



City of Bellevue

Financial Outlook

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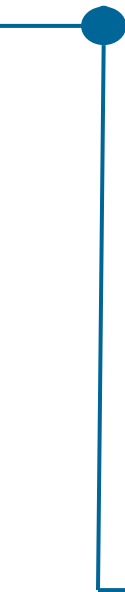
Lucy Liu, Director | Utilities

Scott Edwards, Deputy Director | Utilities

Matt Hobson, Fiscal Manager | Utilities

John Resha, Chief Financial Officer

June 23, 2026



Information Only

Agenda



Calendar



City Revenue Forecast

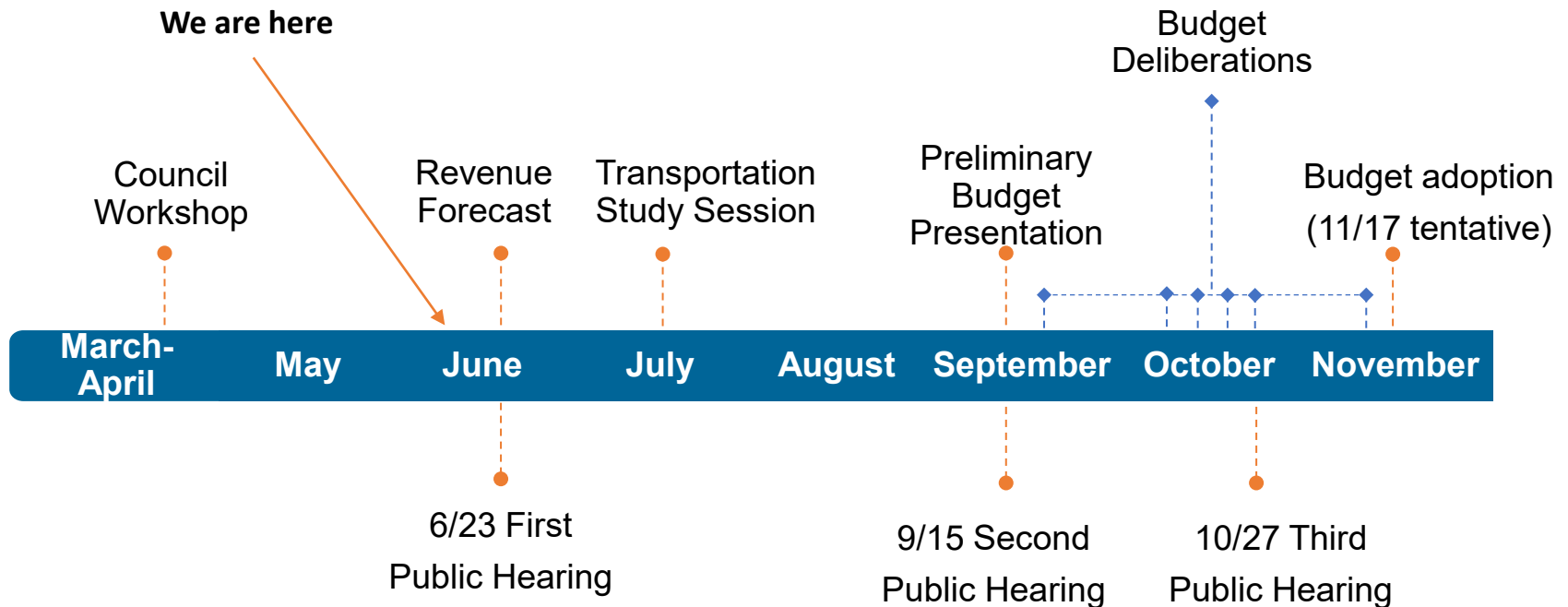


DS Methodology and Forecast



Utilities Methodology and Forecast

27-28 Council Budget Timeline



Economic Policy Landscape

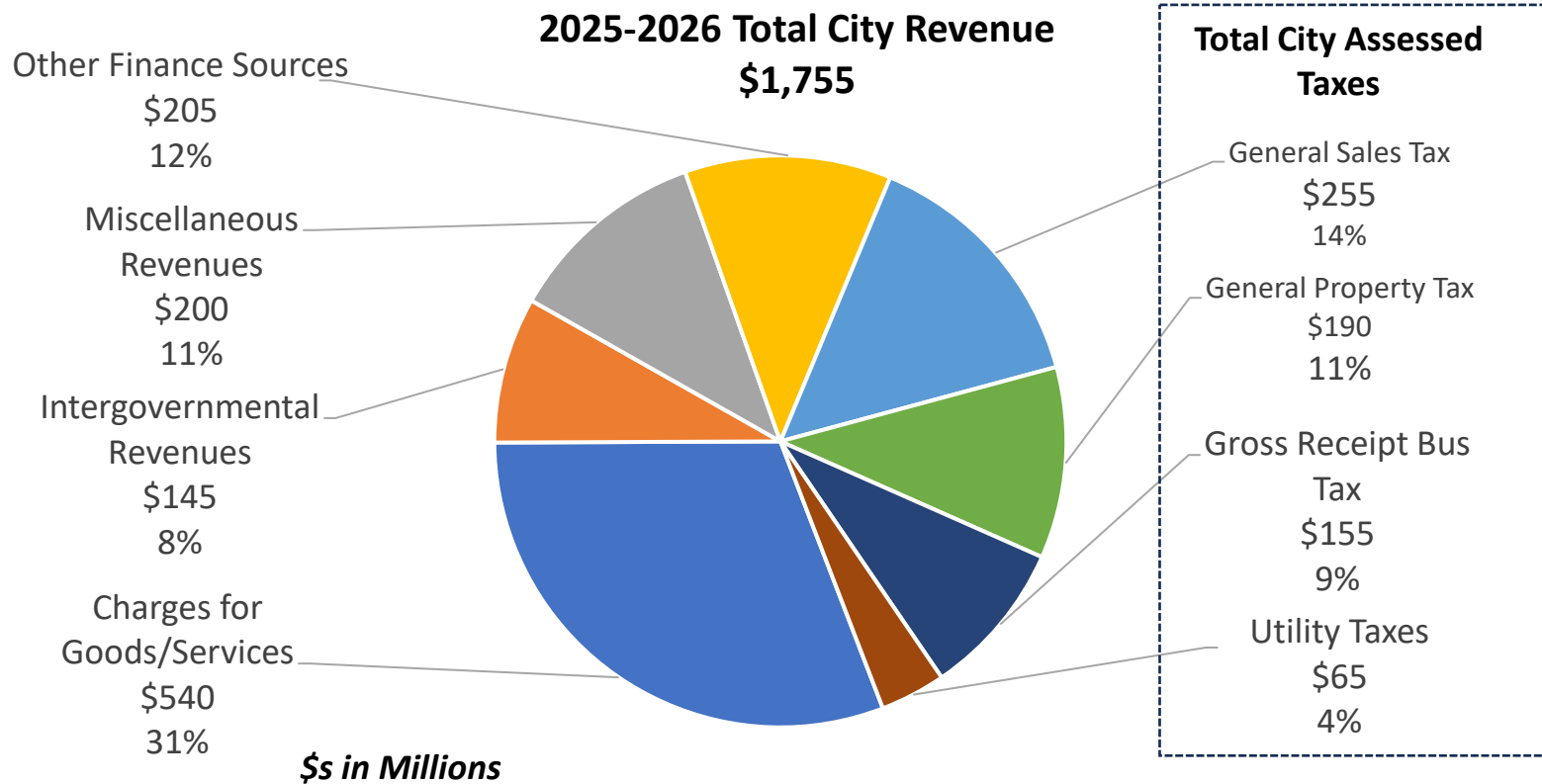


Economic Conditions Takeaways

- Weakened consumer confidence, instability, and rising costs are meeting slower growth in City tax revenues
- Inflation is stubbornly persistent
- Construction pipeline stable and growing – though equity markets are remaining tight with Fed Economic Policy
- WA Legislative changes to B&O and Sales Tax introduced additional forecast risk
- Economic recovery and tax growth now looks unlikely before 2029
- Bellevue remains in a neutral to hold position on revenue

