

King County Wastewater Treatment Division 2026 Sewer Rate Proposal

Bellevue City Council

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May 6, 2025



Direction

Consider **directing** staff to prepare a letter to the King County Council 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 Regional Wastewater Services Plan update**.



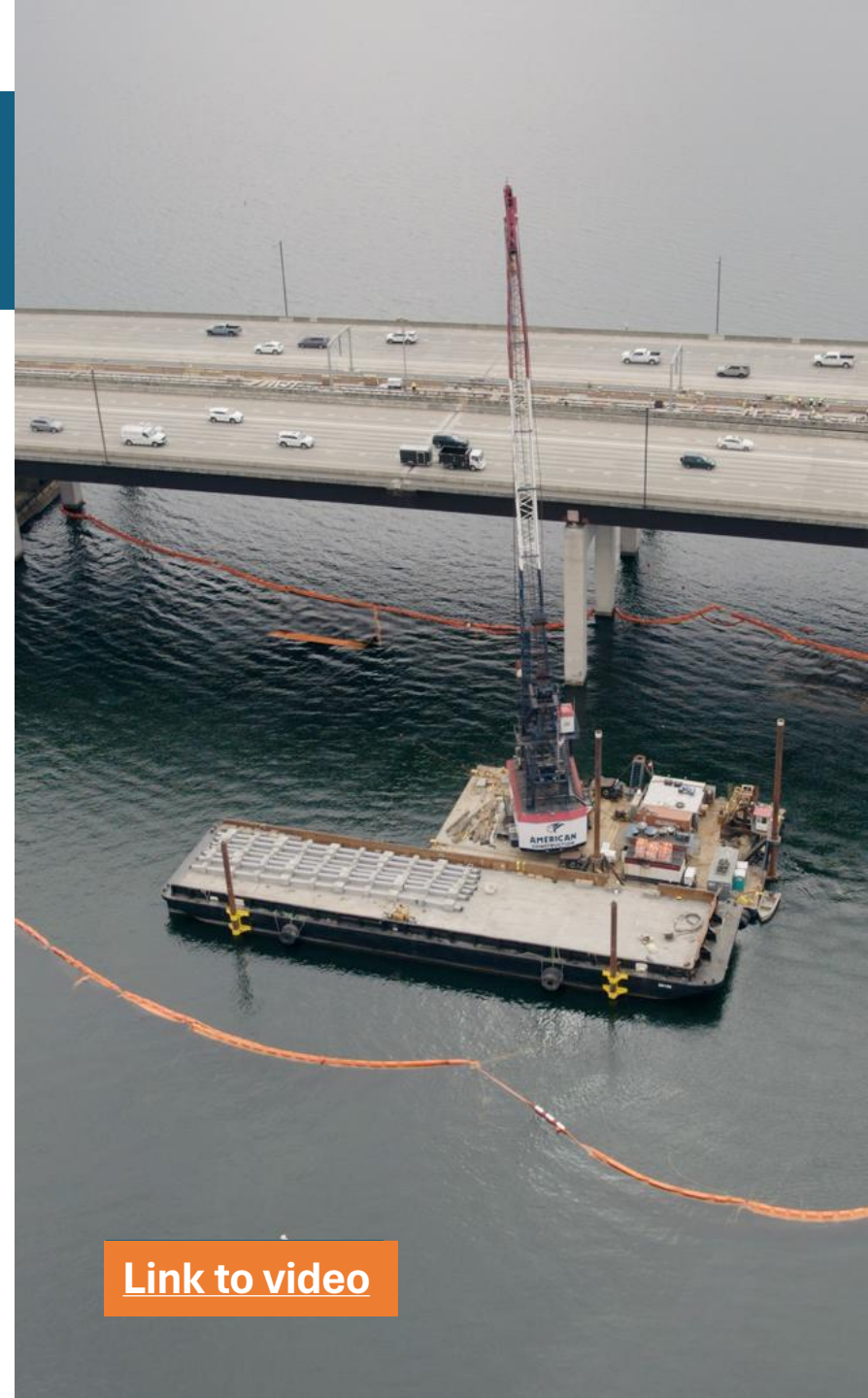
King County Wastewater Treatment Division 2026 Sewer Rate and Capacity Charge Proposal

