



City of Bellevue

# Utilities Department Virtual Neighborhood Gathering

*October 28 & 29, 2020*  
*Nav Otal, Director*

# Agenda

- Overview Utilities services
- Key challenges in delivering services
- Utilities budget and rate setting process
- Proposed 2021-2022 Utilities budget and rate impacts
- Q & A





# Overview of Utilities Services

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# Essential Services

*We deliver high quality, reliable services:*



**Water** – a life critical resource



**Wastewater** – protecting public health



**Storm & Surface Water** – protecting the environment



**Solid Waste Services** – encouraging sustainability

*in a manner that is environmentally responsible and cost-competitive.*



# COVID-19 Efforts



Continued essential services to customers



Wanted to ensure everyone had access to clean water



Offered payment plans and financial relief programs



Concerns for the safety of our staff



Significant financial impact



Belt tightening – immediate steps to curtail spending

# The Utilities Business

- Out of sight, out of mind
- Each utility independent
- Rates are primary source of revenue
- Services are not scalable
- Utility business is capital intensive





# Key Challenges

## NEW:

- COVID-19 impacts

## ONGOING:

- External costs
- Aging infrastructure

# Major Cost Drivers



**\$0.53**  
Cascade / King County  
Taxes and City Services

**\$0.30**  
Infrastructure  
Investments

**\$0.17**  
Local  
Operations

# Maintaining Aging Infrastructure



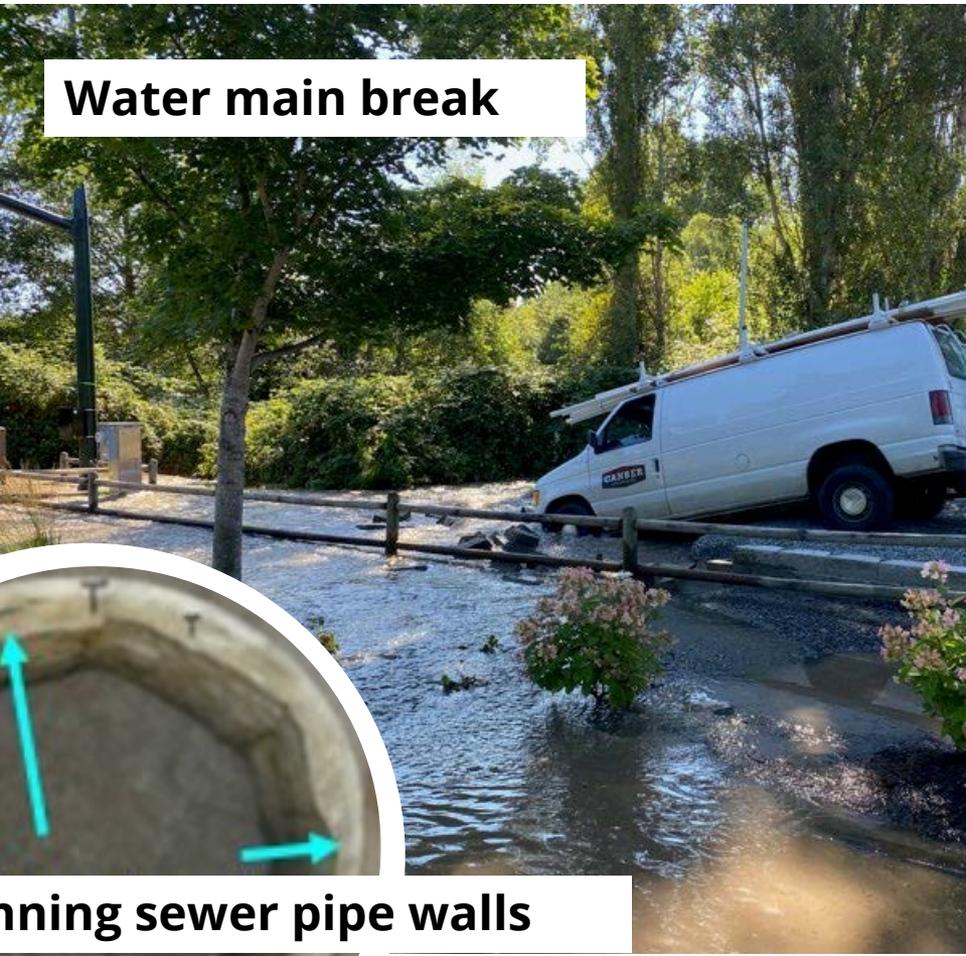
**\$3.5 billion**  
system assets



**1,600**  
miles of pipe



**40-80**  
years old



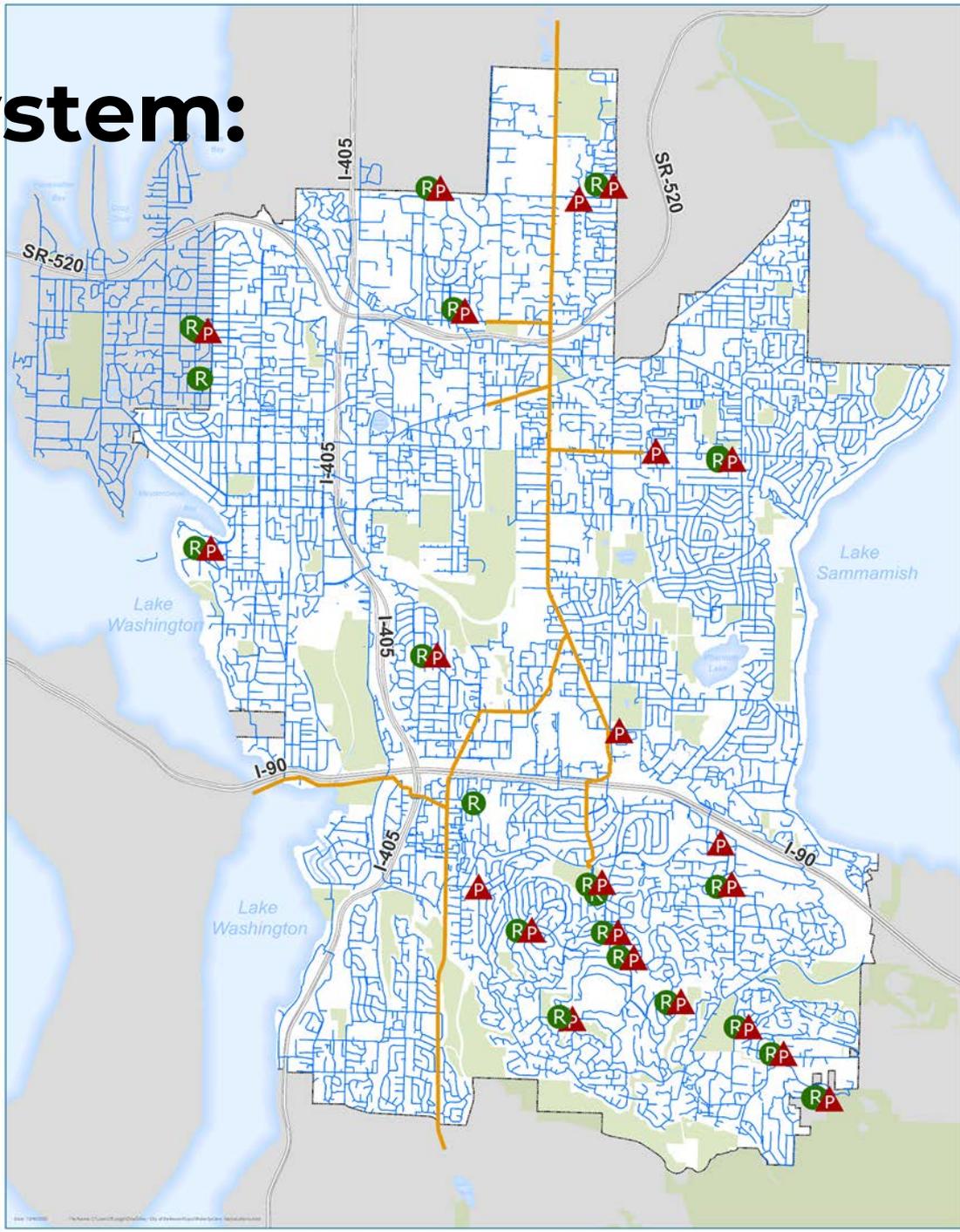
Water main break

Thinning sewer pipe walls

# Water system:

*\$1.2 Billion*

- **40,000** water connections
- **610** miles of pipe
- **24** reservoirs storing **41.5** million gallons
- **62** pressure zones
- **10,000** valves
- **5,800** fire hydrants
- **22** pump Stations



# Caring for the System is Critical

*Failure can mean:*

- Damage to homes and roadways
- Danger to public health
- Disruption to important daily functions
- Environmental damage