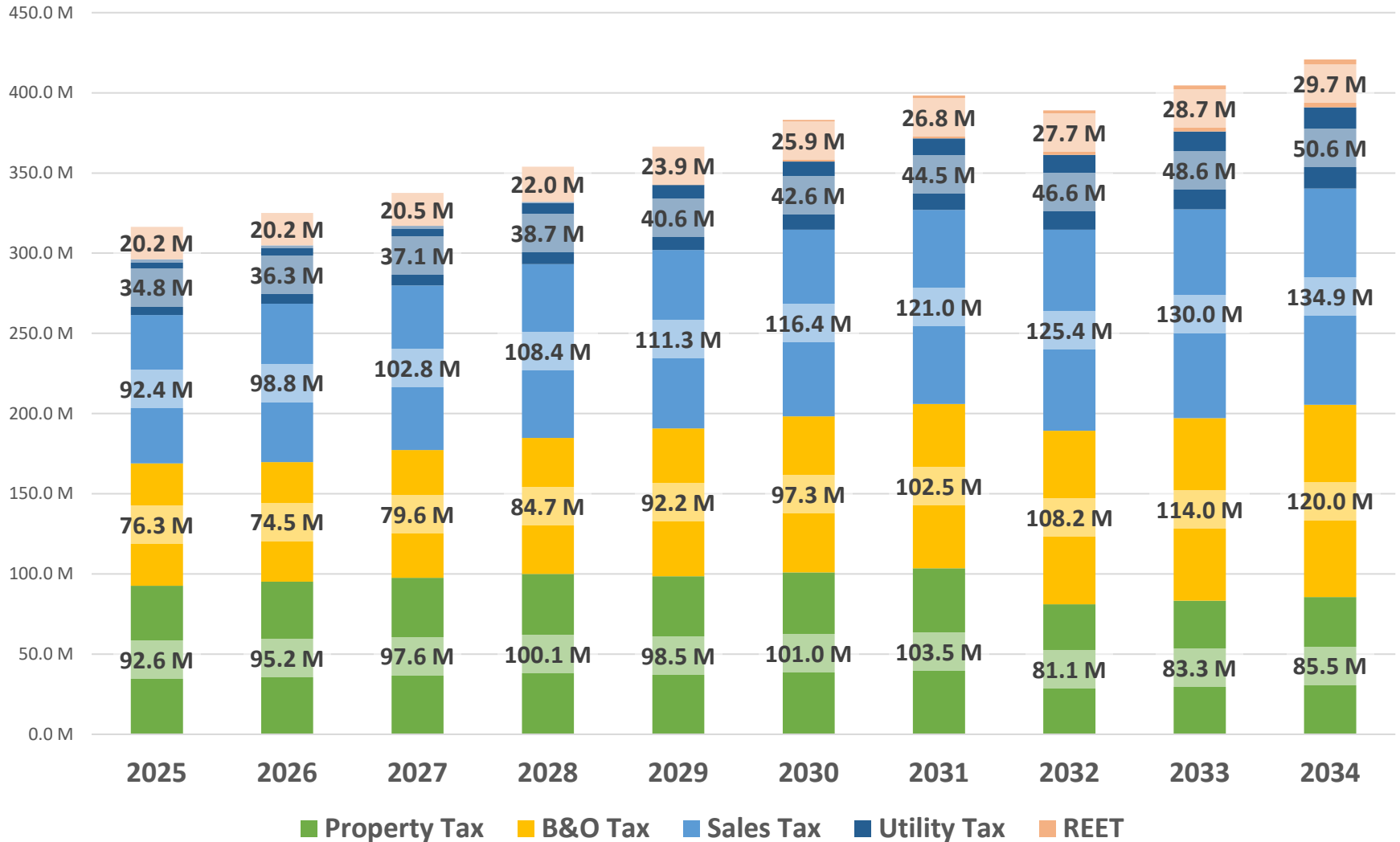


2025-2026 Amended General Fund Revenue

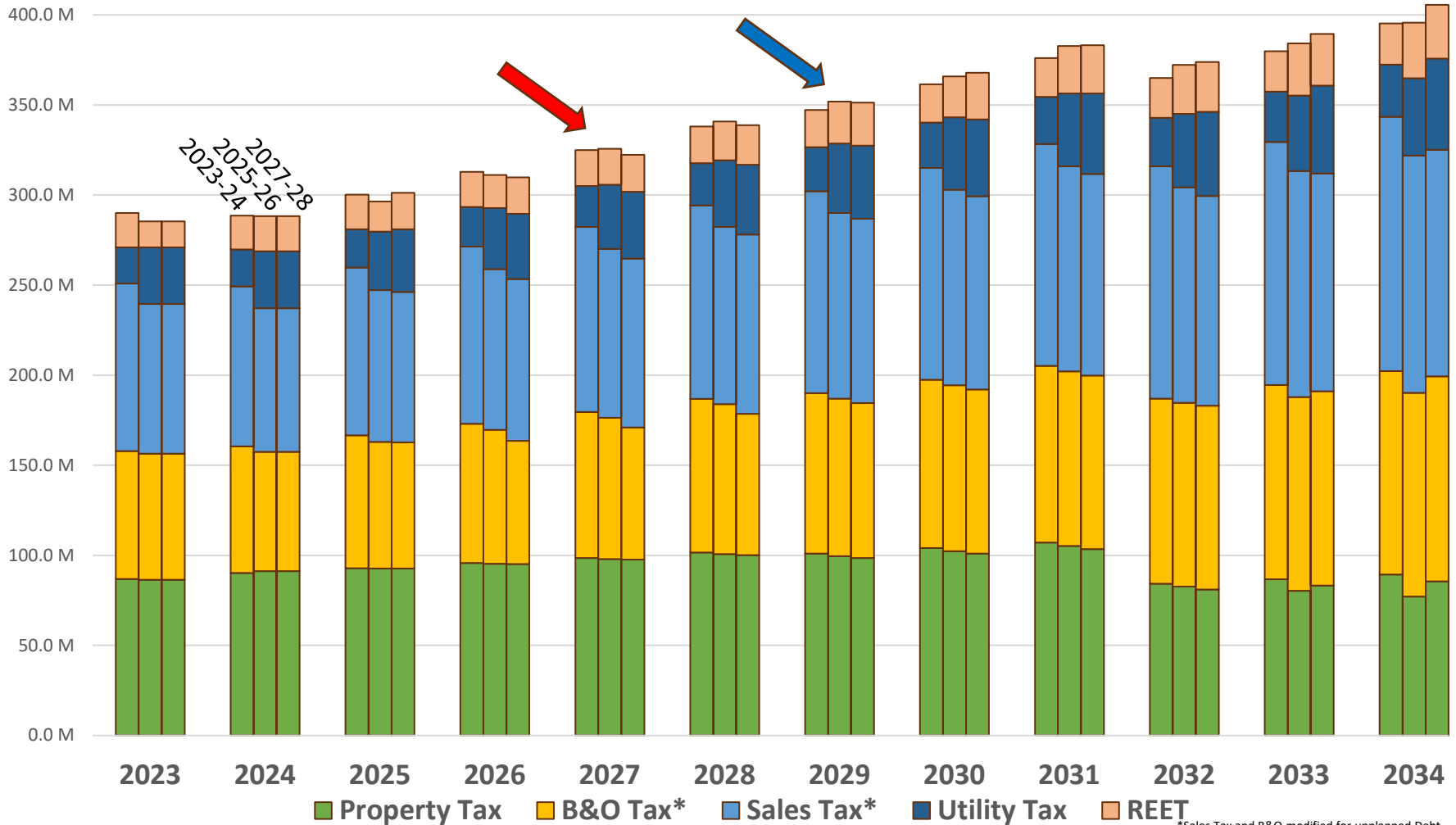


City Taxes from: Residents represent ~7% of total revenues
Businesses represent ~17.5% of total revenues

2025-2034 Forecast of City Taxes



Comparison Of Forecasts



*Sales Tax and B&O modified for unplanned Debt

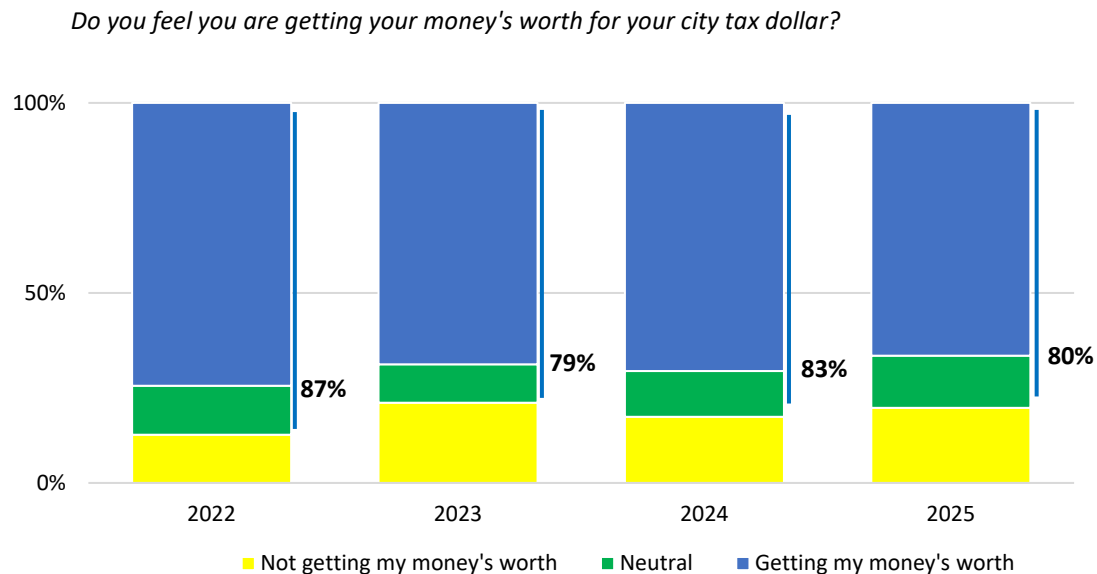
Budget Survey

- Statistically valid survey conducted yearly
- 1,278 responses collected from November 21, 2025 – January 5, 2026
- Survey is provided by an outside vendor and in multiple languages

Additional Budget Survey discussion

The majority of residents (80%) are neutral to strongly supportive of feeling that they are getting their money's worth for their tax dollars paid. This result has remained stable since 2023.

In the most recent survey, renters give this question higher ratings than homeowners.



2024 and 2025 Budget Survey Results

Overall Budget Priorities



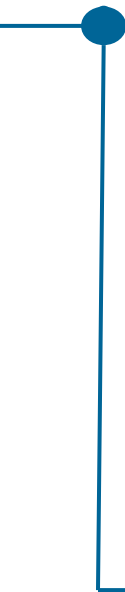
Other Revenue Considerations

- 1% Property Tax – Previous policy guidance from Council to include as an adjustment in our financial plan as a hedge against inflation (inflation averages over 3% annually)
- Optional Transportation Benefit District (TBD)
 - Base budget will not include TBD revenues
 - An option is being developed for Councilmanic consideration
 - Optional TBD revenues could include a maximum of:
 - 0.1% Sales Tax ~\$66M in financial plan (10-year time limited)
 - Vehicle Fee (\$20 per registered vehicle) ~\$12M in financial plan