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North Mercer Island/Enatai Sewer Upgrade Project

- Upgrades to King County's North Mercer Pump Station, a local lift station, and building four miles of new sewer pipe
- New sewer pipe located across Mercer Island, under Lake Washington, over to the Sveyolocken Pump Station near Mercer Slough in south Bellevue
- Replacement of section at Enatai Beach and lining of the pipe located in Mercer Slough are expected to begin after Labor Day
- Construction completion expected in late 2026
- **Project benefits Bellevue and the regional wastewater system by ensuring adequate infrastructure to convey wastewater flows for decades to come**



[Link to video](#)

Coal Creek Sewer Upgrade Project

- Upgrade a regional sewer line that serves Bellevue and Newcastle
- Built between 1966 and 1991, the existing pipeline is nearing its maximum capacity
- Involves new sewer pipe and moving a large portion of the pipe alignment away from Coal Creek, and stream and wetland improvements
- **First Salmon-Safe certification for a wastewater infrastructure project**
- Replacing nearly 2 miles of sewer pipeline will better serve growing populations in Bellevue and Newcastle.



[Link to video](#)

Sewer Rate Calendar

MONTH	ACTIVITIES
March	March 6 and March 26 – MWPAAC - Briefing on WTD's 2026 sewer rate proposal MWPAAC considers and acts on rate recommendation letter to King County Executive
	Late March – DNRP/WTD submits 2026 sewer rate proposal to King County Executive
April	April 2 – RWQC – Briefing on WTD's 2026 sewer rate proposal
	April 3 and April 23 – MWPAAC considers and acts on rate recommendation letter to King County Council
	April 24 – King County Executive transmitted 2026 sewer rate proposal to King County Council
May	May 7 – RWQC - Briefing on the Executive's 2026 sewer rate proposal
June	Budget and Fiscal Management Committee briefings on the Executive's 2026 sewer rate proposal
	Public hearing and action on the Executive's 2026 sewer rate proposal by King County Council

Substantive Changes for 2026

1. Extending forecast from 10 to 20 years

- Initiated in response to Council Motion 16449 (long-term financial and sewer rate forecast)
- Incorporated into sewer rate forecast, Motion response separate and in progress for July milestones

