

Recommendation on Proposed Changes to Utility Connection Charges

ESC Meeting

Dave Baisch, Utilities

June 18, 2026



Action Required

Staff is seeking the Commission's concurrence on the recommended amendments to Bellevue City Code for the water, sewer, storm and surface water utilities related to connection charges.



Agenda

1. Recap: Goal and Background
2. Proposed Changes and Community Feedback
3. Outreach Plan and Summary
4. Timeline and Next Steps



Goal



Affordability



Transparency



Equity



Connection Charges

Capital Recovery Charge (CRC)

- **System buy-in charge**
- A fee for new connections that pays for the equitable share of the existing utility system.

Direct Facility Connection Charge (DFCC)

- **Cost recovery for localized growth projects**
- A fee that recovers the city's costs of system expansion projects, such as sewer extensions, from new connections that **directly benefit** from it.



Community Feedback

- Customer Service & Billing
- Bellevue Development Committee (BDC) Meeting
- Email Follow-up with Engagement Report
- Comment Form on [website](#)

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 Status Quo

Big Upfront Costs:

- Affordability barrier (Some can be over \$100,000)
- Delayed cost recovery



No More DFCCs
Recovery of CIP
expansion project costs
via CRCs



BDC Feedback: Proposal 1

Table Captain Summary: If DFCC's moved to CRC, consider a cap of that. Concerns over DFCC being added and ballooning the connection charges.

Table Captain Summary: ...consider the fairness of paying extensions for 1 part of the city in another part of the city. Would downtown be paying for extensions in Lakemont?

Table Captain Summary: ...Proposal incentivizes development instead of creating barriers to development.



Challenges and Proposed Change 2



CRC Status Quo

Complexity:

Calculation methodology hard to understand – Single Family Equivalents (SFE: Number of Units, fixture counts)



Simpler Calculation
Based on meter size



BDC Feedback: Proposal 2

Table Captain Summary: A suggestion was made to incorporate incentives for installing fire sprinklers in both single-family and multi-family developments as part of the new CRC structure.

Table Captain Summary: Easier to understand and calculate.

Table Captain Summary: Meter-based charge makes a lot of sense. Really like the idea of knowing the charge in advance.



Challenges and Proposed Change 3



CRC Status Quo

Timing:

- 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



Pay once upfront not over ten years
CRCs collected at permitting instead of the utility bill



CRC Fee Schedule By Meter Size

Meter Size	Estimated Water CRC*	Estimated Sewer CRC*
¾" or similar	\$4,567	\$2,686
1"	\$11,418	\$6,715
1½"	\$22,835	\$13,430
2"	\$36,536	\$21,488
3"	\$73,072	\$42,976
4"	\$114,175	\$67,150
6"	\$228,350	\$134,300

*Proposed charges assuming a new permit issued in 2026 using 2026 dollars



Owner/Tenant Feedback: CRC

1,012 Accounts currently paying via utility bill (76% Residential)

Resident “perceives paying twice” - Once at the market sale, ongoing with utility bill

Example: Multi-family senior living

- Average utility bill ***excluding*** CRCs - \$1,900
- Average utility bill ***including*** CRCs - \$27,000



BDC Feedback: Proposal 3

Table Captain Summary: Bellevue is the only jurisdiction they know of charging this way other than King County Metro Sewer fees...

Table Captain Summary: For affordable housing, getting the charge 6 months after Certificate of Occupancy is the absolute worst timing.

Table Captain Summary: At start of construction would be best, because they have all their funding at that point...



Website Feedback: Proposal #3

“Concerned with requiring developers to pay up front as a project cost vs treating it as an operational cost post occupancy.”

“...If the structure is shifting from a 10-year spread to a significant up-front cost, this change would place a considerable burden on development. Should this modification move forward, I would recommend that CRCs be due at Certificate of Occupancy, or as late in the development process as feasible, in order to minimize carrying costs...”

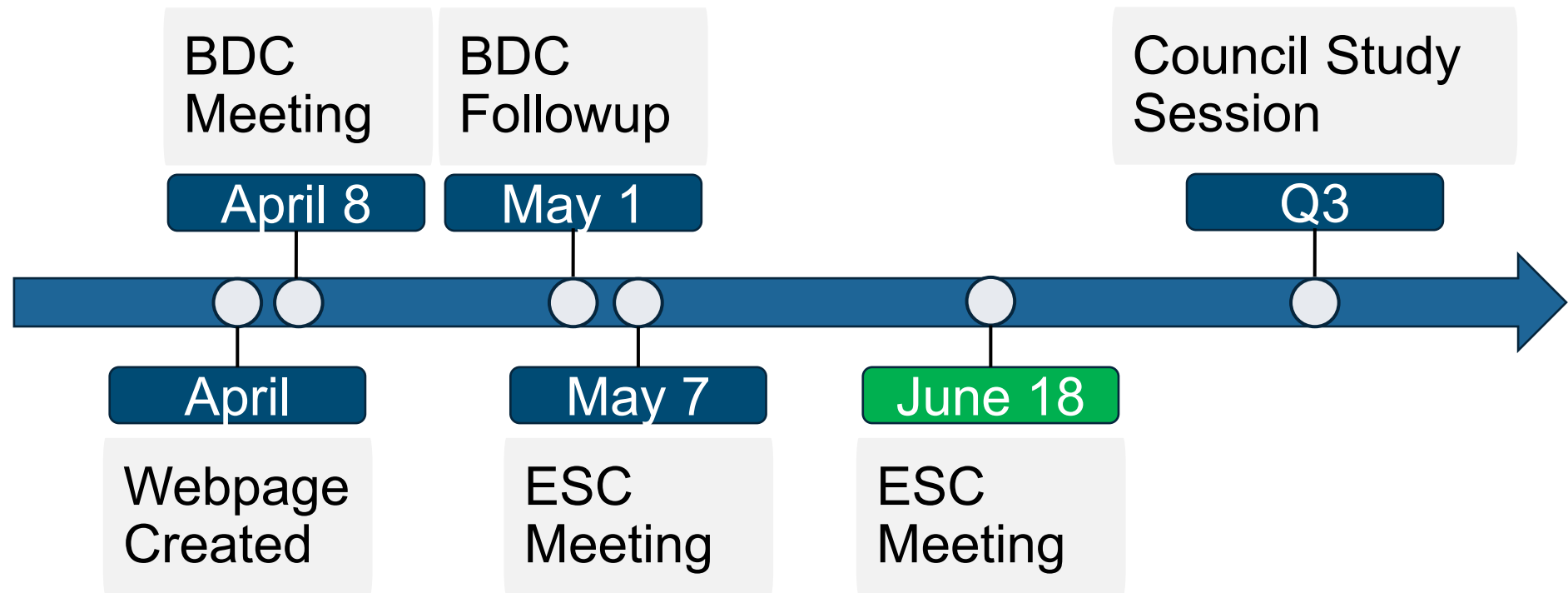


Continued Outreach Approach

- Updates and FAQ via project [website](#)
- Community Meetings (Bellevue Development Committee; Chamber of Commerce)
- Property Owners



Timeline and Next Steps



Summary of Proposed Changes



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

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