Final Thoughts/Conclusions

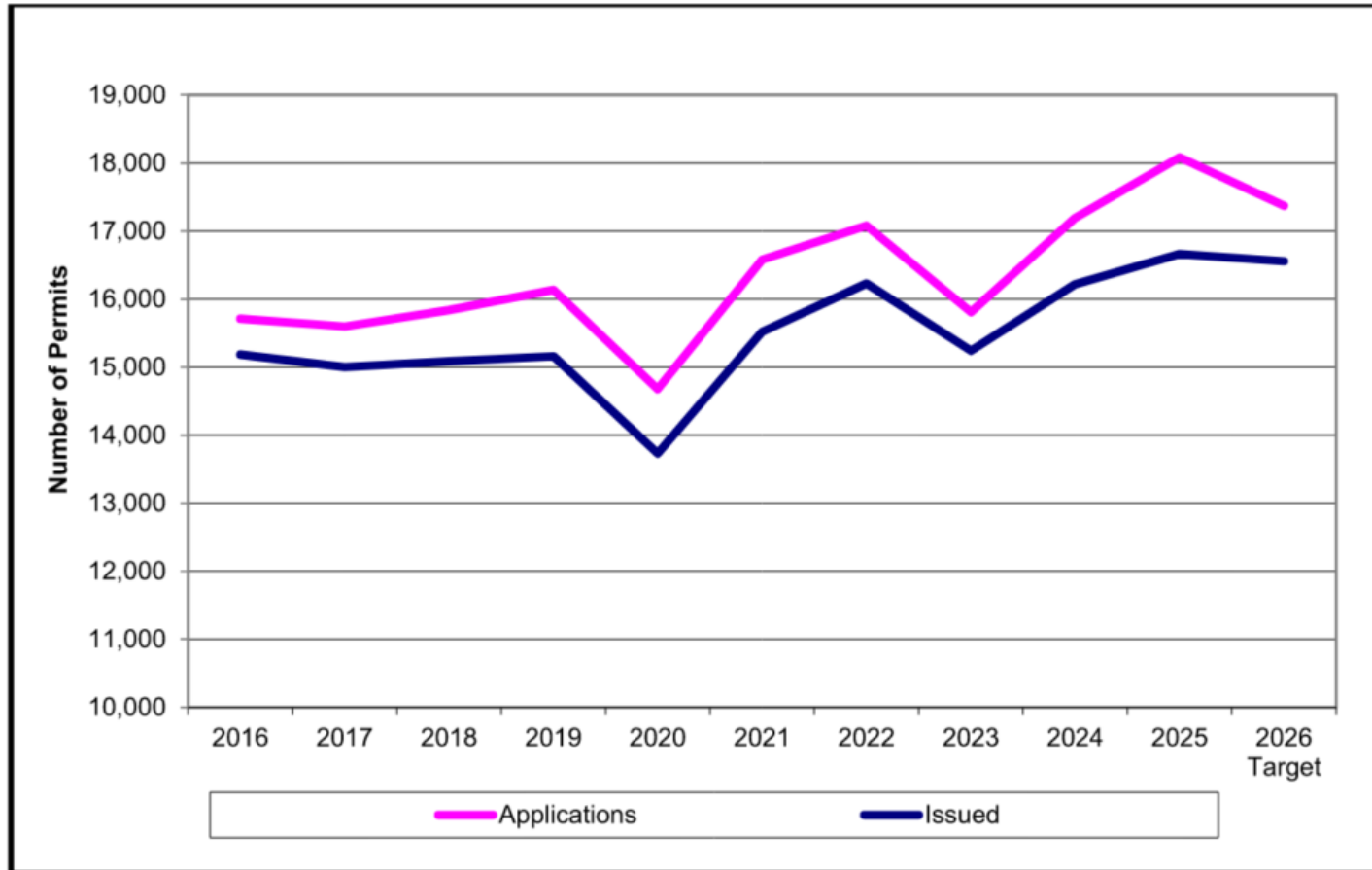
- Persistent inflation is increasing costs faster than anticipated revenue growth
- Revenue from taxes remains relatively flat (compared to previous forecasts) due to issues outside of City control
- Economic recovery is estimated to be close to 2029 – and aligned with Comprehensive Plan growth
- Caution flag remains raised
 - Staff will continue to keep leadership, Council and the public informed



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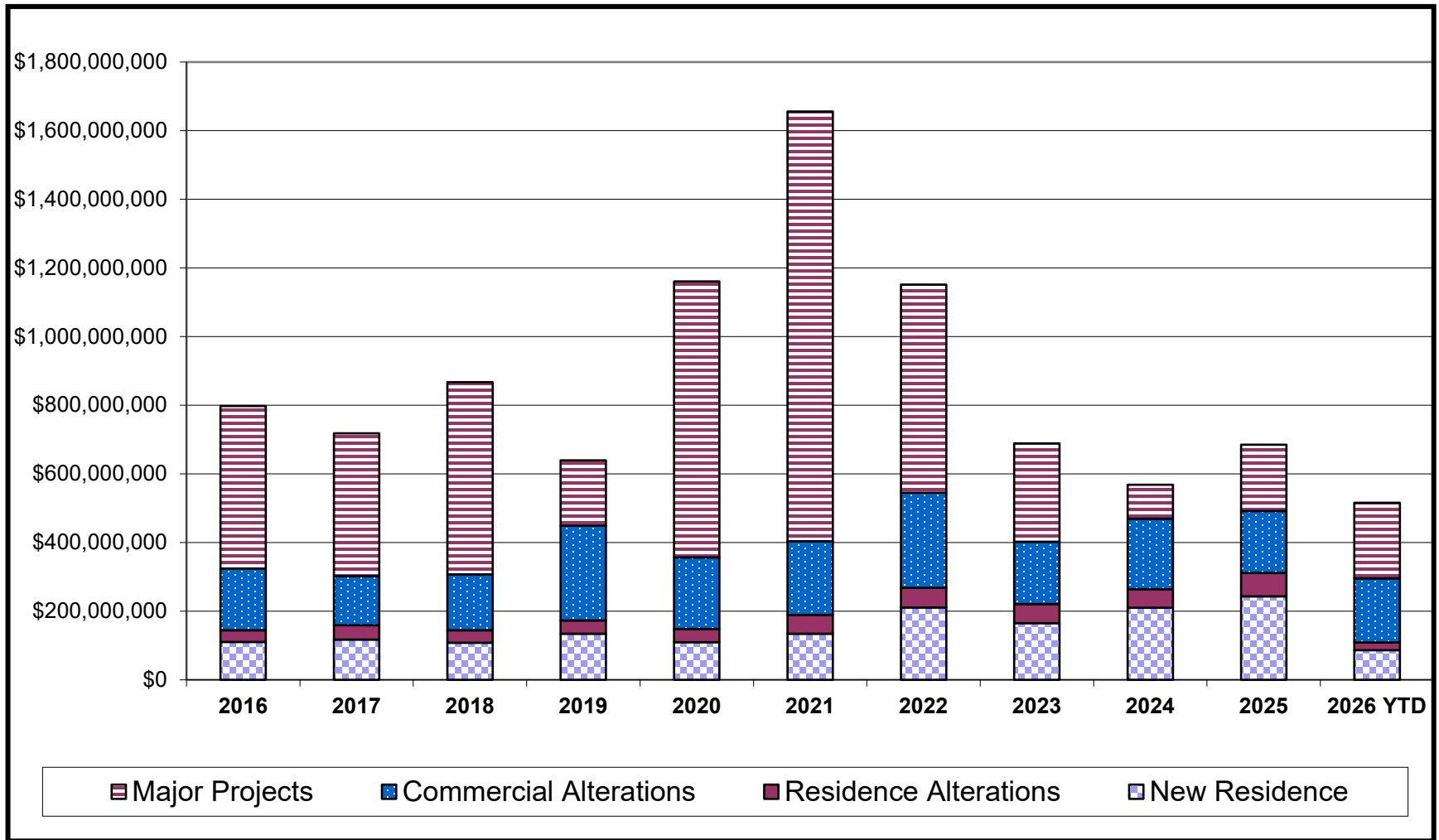
Development Services