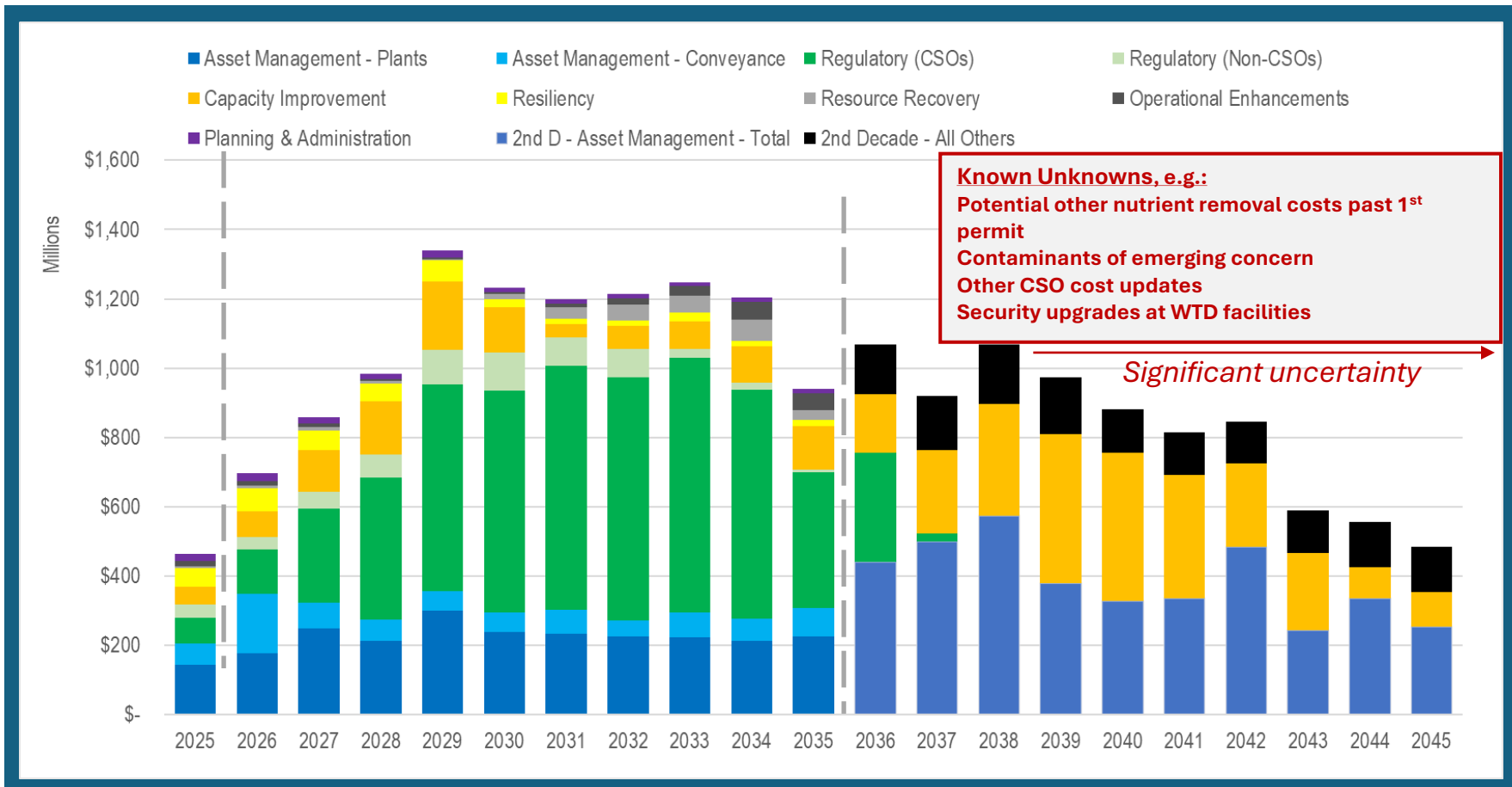
2. CSO Consent Decree cost estimates and schedule - updated

- Mouth of the Duwamish (MDCSO) mega-project - *higher cost estimates*
- 2037 vs 2040 - moves costs to earlier in forecast period

