

MEMORANDUM



City of Bellevue

DATE: July 2, 2026

TO: Mayor Malakoutian and Councilmembers

FROM: Ken Wan, Chair, Environmental Services Commission *Keneth Wan*

SUBJECT: Environmental Services Commission Recommendation on Proposed Changes to Utility Connection Charges

The Environmental Services Commission (ESC) received the Utilities Department's presentations on proposed changes to Utility connection charges at two meetings, on May 7, 2026, and June 18, 2026. This included a background on challenges with the current methodology for the Capital Recovery Charge (CRC) and Direct Facility Connection Charge (DFCC), comparison against industry best practices and regional common practices, community feedback as well as staff recommended changes.

After thoughtful discussion, the ESC unanimously supports and recommends the following:

- Discontinue the future use of DFCCs as a type of connection charge in Bellevue and consolidate the unrecovered cost portion of existing DFCCs into the city's water, sewer, and storm and surface water CRCs.
- Replace the Single-Family Equivalent or "SFE" methodology used to assess water and sewer CRCs with a Meter Capacity Equivalent ratio or "MCE".
- Shift the timing of when CRCs are collected so that they are a one-time charge assessed at permit issuance.

The Commission thoughtfully examined these changes for impact on existing rate payers as well as for alignment with the city's policy of growth paying for growth. After considering the importance of a transparent and equitable process with administratively standardized procedures, the ESC fully supports and recommends staff continue listening for community feedback and explore administrative procedures that provide flexible options for paying the CRC during the permitting phase.

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The ESC appreciates the opportunity to provide this recommendation to City Council concerning Utility connection charges, which improves affordability, increases transparency and preserves equity to homeowners and property developers in Bellevue.