Development Activity Update



Permit activity and development interest remain high

Development Activity Update



Feedback & Engagement

- Engagement strategies
 - Bellevue development committee
 - Customer experience program
 - Project specific engagement
- What we are hearing
 - Continuous improvement ideas
 - Streamline & simplify permitting
 - Improve project management & coordination



Financial Guiding Principles

- Funding structure should support DS line of business through economic cycles
- Permit applicants should pay for services received
- Fees should be predictable and understandable to customer
- Fees should be regionally competitive

Cost Recovery Objectives

Type of Service	DS Fee Cost Recovery Target
Land Use Discretionary Review	100%
Engineering Review & Inspection	100%
Technical/Administrative Support	100%
Pre-submittal Support & Public Information	0%
Policy Development & Code Compliance	0%
Affordable Housing Fee Reductions & Small Business Program	0%

Fees and Rate Methodology

- Annual Cost of Service Update
 - Maintain alignment with financial policies
- Hourly Rates and Flat Fees
 - Based on time to conduct review and inspection
- Building Permit Fees
 - Based on ICC building valuation standards
- Projected Rate Increase Within Historical Range
 - Reserves available to maintain rate stability

Regionally Competitive

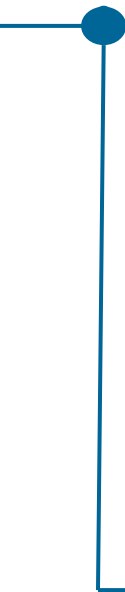
2026 Permit Building Fee Costs \$100K Tenant Improvement



Regionally Competitive

2026 Permit Building Fee Costs 500 Sq Ft Family Addition



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Utilities

Utility Rate Setting

Utility rate adjustments are guided by City Comprehensive Financial Policies



Predictable Rates
and Adequate
Reserves



Infrastructure
Investments



System Expansion
and New
Connections



Pass-Through
Wholesale Costs



2027-28 Key Utility Budget and Rate Drivers



\$0.50

Water Supply from Cascade
King County Wastewater Treatment
Taxes and City Services