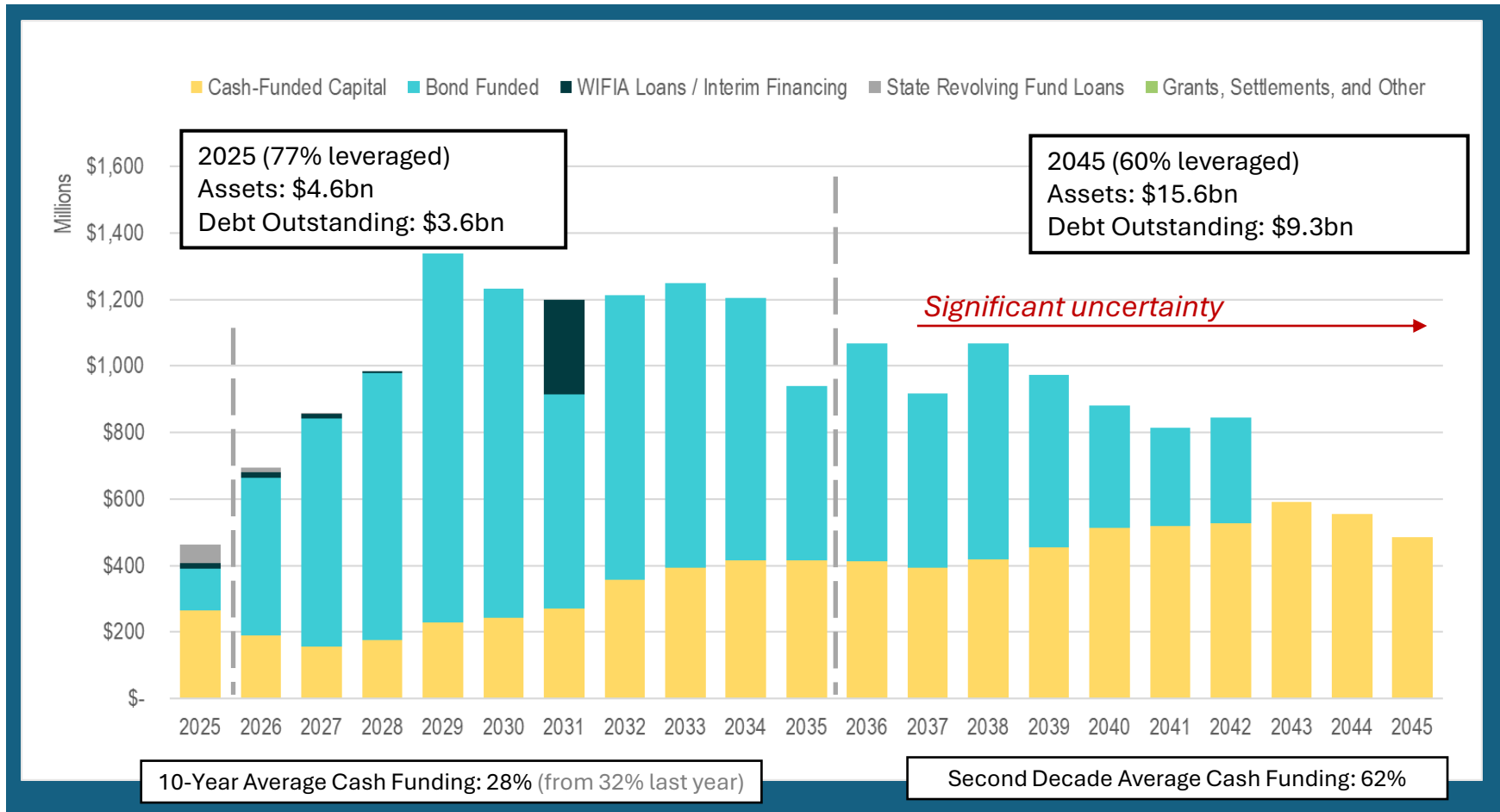
3. Revised Approach to Forecasting Delivery Constraints

- Formerly Accomplishment Rate deferred costs outside of forecast period
- Alternatively, project costs are now individually sequenced within expected delivery capacity constraints, and early years in the forecast are adjusted for schedule risk, deferring a portion of the costs to later years
- \$2.3 billion of project costs previously deferred outside the 10-year forecast period are fully represented in the 20-year forecast period

