordinance revising Bellevue's 2026 sewerage service charges will be presented to City Council for adoption on November 18.

RECOMMENDATION

Consider directing staff to bring back an ordinance implementing the proposed 2026 sewer rate adjustment for Council consideration as part of 2025-2026 Mid-Biennium Budget adoption.

BACKGROUND/ANALYSIS**2026 Adopted Sewer Utility Rate Adjustment**

The City of Bellevue's 2025-2026 Adopted Budget includes a 7.6 percent sewer rate increase in 2026. The 2026 sewer rate accounts for a 7.0 percent increase in King County's wastewater treatment charges.

Change to Wholesale Sewer Treatment Costs

In May, Kamuron Gurol, Wastewater Treatment Division (WTD) Director, briefed Bellevue City Council concerning King County's 2026 sewer rate and capacity charge proposal and 20-year forecast. As presented, WTD proposed a 2026 monthly wastewater treatment charge of \$62.66 per residential equivalent unit, representing a 7.5 percent increase from the 2025 rate of \$58.28 per unit. The King County Council subsequently approved the 7.5 percent increase in June.

The 2025-2026 Mid-Biennium Budget would increase Bellevue's 2026 sewer rate from 7.6 percent to 7.9 percent to account for the anticipated increase in King County's wastewater treatment charges. The 2026 sewer rate adjustment would also account for additional state and local taxes assessed on the increase in King County's wastewater treatment charges. The proposed 2026 sewer

rate adjustment is consistent with Council-adopted policies, which directs cost increases in wholesale services shall be passed directly through to Bellevue customers.

The proposed 2026 rate adjustment is reflected in the attached 2026-2031 Utilities Financial Forecast. This forecast also includes anticipated future sewer rate increases attributed to rising King County wastewater treatment charges, as presented to City Council in May. The water and storm and surface water rate adjustments included in the 2026-2031 Utilities Financial Forecast are consistent with those presented to City Council as part of the 2025-2026 Adopted Budget.

POLICY & FISCAL IMPACTS

Policy Impact

State Law

RCW 35A.33.120 requires approval of a balanced budget.

City Code

BCC 24.04.270 – The City Council shall establish rates for sewer use and services, which rates shall be based on revenue requirements necessary to cover all costs of the utility. Any recommended rate adjustments shall consider equity, adequacy, costs and other factors as allowed by law.

City Financial Policies

7.10.2.1 -- Utility rates shall be based on financial analysis considering cost-of-service and set at a level sufficient to cover current and future expenses and maintain reserves and contingencies consistent with policies, policy objectives, and long-term financial forecasts. Changes in rate levels should be gradual and uniform to the extent that costs (including CIP and transfers) can be forecasted. Cost increases or decreases in wholesale services shall be passed directly through to Bellevue customers. Utility rates will provide for equity between customers based on use of the system and services provided.

Fiscal Impact

Changes to the existing sewerage service charges in 2026 are needed to provide sufficient resources to support annual operating and capital funding needs of the Sewer Utility, consistent with the proposed 2025-2026 Mid-Biennium Budget and the 2026-2031 Utilities Financial Forecast.

The impacts on the typical monthly bill from the proposed 2026 sewer rate adjustment is depicted in the following table:

Customer Class	Year	Sewer Bill	\$ Increase	% Increase
Single Family (7.5 ccf per month)	2025	\$114.88		
	2026	\$124.09	\$ 9.21	8.0%
Multi-family (12 Units and 45 ccf per month)	2025	\$895.38		
	2026	\$966.14	\$70.76	7.9%
Commercial (50 ccf per month)	2025	\$737.34		
	2026	\$795.36	\$58.02	7.9%

OPTIONS

1. Direct staff to bring back an ordinance implementing the proposed 2026 sewer rate adjustment for Council consideration as part of the 2025-2026 Mid-Biennium Budget adoption.
2. Provide alternative direction to staff.

ATTACHMENTS

- A. 2026–2031 Utilities Financial Forecast

AVAILABLE IN COUNCIL LIBRARY

N/A