\$0.35

Infrastructure
Investments

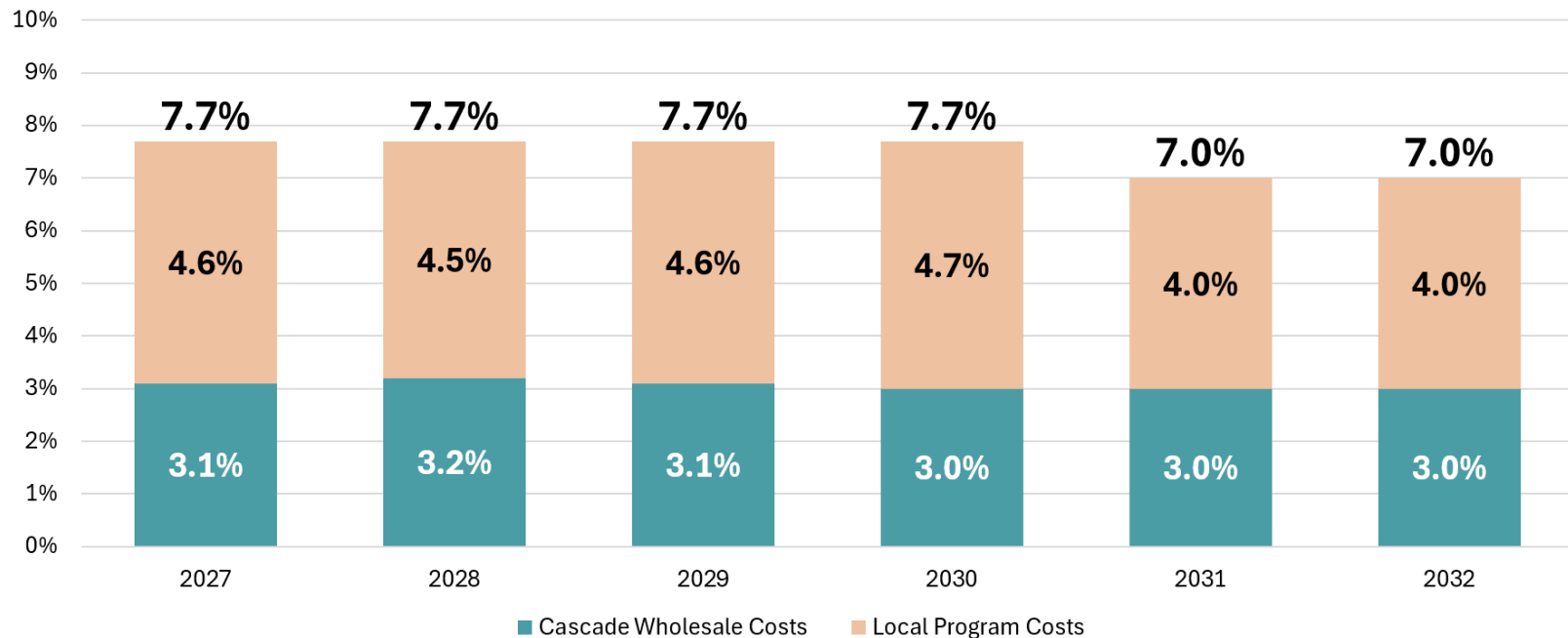
\$0.15

Local
Operations

External Drivers

Internal Drivers

Early Outlook Water Rate Forecast



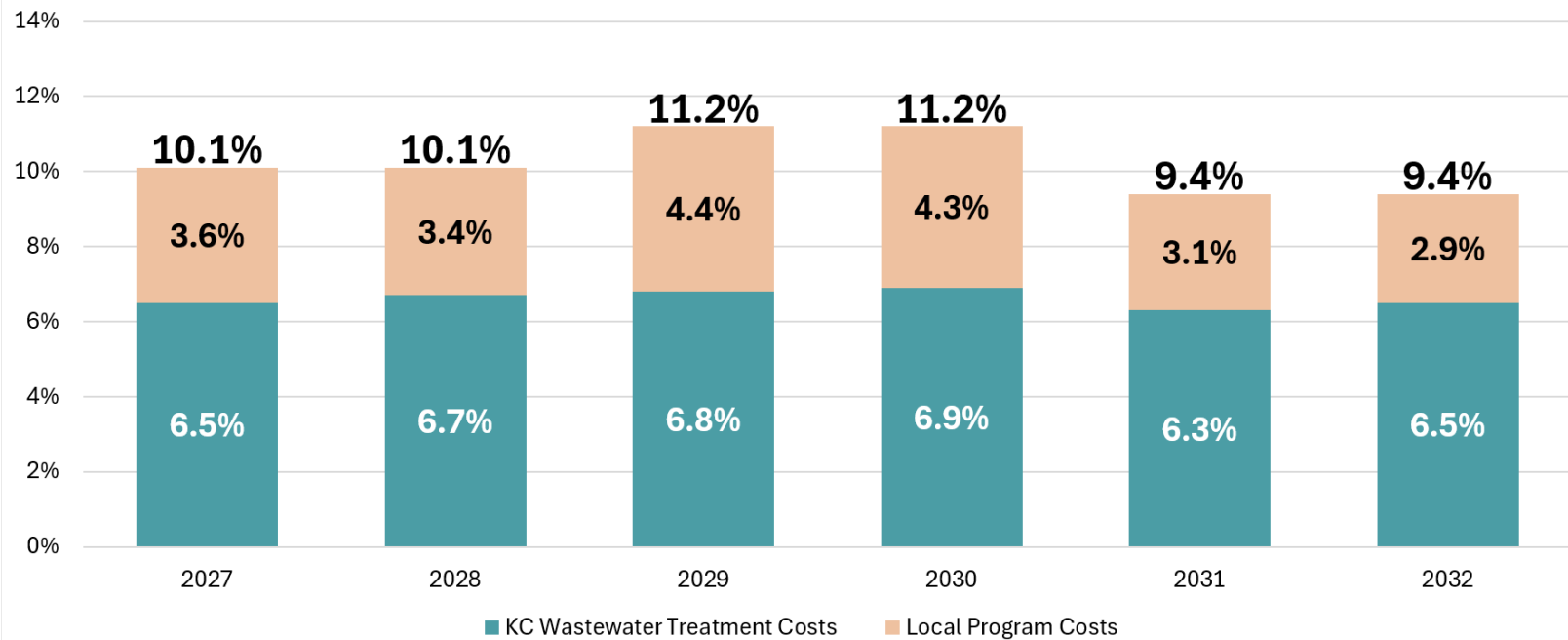
External Rate Drivers

Wholesale	Taxes / Interfunds
2027: 3.1%	2027: 1.4%
2028: 3.2%	2028: 0.6%
2029-2032: 3.0%	2029-2032: 1.2%

Internal Rate Drivers

CIP / R&R	Utility Bill Assistance	Operations
2027: 1.4%	2027: 0.6%	2027: 1.2%
2028: 3.9%	2028: 0.0%	2028: 0.0%
2029-2032: 2.7%	2029-2032: 0.0%	2029-2032: 0.4%

Early Outlook Sewer Rate Forecast



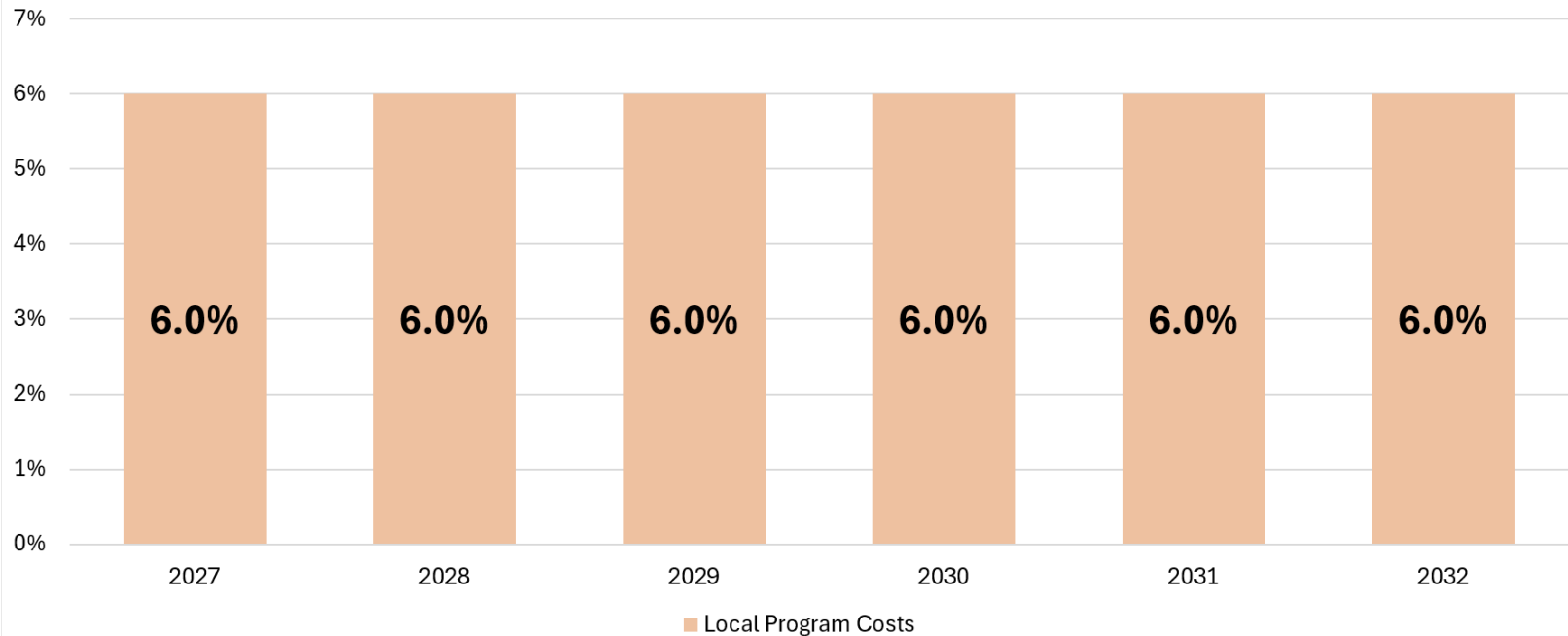
External Rate Drivers

Wholesale	Taxes / Interfunds
2027: 6.5%	2027: 0.6%
2028: 6.7%	2028: 0.5%
2029-2032: 6.6%	2029-2032: 0.9%

