

DATE: November 6, 2025

TO: Environmental Services Commission

FROM: Matt Thurber, Utilities Assistant Director
Matt Hobson, Fiscal Manager

SUBJECT: 2027-2028 Operating Budget and 2027-2032 CIP Budget Planning Overview and Calendar

ACTION REQUIRED

No action by the Commission is required at this time. This is an informational briefing on the development process for the 2027-2028 Utilities budget.

BACKGROUND / ANALYSIS

As the City's chief administrator, the City Manager has the responsibility for the development and presentation of the City's operating and capital budgets, which includes the resources needed to provide City services to the citizens of Bellevue, to City Council for approval. The Utilities biennial budget is part of the City's budget and represents the strategies and policies that the Department uses to address key financial and operational challenges over the biennium.

Commission's Role in Reviewing Utilities Budget and Rates

As part of the Environmental Services Commission's charge, over the coming year, the Commission will have the opportunity to review in detail the Utilities capital investment program (CIP), capital and operating budget proposals, relevant policies and the projected rate increases to implement the proposed Utilities budget for the 2027-2028 biennium. Staff will respond to questions, incorporate the Commission's comments and request the Commission's concurrence with the proposed Utilities budget and rates. The Commission's review will culminate in a Utilities budget and rates recommendation to City Council in October 2026.

2027-2028 Budget Development Process

Staff has initiated the development of the 2027-2028 Utilities operating budget and 2027-2032 Utilities CIP, which will be presented to the City Council for consideration concurrent with the 2027-2028 City Budget in October 2026. As an enterprise fund that operates at cost of service, Utilities begins the budget process ahead of the overall City and the timeline is subject to change. Changes and additional meetings will be included in this schedule as they become necessary. The Commission's tentative budget review calendar is planned as follows:

ESC Review Calendar: Utilities 2027-2028 Operating and 2027-2032 CIP Budget

Date	Topic
January 8	Asset Management Planning

February 5	Utilities Financial Policy Review
April 2	2025 Financial Performance Preliminary CIP Budget
May 7	Early Outlook Rates Forecast
June 4	2027-2028 Operating and Capital Budget Proposals
June 18	2027-2032 Rate Forecast Update
July 2	2027-2028 Budget Recommendation to the City Manager
September	2027-2028 Budget and Rate Recommendation to City Council 2027-2028 Budget and Rate Public Hearing
October	Chair presents 2027-2028 Budget Recommendation to City Council

POLICY ISSUES

No policy issues are included in the briefing. However, future Commission briefings on the proposed 2027-2028 Utilities budget will include policy considerations.

FISCAL IMPACT

The Utilities budget represents a significant investment of utility resources for the next two years. New investments or changes to existing funded investments may impact utility rates during and beyond that period.