

Utilities Financial Policies

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Utilities

February 1, 2024



Information

No action by the Commission at this time. Staff will provide a review of the current Utilities Financial Policies.



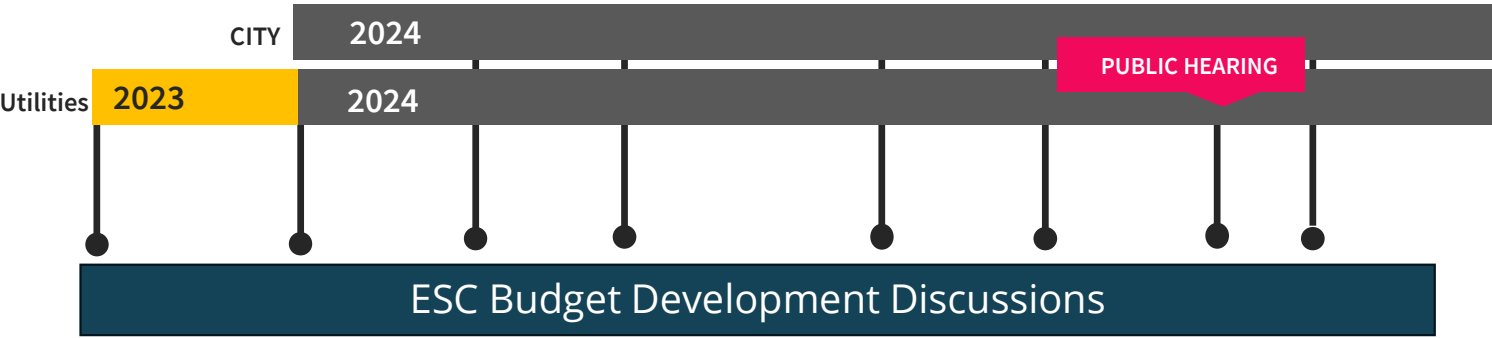
Agenda

1. Budget Process Recap
2. Waterworks Financial Policies
3. Solid Waste Reserve Policies
4. Next Steps



Budget Process Recap

	UTILITIES	COUNCIL	UTILITIES	LEADERSHIP & EXPERTS	CITY MANAGER (CM)	COUNCIL
MILESTONES	1	2	3	4	5	6
	UTILITIES BUDGET PLANNING	STRATEGIC DIRECTION	BUDGET PROPOSALS	LT & SMEs REVIEW PROPOSALS	CM FINALIZES & SUBMIT BUDGET	COUNCIL BUDGET DECISION



Waterworks Financial Policies



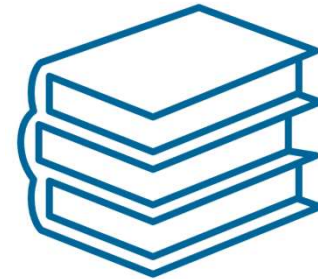
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General Policies

Fiscal Stewardship

Self-Sufficient Funding

Long-term System & Financial Planning



Guided by:

- ✓ *State law*
- ✓ *State Auditor's Office*
- ✓ *Bellevue City Code*
- ✓ *City Policies*
- ✓ *Utility Industry Best Practice*

Capital Investment Program Policies

Provide sufficient funding for both short- and long-term capital needs

Plan for meeting the Capital Improvement Needs while assuring:

Smooth rate transitions

Provide financial flexibility

Achieve intergenerational equity

Maintain high credit ratings



Capital Investment Program Policies

Avoid use of debt except to provide rate stability in the event of changed circumstances

Renewal and Replacement (R&R) Account

Sources of Funds

Uses of Funds

Accumulation of
Funds



System Expansion & Connection Policies

Those connecting are responsible for extending the system so they can connect

The Utility will establish fees for cost recovery for system expansion and connection