Internal Rate Drivers

CIP / R&R	Utility Bill Assistance	Operations
2027: 1.7%	2027: 0.9%	2027: 0.4%
2028: 2.5%	2028: 0.1%	2028: 0.3%
2029-2032: 2.6%	2029-2032: -0.1%	2029-2032: 0.3%

Early Outlook Storm Rate Forecast



External Rate Drivers

Wholesale
2027: 0.0%
2028: 0.0%
2029-2032: 0.0%

Taxes / Interfunds
2027: -2.9%
2028: 0.5%
2029-2032: 0.6%

Internal Rate Drivers

CIP / R&R
2027: 5.6%
2028: 4.3%
2029-2032: 4.5%

Utility Bill Assistance
2027: 1.5%
2028: 0.0%
2029-2032: 0.0%

Operations
2027: 1.8%
2028: 1.2%
2029-2032: 0.9%

Multi-Family Residential Combined Monthly Bill

TYPICAL MULTI-FAMILY RESIDENTIAL MONTHLY BILL PER DWELLING UNIT							
2026 Monthly Bill			\$ 128.40	2027 Monthly Bill			\$ 138.91
2027 Rate Drivers				2028 Rate Drivers			
Wholesale	4.9%	\$	6.33	Wholesale	5.1%	\$	7.09
Local - Bill Assistance Expansion	0.9%	\$	1.11	Local - Bill Assistance Expansion	0.1%		0.09
Local - Other	3.1%	\$	4.02	Local - Other	3.8%		5.32
Sewer Equity Adjustment (2027-2031)	-0.7%	\$	(0.95)	Sewer Equity Adjustment (2027-2031)	-2.5%		(3.41)
Total Projected Increase	8.2%	\$	10.51	Total Projected Increase	6.5%	\$	9.09
2027 Monthly Bill			\$ 138.91	2028 Monthly Bill			\$ 148.00
Total Projected Bill with 70% Rebate*			\$ 52.57	Total Projected Bill with 70% Rebate*			\$ 59.91
Total Projected Bill with 35% Rebate*			\$ 95.74	Total Projected Bill with 35% Rebate*			\$ 103.95

Notes

Sewer cost based on 50 dwelling units at 8 CCF bi-monthly volume per dwelling unit

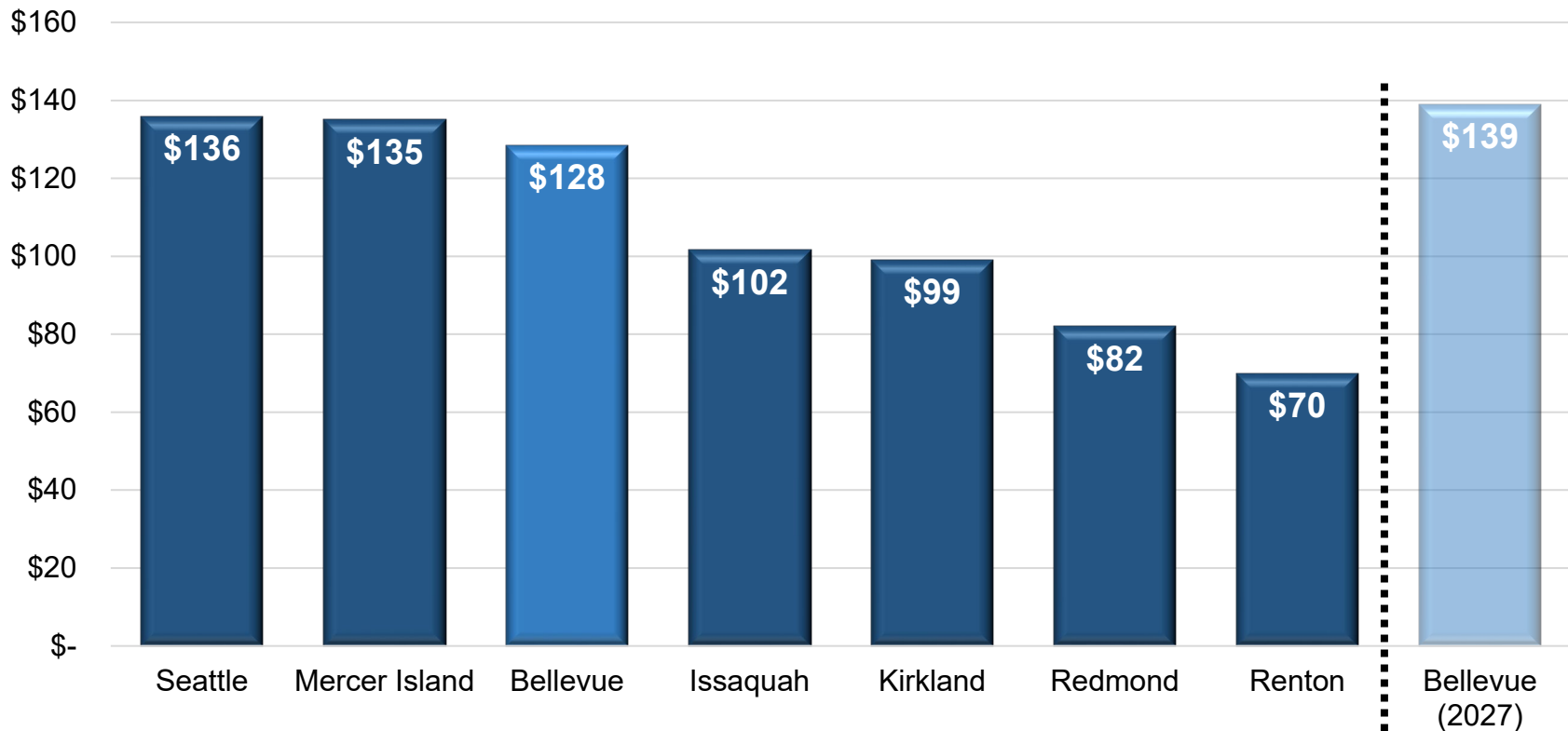
Water cost based on 8 CCF bi-monthly consumption per dwelling unit

