Overview

Capital Recovery Charges were established by the Bellevue City Council-Ordinance 4951, effective January 1, 1997. When properties develop or redevelop, they place increased demand on Utility systems. Under Capital Recovery Charges, these properties are charged a share of the costs existing rate-payers have paid to construct the capital facilities that allow new customers to be served.

Capital Recovery Charges are based on the net value of Utility systems, divided by the total number of customers served. They are collected through a monthly rate surcharge for a ten-year period, which appears as a separate charge on the customer's City of Bellevue Utility bill.

Because service area boundaries, numbers of customers served, and amounts invested in capital facilities are different for each City Utility, the Water, Sewer, and Storm & Surface Water Utilities each have a separate Capital Recovery Charge. When properties develop or redevelop placing increased demand on Utility systems, one or more of these charges may apply, depending on which Utility services the property receives.

Water and Sewer Capital Recovery Charges

For Water and Sewer Capital Recovery Charges, a single family residence is equal to one chargeable unit, called a "Single Family Equivalent Unit" (SFE). Therefore, Water and Sewer charges for a single family residence equal one times the appropriate monthly rate. Formulas are used to convert multifamily and commercial structures to Single Family Equivalent Units (SFE's), based on the additional demand these structures place on Utility Systems. Capital Recovery Charges for the properties are then computed by multiplying the resulting number of units by the applicable monthly rate.

Storm & Surface Water Capital Recovery Charges

Storm & Surface Water Capital Recovery Charges are also calculated by multiplying the chargeable units for a property by the appropriate monthly rate. In this case, however, the chargeable units are computed by multiplying the run-off factor for the property by the total property area and dividing the results by 2,000 square feet. The runoff factor used in this calculation is taken from the property's development intensity classification per the Stormwater rate ordinance. In this ordinance, properties are divided into rate categories based on impervious surface as a percent of total property area.

Monthly Billing Rates

The monthly billing rates for the ten-year surcharge period for properties that develop or redevelop in the current year and are subject to a Capital Recovery Charge are based on: 1) the net current value of Water, Sewer, and Storm & Surface Water capital facilities; and 2) numbers of customers served. These rates will be recalibrated for properties connecting to the Utility systems in future years to include costs of additional capital facilities constructed by each Utility.

Questions Regarding Applicability of the Capital Recovery Charges

1. If a house connected to the Water or Sewer system is demolished and a new house is constructed in its place, does the Capital Recovery Charge apply?

Capital Recovery Charges apply only if the Water or Sewer service was abandoned for five years or more prior to construction of the new house and its connection to applicable Utility systems.

2. If a house is remodeled, does the Capital Recovery Charge apply?

Water and Sewer Capital Recovery Charges do not apply unless remodeling results in a change of use of the property (e.g. single family residence to multifamily residence). Storm & Surface Water Capital Recovery Charges apply if additions to the property's impervious surface area increase the run-off factor used to calculate the CRC charge. If Capital Recovery Charges apply, credit will be given for existing single family equivalent units in calculating the new units subject to the Capital Recovery Charge as a result of redevelopment.

For additional information regarding Bellevue Utilities Capital Recovery Charges, please contact your Utility Billing Account Representative at the number shown on your monthly or bimonthly City of Bellevue Utility bill.

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Customer Information

Bellevue Utilities Water, Sewer and Storm & Surface Water Capital Recovery Charges

Revised January 2010

Answers to Commonly Asked Questions regarding Capital Recovery Charges

1. Why have these charges been imposed?

Water Sewer, and Storm & Surface Water facilities are designed and constructed to service future as well as current customers. Capital Recovery Charges ensure that all new customers share in the cost of capital facilities that provide capacity to serve them.

2. Why do new customers have to pay Capital Recovery Charges AND ongoing Water, Sewer, and/or Stormwater service charges?

Ongoing Utility service charges cover annual costs of operating and maintaining the individual City utilities. Capital Recovery Charges recover a share of the costs existing ratepayers have paid to construct the capital facilities that allow new customers to be served.

3. What is the legal basis for the Capital Recovery Charges?

Utility Capital Recovery Charges are authorized by Revised Code of Washington 35.92.010; City Ordinance No. 4951; and Sections 24.02, 24.04 and 24.06 of the Bellevue City Code.

4. How are these charges assessed?

Capital Recovery Charges are collected as monthly rate surcharges over a ten-year period from property owners, and are based on the proportionate demand placed on Utility systems by property development.

5. Why are these charges being collected as a monthly rate surcharge over a ten-year period?

This method was recommended by an Advisory Committee made up of Bellevue citizens, business, and developer representatives. In looking for ways to minimize impacts of the Capital Recovery Charges on future home buyers, the Advisory Committee concluded that billing these charges directly to the owner over a ten-year period would reduce the net overall amount the homeowner would be required to pay.

6. When does billing for the Capital Recovery Charges start?

Billing of Water and Sewer Capital Recovery Charges starts with permit issuance. Billing for Stormwater Capital Recovery Charges starts with billing of updated Stormwater service charges reflecting additional impervious surface area resulting from increased property development. Typically this occurs at the onset of construction following issuance of a property Clear & Grade Permit.

7. If a builder initiates connection of the property to the Utility systems and then sells the property, is the builder still liable to pay related Capital Recovery Charges?

The builder or initial owner is responsible for the charges from the initial billing month until the property sells. At that time, the amount due is prorated between the initial owner and the new owner on a monthly basis, along with other Utility service charges. If the property is sold before the 15th of the month, the new owner is responsible for the charges for that entire month. If the property is sold on or after the 15th, the previous owner is responsible for the charges for that entire month.

8. What process is available for customers who want to appeal the basis for a Capital Recovery Charge?

Customers who believe their property will have small equivalent system impact or capacity requirements than the number of chargeable units computed through the standard calculation process, may appeal that calculation by sending a written request to the Utilities Department Development Manager. The request should outline specific technical reasons why the customer feels the units computed for the property do not fairly reflect demands on the Utility System resulting from related development impacts.

Technical issues raised in the customer's appeal will be evaluated by Utilities Engineering staff Following that review, a decision will be made regarding the merit of the appeal and a letter will be issued stating the decision that has been made and why the appeal has been approved or denied.