

CITY COUNCIL AGENDA TOPIC

Briefing on King County Wastewater Treatment Division 2026 Sewer Rate and Capacity Charge Proposal and 20-Year Forecast

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EXECUTIVE SUMMARY**DIRECTION**

Kamuron Gurol, King County Wastewater Treatment Division (WTD) Director, will brief the Council on the County's proposed 2026 sewer rate and capacity charge, the 20-year sewer rate forecast, and ongoing work related to long-term forecasting and the Regional Wastewater Services Plan (RWSP) update. Bellevue staff is requesting Council provide direction on communicating the City's position concerning the proposed 2026 sewer rate, sharing the Council's thoughts on the long-term rate path and the importance of completing the RWSP update.

RECOMMENDATION

Direct staff to prepare a letter to the King County Council communicating the City's position concerning the proposed 2026 sewer rate, including sharing the Council's thoughts on the long-term rate path and the importance of completing the RWSP update.

BACKGROUND/ANALYSIS

On April 24, acting King County Executive Shannon Braddock transmitted the 2026 sewer rate and capacity charge proposal for WTD. Along with this annual rate proposal, the acting Executive also transmitted a 20-year sewer rate forecast that would increase rates over the next 20 years from \$58.28 per month per average residential customer in 2025 to \$139.42 in 2035 and \$173.57 in 2045, equating to a 140 percent increase over the next 10 years and a 198 percent increase over the next 20 years.

Per City Council's adopted Wastewater System Plan and Comprehensive Financial Policies, increases to the County's sewer rate are passed directly to Bellevue's customers. The City's sewer utility rates are designed to recover the full cost of service, including the conveyance and treatment costs charged by WTD. Bellevue's sewer utility rates must also cover the City's costs to maintain, operate and improve local sewer infrastructure. This rate-setting authority provides City Council with the ability to establish rates and rate structures that reflect the City's financial, service, and policy goals.

By way of background, WTD Director Gurol presented to the Council on May 7, 2024 regarding the 2025 rate proposal. Last year's agenda memo can be found here: [Study Session Item 24-366](#).

Regional Sewer Contracts and Rates

King County provides regional sewer conveyance and treatment services to 34 local sewer agencies ("contract agencies"), including Bellevue, spread over 424 square miles in King, Snohomish and Pierce counties. King County's major system assets include three large regional and two small wastewater treatment plants, almost 400 miles of sewer pipelines, 15 miles of reclaimed water lines, 39 combined sewer overflow (CSO) outfalls, and 48 pump stations.

King County's 30-year wastewater contracts define the roles and responsibilities between the County and its contract agencies. Under these contracts, King County is responsible for setting sewer rates each year that are charged to the contract agencies to cover the operating and capital costs of the regional sewer system. The amount is based on the County's adopted monthly rate and the number of Residential Customer Equivalents (RCEs) of each local jurisdiction. One RCE represents the assumed wastewater use of a single-family home in a typical month and is used to convert commercial and multi-family uses for billing purposes.

The King County Council must adopt an annual sewer rate and capacity charge for the following year by June 30. After the Executive transmits her proposal, the King County Council makes the final decision under advisement from the Regional Water Quality Committee (RWQC) and the Metropolitan Water Pollution Abatement Advisory Committee (MWPAAC). Councilmember Conrad Lee serves on the RWQC on behalf of the Sound Cities Association (SCA). MWPAAC is comprised of contract agency staff and elected officials; Bellevue Utilities staff represent Bellevue on MWPAAC.

20-Year Sewer Rate Forecast

The King County Executive proposed a 2026 monthly sewer rate of \$62.66 to the King County Council. The proposed rate is one-half percentage point higher than previously forecasted, with an increase of 7.5 over the 2025 adopted rate. WTD forecasts increases between 12.75 percent and 13.5 percent annually between 2027 and 2031. These drastic rate increases are largely due to the Mouth of the Duwamish CSO project and other CSO project cost estimate updates and timeline acceleration required after the CSO consent decree between King County, the Environmental Protection Agency (EPA), and the Washington State Department of Ecology was amended in 2024.

WTD has briefed RWQC and MWPAAC on the proposed 2026 monthly sewer rate and 20-year rate forecast. Many RWQC and MWPAAC members have expressed concern over the affordability of the 10-year forecast, given the region's rising costs of living and inflation, and over the reliability of the 20-year forecast.

Table 1. King County WTD Sewer Rate Forecast 2025-2045

Year	Rate Increase Percent	Monthly Sewer Rate	Year	Rate Increase Percent	Monthly Sewer Rate
2025*	5.75%	\$58.28			
2026	7.50%	\$62.66	2036	2.00%	\$142.21
2027	12.75%	\$70.65	2037	4.50%	\$148.61
2028	12.75%	\$79.66	2038	4.50%	\$155.30
2029	13.50%	\$90.42	2039	4.50%	\$162.29
2030	13.50%	\$102.63	2040	1.75%	\$165.14
2031	13.50%	\$116.49	2041	1.75%	\$168.03
2032	7.25%	\$124.94	2042	1.75%	\$170.98
2033	7.25%	\$134.00	2043	0.50%	\$171.84
2034	2.00%	\$136.68	2044	0.50%	\$172.70
2035	2.00%	\$139.42	2045	0.50%	\$173.57