Surface water cost based on 44 chargeable units at very heavy development intensity divided by 50 dwelling units

* Utility discount based on 35% or 70% of basic utility costs

Competitive Utility Rates

Water, Sewer, and Storm Utilities
2026 Monthly Bill Comparison for Multi-Family Residential
(per Dwelling Unit)



Single-Family Residential Combined Monthly Bill

TYPICAL SINGLE-FAMILY RESIDENTIAL MONTHLY BILL

2026 Monthly Bill			\$ 229.52	2027 Monthly Bill			\$ 251.90
2027 Rate Drivers				2028 Rate Drivers			
Wholesale	4.6%	\$	10.53	Wholesale	4.7%	\$	11.83
Local - Bill Assistance Expansion	0.9%		2.06	Local - Bill Assistance Expansion	0.0%		0.12
Local - Other	3.0%		6.95	Local - Other	3.7%		9.35
Sewer Equity Adjustment (2027-2031)	1.3%		2.84	Sewer Equity Adjustment (2027-2031)	1.3%		3.19
<i>Total Projected Increase</i>	<i>9.8%</i>	<i>\$</i>	<i>22.38</i>	<i>Total Projected Increase</i>	<i>9.7%</i>	<i>\$</i>	<i>24.49</i>
2027 Monthly Bill			\$ 251.90	2028 Monthly Bill			\$ 276.39
Total Projected Bill with 70% Discount*		\$	100.71	Total Projected Bill with 70% Discount*		\$	110.30
Total Projected Bill with 35% Discount*		\$	176.30	Total Projected Bill with 35% Discount*		\$	193.35

Notes

Sewer bill based on 11 CCF bi-monthly volume

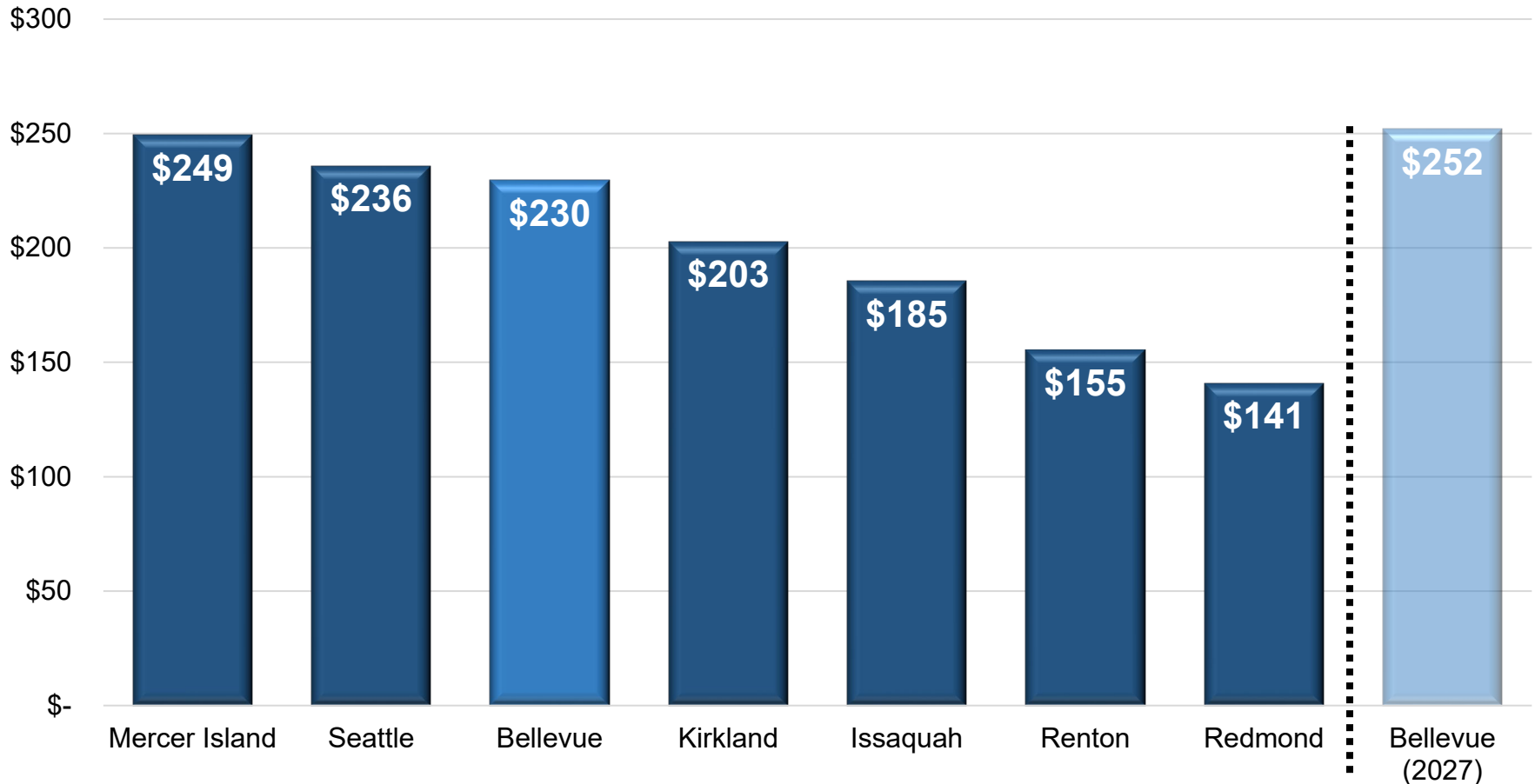
Water bill based on 14 CCF bi-monthly volume

Surface water bill based on 5 chargeable units at moderate development intensity

* Utility discount based on 35% or 70% of basic utility costs

Competitive Utility Rates

Water, Sewer, and Storm Utilities
2026 Monthly Bill Comparison for Single-Family Residential



Community Outreach and Engagement

How we engage

- Inclusive and accessible communications engage more community members
- In-person, virtual and recorded on-demand community meetings increases access
- Expanded outreach to more community spaces

What we heard

- Affordability is a real concern
- Investing in infrastructure is important

Activity	Date
Budget and Rates Webpage	Ongoing
News Release	May 4 and June 5
Social Media	Ongoing
Community Connect Sessions	May (Weekly)
Virtual Community Meeting	June 11
City and Department Newsletters	Spring/Summer
Juneteenth	June 13
Spring District Tabling	June/July
Japan Fair	June 24
Eastgate Block Party	July 11
Bellevue Farmers Market	June/July
Experience Bellevue & Welcoming Week	Sept. 21
Crossroads Farmers Market	September