Capital recovery charges are deposited in the R&R account

Affordable Housing consideration



Rate Policies

Sufficient to cover current and future expenses based on long-term forecasts

Gradual and uniform rate changes

Pass through wholesale service changes directly

Evaluate rates annually

Transfer savings to R&R to reduce future needs



Rate Policies

Rate structure based on cost-of-service and other policy objectives

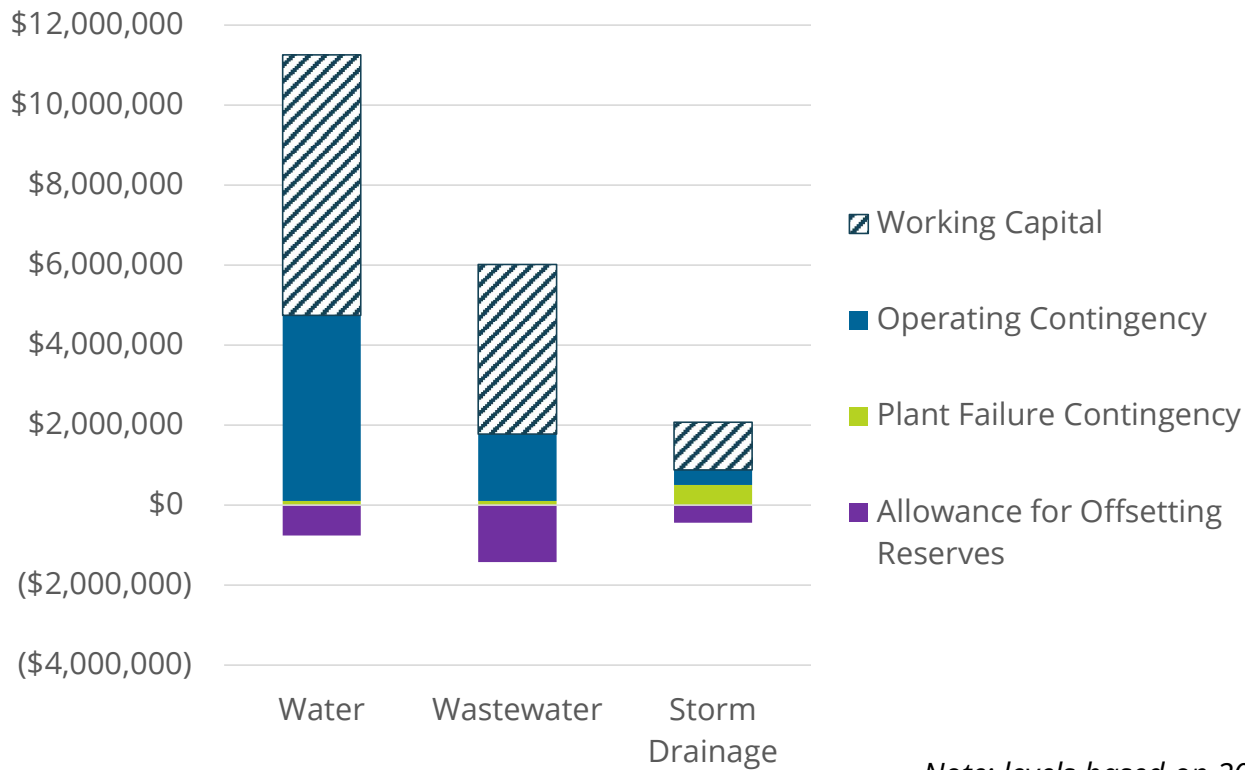
Rate equity between classes and between generations

Rate uniformity for class and level of service

Rate assistance for low income households



Operating Reserve Policies



Reserve levels vary based on observed and potential for variability between funds

Note: levels based on 2023 budget as shown in adopted Financial Policies.

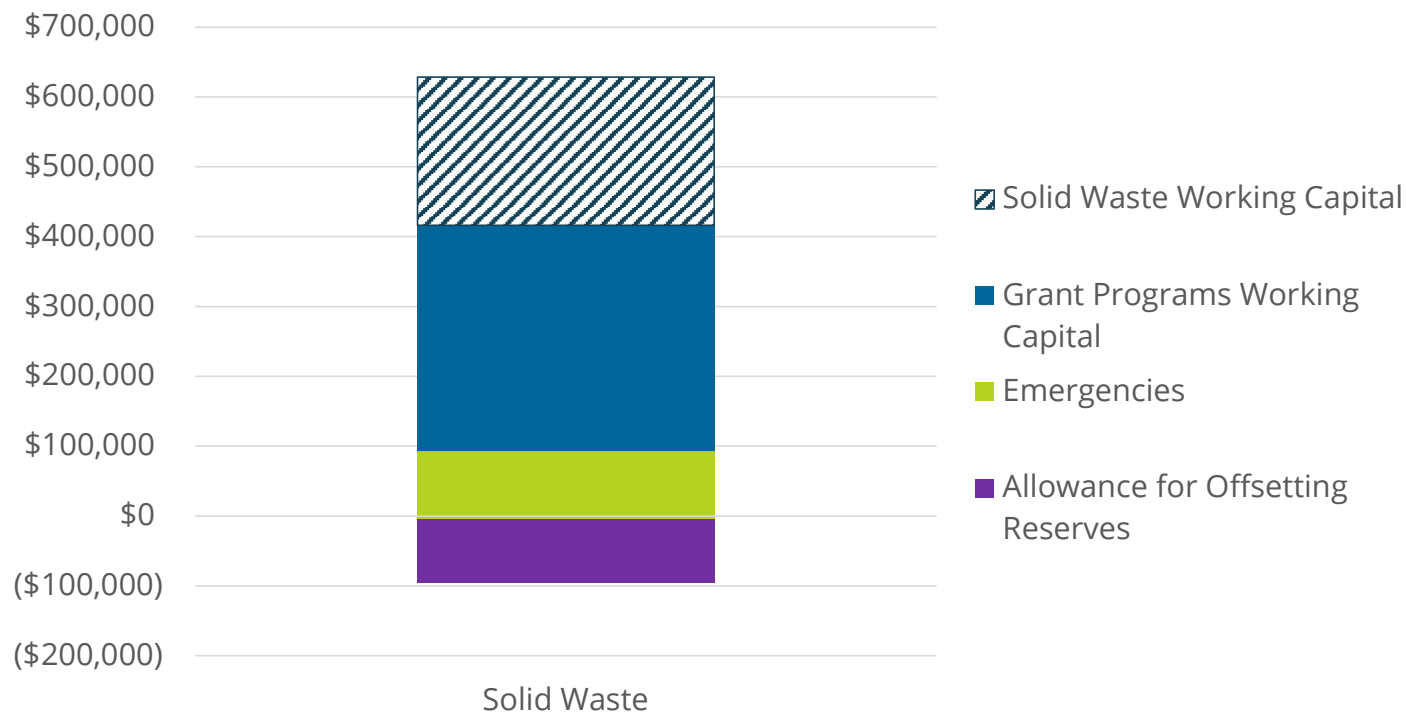


Solid Waste Reserve Policy

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Solid Waste Operating Reserve



Note: levels based on 2023 budget as shown in adopted Financial Policies.



Next Steps

1. Evaluation of Utilities Financial Policies
2. Operating Reserve Updates for Early Outlook Rates Forecast
3. Discussion of Recommended Policy Changes (if any) with ESC



Information

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