20-Year Capital Forecast by Portfolio Category



Capital Funding Forecast



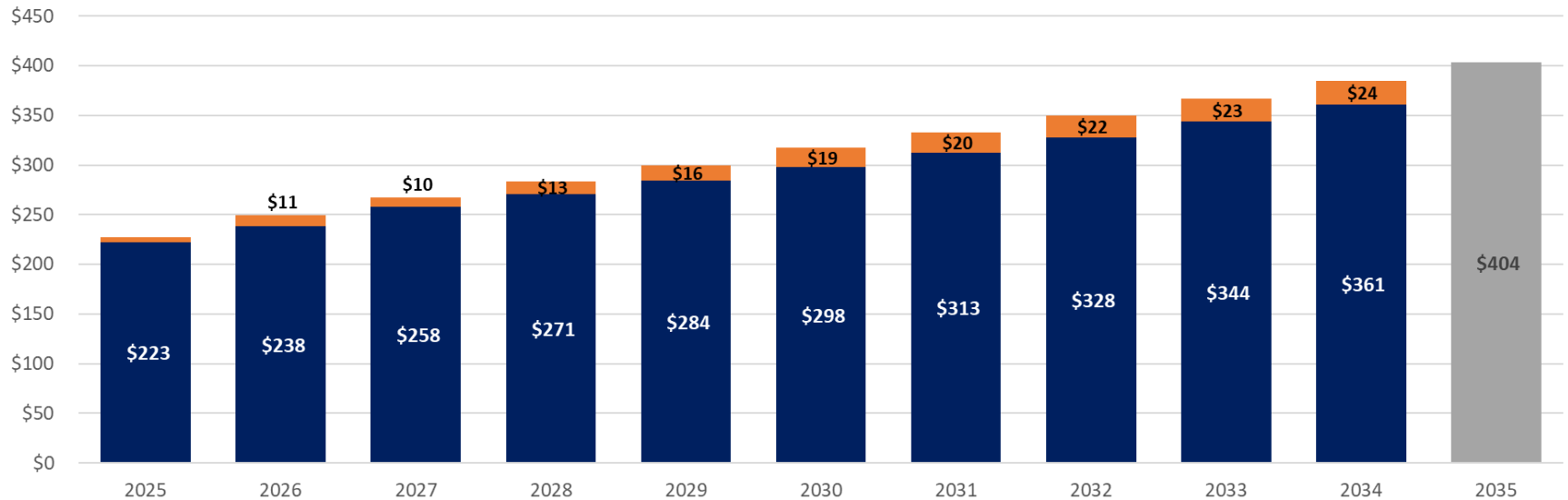
*Higher cash funding in 2025 is the result of debt defeasance transaction postponed from November 2024 to February 2025

O&M Forecast vs. Adopted 2025 Plan

WTD Annual O&M (\$ millions)

2025 Rate Forecast vs 2026 Prelim. Rate Forecast

■ 2025-2034 Rate Forecast ■ New Year of Estimated O&M ■ O&M Increases



Sewer Rate Forecast

Adopted 2025 Rate and 2026-2034 Forecast:

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Rate Increase %	5.75%	7.00%	7.00%	7.00%	8.25%	8.25%	8.25%	9.25%	9.25%	9.25%
Monthly Sewer Rate	\$58.28	\$62.36	\$66.73	\$71.41	\$77.31	\$83.69	\$90.60	\$98.99	\$108.15	\$118.16
All-In Debt Service Coverage	1.74x	1.68x	1.59x	1.69x	1.60x	1.49x	1.48x	1.53x	1.52x	1.63x

Proposed 2026 Rate and 2027-2045 Forecast:

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Rate Increase %	5.75%	7.50%	12.75%	12.75%	13.50%	13.50%	13.50%	7.25%	7.25%	2.00%	2.00%
Monthly Sewer Rate	\$58.28	\$62.66	\$70.65	\$79.66	\$90.42	\$102.63	\$116.49	\$124.94	\$134.00	\$136.68	\$139.42
All-In Debt Service Coverage	1.65x	1.48x	1.47x	1.57x	1.50x	1.47x	1.57x	1.59x	1.57x	1.55x	1.53x
	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Rate Increase %		2.00%	4.50%	4.50%	4.50%	1.75%	1.75%	1.75%	0.50%	0.50%	0.50%
Monthly Sewer Rate		\$142.21	\$148.61	\$155.30	\$162.29	\$165.14	\$168.03	\$170.98	\$171.84	\$172.70	\$173.57
All-In Debt Service Coverage		1.48x	1.49x	1.52x	1.58x	1.58x	1.58x	1.64x	1.65x	1.67x	1.67x

Capacity Charge

Capacity Charge	2025	2026	2027	2028	2029	2030
Monthly Charge	\$76.09	\$77.99	\$79.94	\$81.94	\$83.99	\$86.09
Increase %	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Increase \$	\$1.86	\$1.90	\$1.95	\$2.00	\$2.05	\$2.10
Annual Total	\$913	\$936	\$959	\$983	\$1,008	\$1,033
Total Payments (15 years)	\$13,696	\$14,038	\$14,389	\$14,749	\$15,118	\$15,496
Upfront Payment*	\$9,684	\$9,926	\$10,174	\$10,429	\$10,690	\$10,957