*Adopted

Long-Term Forecasting

There are many drivers of the projected significant increase in long-term wastewater rates, including investments in new capital projects and maintenance of existing assets, regulatory decisions, growth, and existing debt. In 2023, RWQC and the King County Council requested that WTD develop methodologies based on peer agency review and industry best practices to better forecast long-term capital needs and resulting sewer rates. WTD engaged with independent consultant, Raftelis. The findings related to long-term capital forecasting include:

- Peer agencies perform long-term capital forecasting generally 30 to 40 years into the future. Rates are typically only forecasted for 5 years due to the uncertainties associated with long-term capital forecasting and future costs.
- No peers are performing 75-year long-range capital planning or forecasts.
- Forecasting capital costs for 20 to 40 years into the future depending on available data and cost assumptions can generally be of value. Asset management costs can be forecasted for longer than 40 years depending on available data and assumptions used for asset condition and consequence of failure.
- Methodologies for developing capital projects and forecasting costs are unique to each project category, i.e., asset management, growth, consent decree, new regulations, etc.
- Long-term capital forecasting is a balance of needs and available resources. The peer utilities identified more project needs than the funding available and affordability concerns to increase funding through rates or additional borrowing. Staff resources to execute and deliver the projects also needs to be evaluated and balanced.

The 2026 rate proposal and 20-year forecast are the first time WTD has incorporated the findings from the long-term capital and financial forecasting methodologies into this work. WTD notes that beyond the 10-year forecast, capital estimates are heavily variable and highly uncertain. MWPAAC members have expressed concern regarding the reliability of the longer-term forecast and the assumptions that WTD is using for their cost estimates.

WTD has shared that there is significant uncertainty regarding the 20-year forecast and WTD has significant doubt regarding future costs, projects and regulatory requirements. Unknowns include:

- Nutrient removal costs for future permit cycles,
- Contaminants of emerging concerns,
- Costs for other CSO updates, and
- Security upgrades at WTD facilities.

Regional Wastewater Services Plan (RWSP) Update

The current RWSP was adopted in November 1999 to ensure the continuation of high-quality wastewater treatment services through 2030. Many of the major projects outlined in the RWSP have been completed or are underway. As such, WTD is working to update the RWSP and its associated policies, including financial policies and WTD's eight categories of capital investment (treatment, asset management, separated system conveyance including infiltration/inflow, combined system management, climate impact preparedness and natural disaster resiliency, pollution, resource recovery, and odor control).

On January 16, RWQC adopted a resolution expressing support for the RWSP update scoping document. The scoping document describes the overall approach that will be used in the RWSP update, a timeline of major deliverables and the major policy issues that will be analyzed.

MWPAAC and WTD have agreed to a project charter for the RWSP update, outlining how King County plans to work with stakeholders and the newly established RWSP Working Group. The charter includes the following sections descriptions of roles and responsibilities, shared values and guiding principles, and a high-level schedule with major milestones. The charter also outlined how information and work products will be shared with MWPAAC and RWQC.

Acting Executive Braddock is developing a Vision for Clean Water, which will serve as a "guiding line for where we want our regional wastewater system to be by 2100" and inform how the region will invest in future wastewater infrastructure. The Vision for Clean Water will provide a high level framework for WTD as it develops the RWSP update. RWQC will be reviewing and providing input on Vision options at their meeting on May 7. The Executive will announce her final Vision for Clean Water by the end of 2025.

WTD will work with the RWSP Working Group, MWPAAC, and RWQC to develop a draft update to the financial policies in 2026. Technical review of the remaining categories of capital investment will occur between 2026 and 2028. King County plans to transmit the final updated RWSP to the Department of Ecology for approval in 2029.

POLICY & FISCAL IMPACTS

Policy Impact

Per Bellevue's Wastewater System Plan and Comprehensive Financial Policies, payments to King County for sewer services are passed through to Bellevue's sewer customers via Bellevue Sewer Utility rates.

Bellevue's adopted Comprehensive Plan states that utility services should be provided in a way that balances public concerns about infrastructure safety and health impacts, consumer interest in paying a fair and reasonable price for service, potential impacts on the natural environment, and aesthetic compatibility with surrounding land uses.

Fiscal Impact

The 2025 typical Bellevue residential utility bill for water, sewer, and stormwater services is \$239.40 per month, with sewer representing \$114.86, or 48 percent, of the total bill. The 2025 King County sewer charge is \$58.28 per month, which is 51 percent of Bellevue's typical residential sewer bill or 24 percent of the typical total residential utility bill. The remaining 49 percent of the residential sewer bill, approximately \$56.58, supports maintaining, operating, and improving the City's local sewer system.

The proposed WTD rate increase of 7.5 percent would increase Bellevue's sewer rate by 3.8 percent, or \$4.38 per month for the typical residential sewer customer in 2026. For 2027 through 2031, WTD's projected rate increases would result in Bellevue's sewer rate increasing by approximately 7 percent each year, or \$7.99 to \$13.86 per month for the typical residential sewer bill. These projected sewer rate increases do not reflect adjustments to address Bellevue's costs to maintain, operate, and improve the local sewer system.

In addition to WTD's rate, Bellevue also regularly adjusts rates to reflect cost of service. The proposal from WTD does not account for local system needs.

OPTIONS

1. Direct staff to prepare a letter to the King County Council communicating the City's position concerning the proposed 2026 sewer rate, including sharing the Council's thoughts on the long-term rate path and the importance of completing the RWSP update.
2. Provide staff with alternate direction.

ATTACHMENTS

N/A

AVAILABLE IN COUNCIL LIBRARY

Bellevue's Contract with King County Wastewater Treatment Division