

Utility Connection Charge Improvements

Study Session

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Direction

Consider directing staff to prepare an ordinance to implement the Commission's recommendations to amend Bellevue City Code to improve affordability, increase transparency, and preserve equity in the city's utility connection charges as part of the upcoming biennial budget process.



Agenda

1. Background
2. Community Outreach and Feedback
3. Proposed Changes and Fiscal Impact
4. Environmental Services Commission Recommendation
5. Timeline and Next Steps



What guides our work



Affordability



Transparency



Fairness and
Equity in Fees



Utility Connection Charges

Capital Recovery Charge (CRC)

A charge for new connections that pays for the equitable share of the existing utility system.

Direct Facility Connection Charge (DFCC)

Recovers the city's costs of system expansion projects from new connections that directly benefit from it.



Community Outreach and Feedback

- Customer Service and Billing Teams
- Bellevue Development Committee Meeting
- Engagement Report
- Engagement website with feedback form

BellevueWa.gov/utility-connection-charges



Understanding Proposed Changes to Utility Connection Charges



Bellevue Utilities is exploring updates to how utility connection charges are calculated and collected.

The updates would align with industry best practices and regional common practice while improving affordability, increasing transparency and preserving equity for Bellevue's growing community.

What is being proposed?

- Eliminate Direct Facility Connection Charge, supporting affordability.
- Simplify how Capital Recovery Charges are calculated so costs are clearer and easier to understand.
- Move connection charges collection to permit issuance, consistent with all other utility development fees.

Background

When a new home or building connects to Bellevue's water, sewer, or stormwater systems, a connection charge is required. Two charges are currently used:

Capital Recovery Charge (CRC)
A fee that helps pay for a property's equitable share of the existing utility system.

Direct Facility Connection Charge (DFCC)
A fee used to recover costs of certain local system growth projects, such as sewer extensions, from properties that benefit from them.

Stay Informed

For up-to-date information on utility connection charges, provide feedback or ask questions, visit

BellevueWa.gov/utility-connection-charges

For alternate formats, interpreters, or reasonable accommodation requests please phone at least 48 hours in advance 425-452-6932 (voice) or email Utilities@bellevuewa.gov. For complaints regarding modifications, contact the City of Bellevue ADA, Title VI, and Equal Opportunity Officer at ADATitleVI@bellevuewa.gov.





Challenges and Proposed Change #1



DFCC Current State

- Big upfront costs
- Affordability barrier - some charges can be over \$100,000
- Delayed cost recovery



Proposed Change

- No more DFCCs
- Recover utility expansion project costs via CRCs



Challenges and Proposed Change #2



CRC Current State

- Complex calculation methodology - hard to understand
- Single Family Equivalents - number of dwelling units or number of fixtures



Proposed Change

- Simplified calculation
- Based on water meter size
- Regional common practice



CRC Fee Comparison By Building Size

	Current Water and Sewer CRC	Proposed Water and Sewer CRC
Single Family Residential 3/4" or similar meter	\$7,190	\$7,253
Health Care Clinic 32 Fixtures 1.5" Meter	\$11,488	\$36,265
Multi-Family Apartment 15 Dwelling Units 2" Meter	\$57,676	\$58,024
Multi-Family Apartment 166 Dwelling Units 4" Meter	\$638,278	\$181,325

➤ Cost recovery goal is the same under current and proposed.



Challenges and Proposed Change #3



CRC Current State

- Primarily collected on property owners' utility bill for 10 years
- Unexpected extra charge on utility bill
- Not aligned to industry practices or similar construction fees



Proposed Change

- Change timing to pay once upfront not over ten years
- CRCs collected at permit issuance instead of the utility bill



Fiscal Impact: 2025 Utilities Revenue Sources Comparison



From Rates



From Connection Charges

➤ Proposed changes will not have an adverse rate impact.