*Discount rate of 5.05%

- **King County Code:** "Capacity charge' means a charge levied on a new customer to recover capital costs needed to serve new customers," and "The capacity charge shall be based upon the costs, customer growth and related financial assumptions used for the Regional Wastewater Services Plan."
 - The current RWSP planning horizon ends in 2030
- Capacity charge calculations are updated every three years: latest includes 2024 through 2026
- In 2024, WTD resumed work with Raftelis to update the capacity charge methodology
 - Internal data collection in progress to generate scenarios in preparation to reengage with MWPAAC workgroup

Summary and Next Steps

- Significant rising costs, rates follow
- Big 3 drivers: Regulatory, Asset Management, and Capacity
- Also addressing operational needs
- WTD continuing to assess options to mitigate high costs and ratepayer affordability

Proposed for Adoption in 2026

Sewer Rate	\$62.66 (7.5% increase)
Capacity Charge	\$77.99 (2.5% increase)

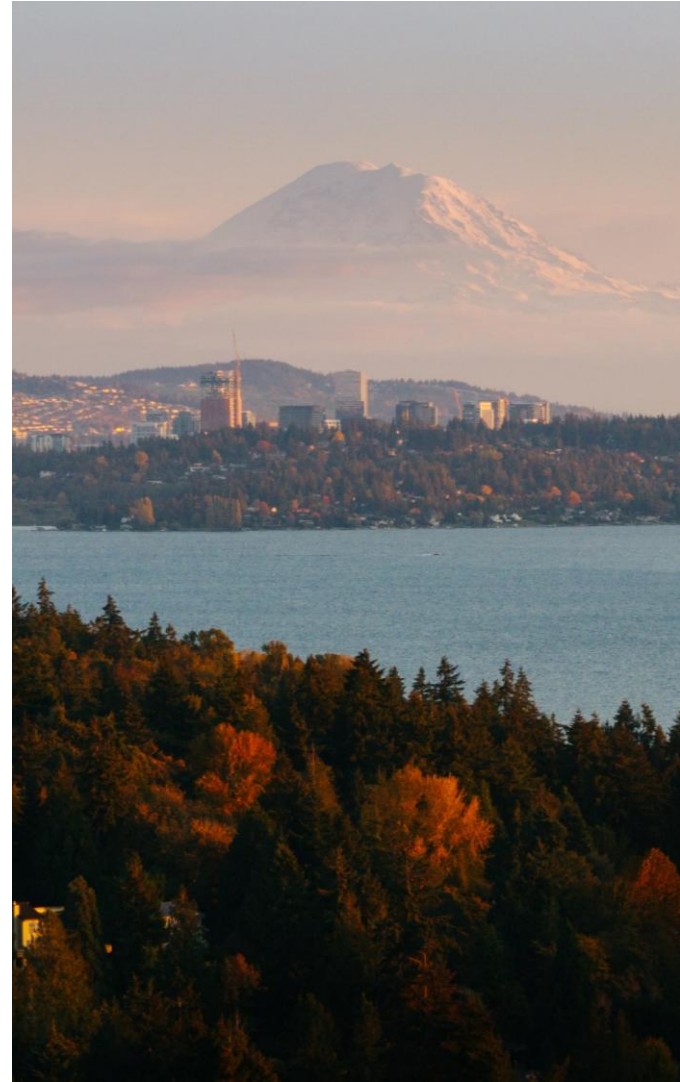


Regional Wastewater Services Plan Update

May 2025

Regional Wastewater Services Plan Update

- The **Regional Wastewater Services Plan (RWSP)**, adopted in 1999, provides policies that govern the regional wastewater system through 2030
- King County is beginning the process to update the RWSP now for the next 30 years
- As an initial step to the RWSP Update, King County is developing a **Vision for Clean Water**





A Vision for Clean Water

- Important and early step in the update to the RWSP
- A **vision statement** and **set of core commitments** will guide planning and policy decisions as we update the RWSP
- The Vision will be part of the RWSP and **guide our work over the next 75 years**

