

CITY COUNCIL REGULAR SESSION

Ordinance establishing revised charges for water service, water consumption, and water standby capacity for private fire protection for the Water Utility for the City of Bellevue; repealing Ordinance No. 6552; 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 water service, water consumption, and water standby capacity for private fire protection charges to provide sufficient resources to support the annual operating and capital investment program (CIP) funding needs of the Water Utility; consistent with the City Manager's 2023-2024 Preliminary Budget.

RECOMMENDATION

Move to adopt Ordinance No. 6693

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 Water 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 water 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 adopted increases in Cascade Water Alliance (Cascade) costs for drinking water supply, as well as update costs for local program operating and capital expenditures and will establish charges needed to support the 2023-2024 biennial budget.

Wholesale

This Ordinance will revise the charges to include adopted increases in Cascade charges for water supply in 2023 and 2024. Payments to Cascade for water supply totaled \$24.7M in 2022 and are expected to increase to \$25.4M in 2023 and \$26.0M in 2024. Consistent with Council-adopted policies, the impact of these changes will be passed through to Bellevue customers. This translates to rate increases to Bellevue customers of 1.7 percent in 2023 and 1.1 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 4.2 percent in 2023 and 3.6 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 5.9 percent in 2023 and 4.7 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, water service rate increases are needed to invest in utility infrastructure to ensure reliable service delivery to water 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 water supply cost increases and provide sufficient funds to fulfill Council policy regarding infrastructure replacement reserves.

Fiscal Impact

Changes to the existing water service, water consumption, and water standby capacity for private fire protection charges in 2023 and 2024 are needed to provide sufficient resources to support annual operating and capital funding needs of the Water 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 water service and consumption charge increases are shown below:

	<u>Bill</u>	<u>\$ Increase</u>	<u>% Increase</u>
Single Family: ¾" Meter, 8.5 ccf per mo.			
2022	\$74.74	N/A	N/A
2023	\$79.15	\$4.41	5.9%
2024	\$82.87	\$3.72	4.7%
	<u>Bill</u>	<u>\$ Increase</u>	<u>% Increase</u>
Multi-family: 1 ½" Meter, 100 ccf per mo.			
2022	\$762.87	N/A	N/A
2023	\$807.54	\$44.67	5.9%
2024	\$845.75	\$38.21	4.7%

	<u>Bill</u>	<u>\$ Increase</u>	<u>% Increase</u>
Commercial: 4" Meter, 1,000 ccf per mo.			
2022	\$7,206.50	N/A	N/A
2023	\$7,633.57	\$427.07	5.9%
2024	\$7,992.86	\$359.28	4.7%

OPTIONS

1. Adopt the Ordinance establishing revised charges for water service, water consumption, and water standby capacity for private fire protection for the Water Utility for the City of Bellevue; repealing Ordinance No. 6552; providing for severability; and establishing an effective date.
2. Do not adopt the Ordinance and provide alternative direction to staff.

ATTACHMENTS

Proposed Ordinance No. 6693

AVAILABLE IN COUNCIL LIBRARY

N/A