Summary of Proposed Changes



1. Discontinue use of DFCCs
2. Water and Sewer CRCs calculated based on meter size
3. CRCs collected upfront at permit issuance



Environmental Services Commission (ESC) Recommendation



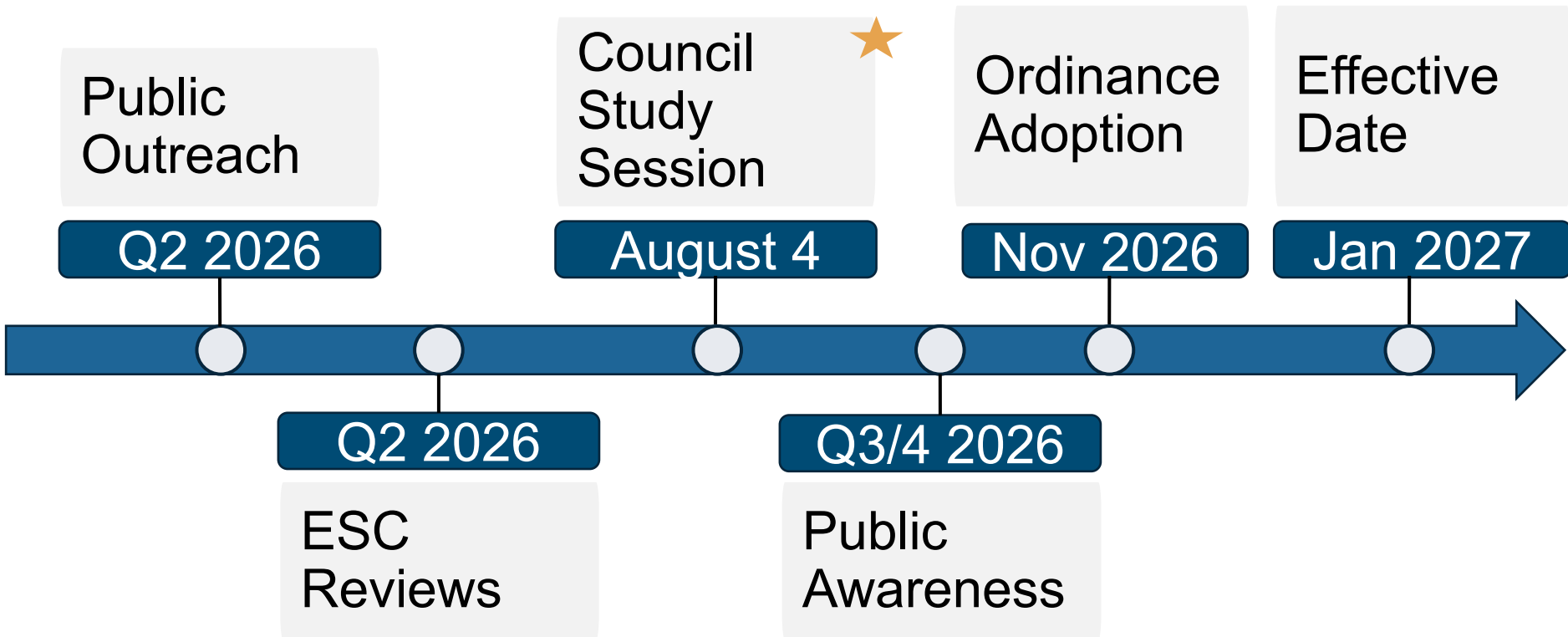
ESC Recommendation

ESC unanimously supports and recommends the following:

- Discontinue the future use of DFCCs and recover utility expansion costs into the city's water, sewer, and storm and surface water CRCs.
- Replace the Single-Family Equivalent methodology used to assess water and sewer CRCs with a Meter Capacity Equivalent methodology.
- Shift the timing of when CRCs are collected to a one-time charge assessed at permit issuance.



Timeline and Next Steps



Direction

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