

**CITY COUNCIL AGENDA TOPIC**

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. 6693; providing for severability; and establishing an effective date.

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*Utilities Department*

**EXECUTIVE SUMMARY**

**ACTION** 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 2025-2026 Preliminary Budget.

**RECOMMENDATION**

Move to adopt Ordinance No. 6819

**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 2025-2026 biennial budget.

**Wholesale**

This Ordinance will revise the charges to include adopted increases in Cascade charges for water supply in 2025 and 2026. Payments to Cascade for water supply totaled \$23.6M in 2024 and are expected to decrease to \$23.5M in 2025 and increase to \$24.1M in 2026. Consistent with City policies, the impact of these changes will be passed through to Bellevue customers. This translates to a rate decrease to Bellevue customers of 0.2 percent in 2025 and an increase of 0.9 percent in 2026.

**Local Programs**

This Ordinance will revise the charges to include updated assumptions for local program operating and capital expenditures. Rate increases of 7.0 percent in 2025 and 4.0 percent in 2026 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 decreases/increases, is 6.8 percent in 2025 and 4.9 percent in 2026.

The Environmental Services Commission reviewed the proposed Utilities Department operating and capital budget in detail between January and September. The Commission recommended approval of the proposed Utilities budget and rate increases during the Council study session on October 8.

**POLICY & FISCAL IMPACTS**

**Policy Impact**

State Law

State law requires approval of a balanced budget.

City Financial Policies

In accordance with City financial 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/decreases 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 2025 and 2026 are needed to provide sufficient resources to support annual operating and capital funding needs of the Water Utility, consistent with the proposed 2025-2026 Utilities Department budget and the Utilities Six-Year Rates Forecast.

The impacts on the typical customer monthly bills in 2025 and 2026 from the proposed water service and consumption charge increases are shown below:

		<u>Bill</u>	<u>\$ Increase</u>	<u>% Increase</u>
<b>Single Family</b>	2024	\$82.86	N/A	N/A
$\frac{3}{4}$ " Meter	2025	\$88.49	\$5.63	6.8%
(8.5 ccf per mo.)	2026	\$92.83	\$4.34	4.9%
		<u>Bill</u>	<u>\$ Increase</u>	<u>% Increase</u>
<b>Multi-family</b>	2024	\$845.76	N/A	N/A
1 $\frac{1}{2}$ " Meter	2025	\$903.14	\$57.38	6.8%
(100 ccf per mo.)	2026	\$947.35	\$44.21	4.9%
		<u>Bill</u>	<u>\$ Increase</u>	<u>% Increase</u>
<b>Commercial</b>	2024	\$7,992.68	N/A	N/A
4" Meter	2025	\$8,532.12	\$539.44	6.7%
(1,000 ccf per mo.)	2026	\$8,947.53	\$415.41	4.9%

## **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. 6693; providing for severability; and establishing an effective date.
2. Do not adopt the Ordinance and provide alternative direction to staff.

## **ATTACHMENTS**

- A. Utilities 2025-2030 Preliminary Financial Forecast  
Proposed Ordinance No. 6819

## **AVAILABLE IN COUNCIL LIBRARY**

N/A