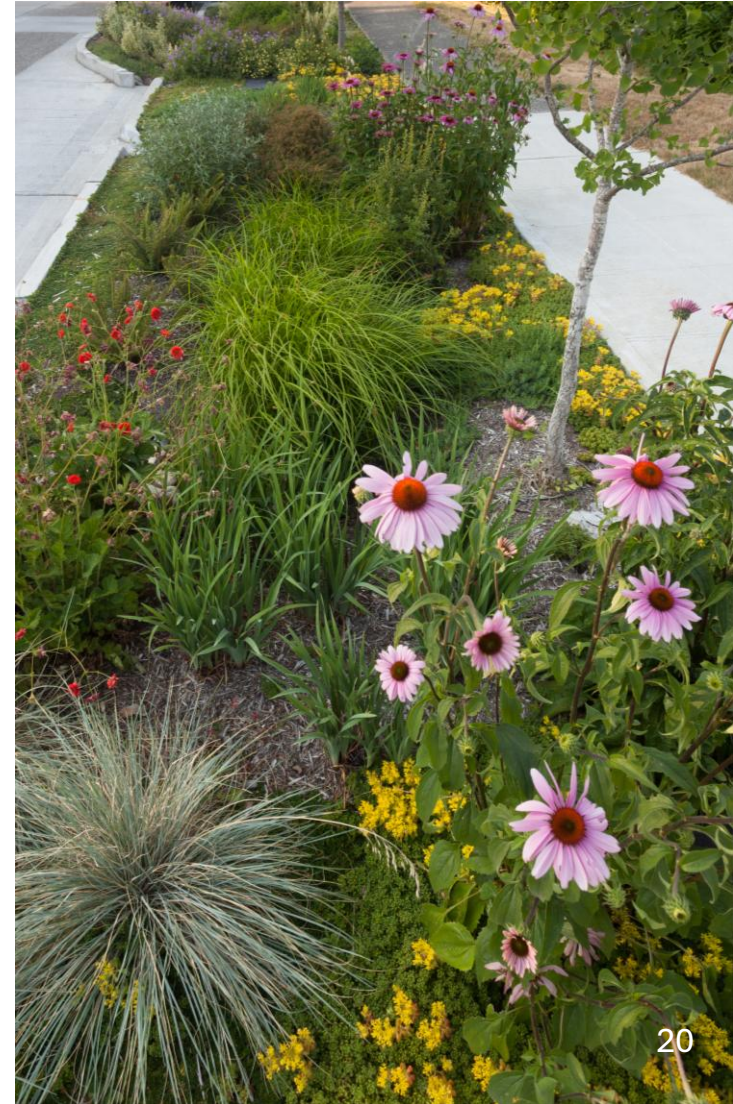
Look out 75 years to 2100

Describe what we want for future generations

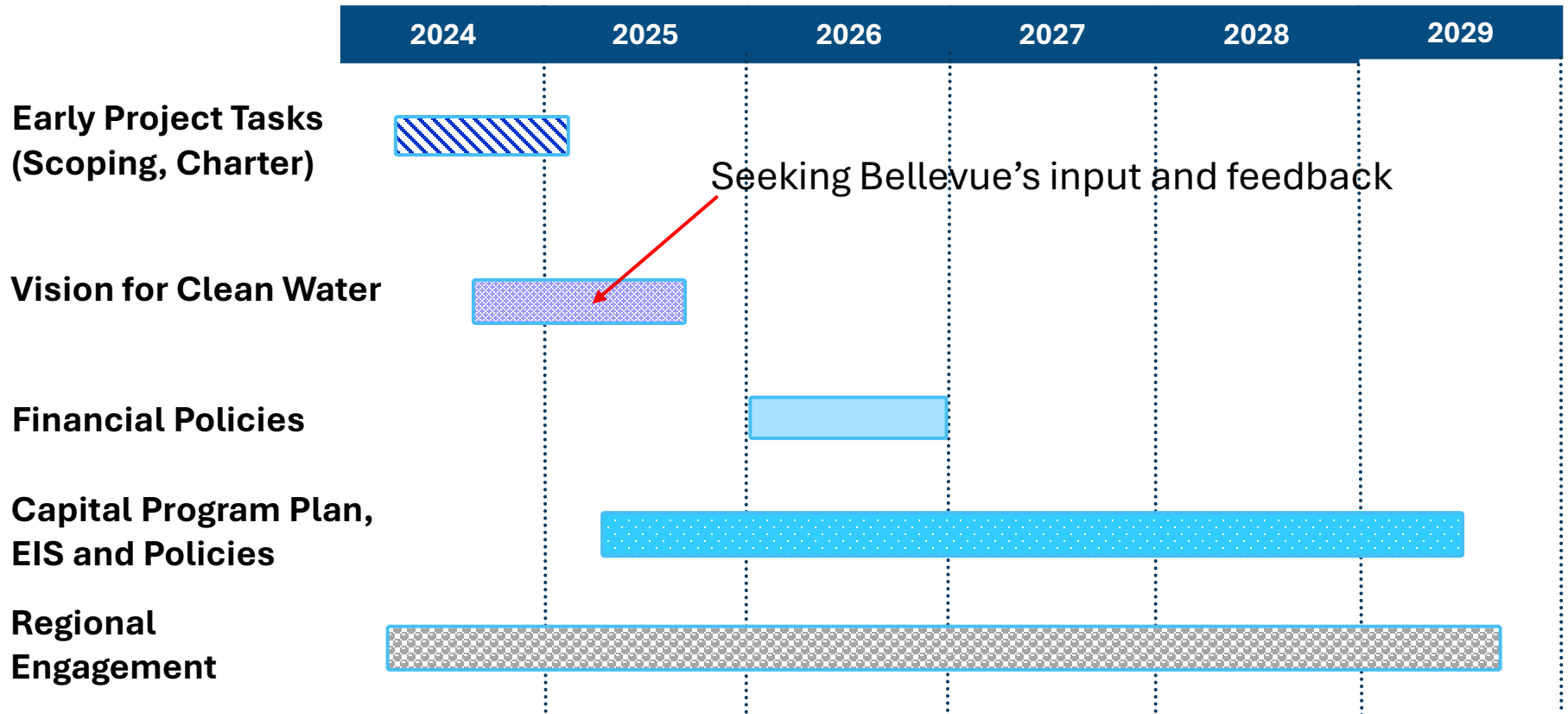
- ***Imagine what's possible if we get this right...***

Include shared regional values, such as:

- Water quality and public health
- Equity and social justice
- Affordability
- Sustainability, stewardship, and resiliency
- Climate and hazard resiliency



Schedule to Update the RWSP





King County

Wastewater
Treatment

Bellevue: Affordable Utility Costs



Direct Relief

70% Bill Discount

Aged 62+ and/or Disabled

Emergency Assistance

4 months of bills waived

Low-Income and Financial Shock



Indirect Relief

70% Rebate

Aged 62+ and/or Disabled

Neighbors Helping Neighbors

2 months of bills waived

Low-Income and Past Due



Easier to Apply

New Online Portal

Expanded Outreach

Reaching Community Members

Unused Funds = Room to Grow

Eligibility Review



External Funding

Regional Partnerships

Rate Design

Explore Opportunity



Direction

Consider **directing** staff to prepare a letter to the King County Council 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 Regional Wastewater Services Plan update**.



Staff Recommendation for Letter

Proposed 2026 sewer rate

- Concerned about cost

Long-term forecast

- Support long term forecast, but share concerns:
 - Affordability
 - Predictable, smooth rate path
 - Ability to deliver capital program
- Alternatives to lower or smooth the proposed rate path?

Guiding Principles

- Develop guiding principles on how Bellevue will be evaluating WTD's progress on the long-term forecast methodology

Staff Recommendation for Letter

Guiding Principles

- **Work toward generational equity:** Ensure everyone who benefits from the system pays equitably for the system.
- **Share changes to rates and forecasts early and clearly:** Long-term information is shared early and transparently with partners to avoid surprises.
- **Continue to refine methodology:** Evaluate the accuracy of your assumptions based on past performance and adjust to make the *right* assumptions.
- **Plan based on what can reasonably be achieved:** Be open to shifting your approach to implement what is realistic and plan using best available information.
- **Prioritize asset management:** Conduct regular assessments of existing assets and plan for consistent investments throughout their expected life.