**August 2014 storm overwhelmed the stormwater system in Factoria**



# Watermain Breaks: 2016-2019



**2016**  
17 main breaks



**2017**  
34 main breaks



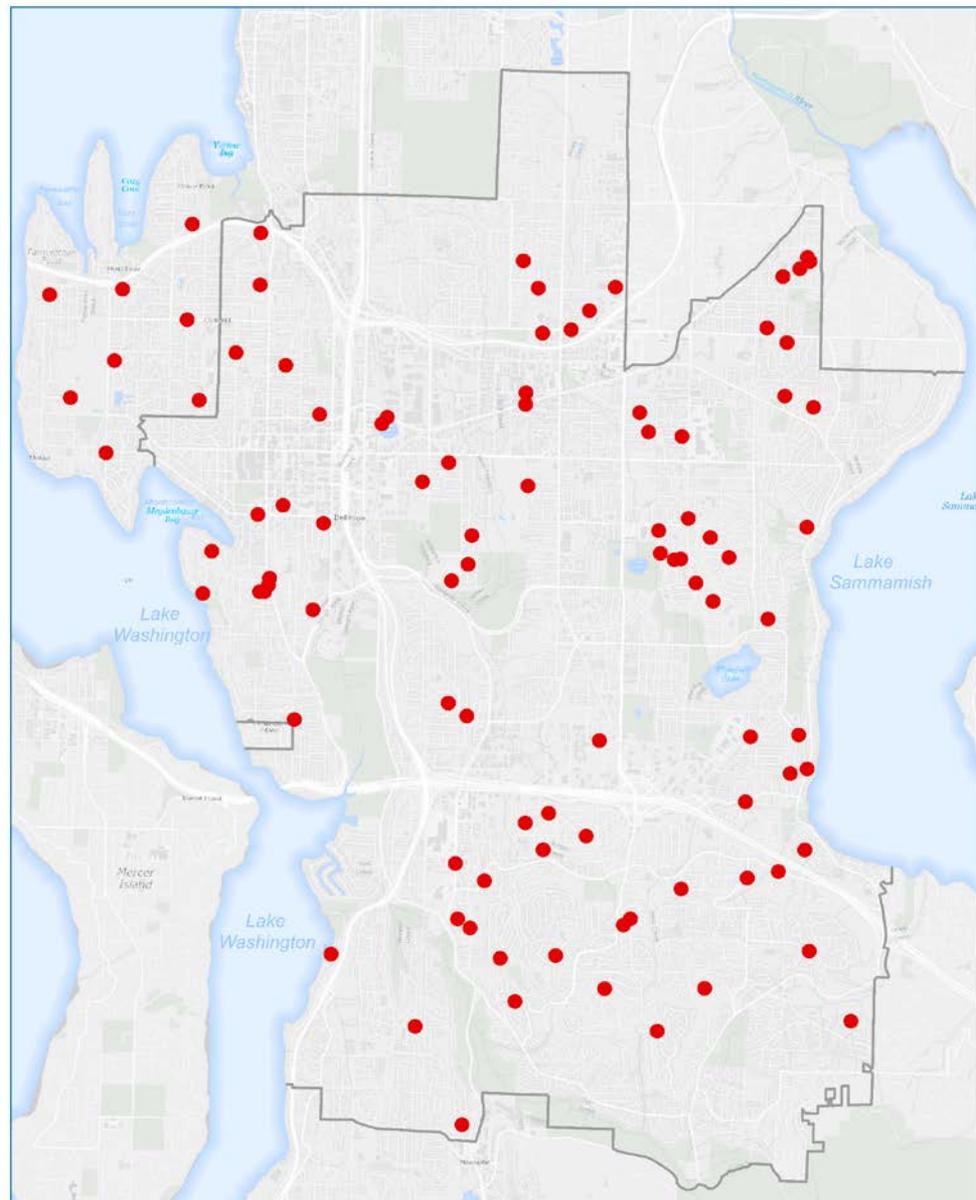
**2018**  
25 main breaks



**2019**  
22 main breaks

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**98 breaks**  
over 4 years



# Asset Management Strategy



“

Not too soon,  
not too late.

Either put it in  
the ground or  
put it in the  
bank.

”





# 2021-2022 Utilities Proposed Budget

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# Stewards of Customer Dollars

*Utilities budget and rates are not decided in isolation*

Setting rates is a rigorous process that involves:

1. Utilities leadership team
2. Environmental Services Commission
  - 8 Commission meetings
  - Capital Program open house
  - Budget public hearing
3. City Manager
4. City Council



# Budget Foundations

- Funding for current and future expenses
- Pass wholesale costs through to customers
- Predictable, gradual and uniform rates
- Adequate reserves
- Capital investment



# Proposed 2021-2022 Utilities Budget

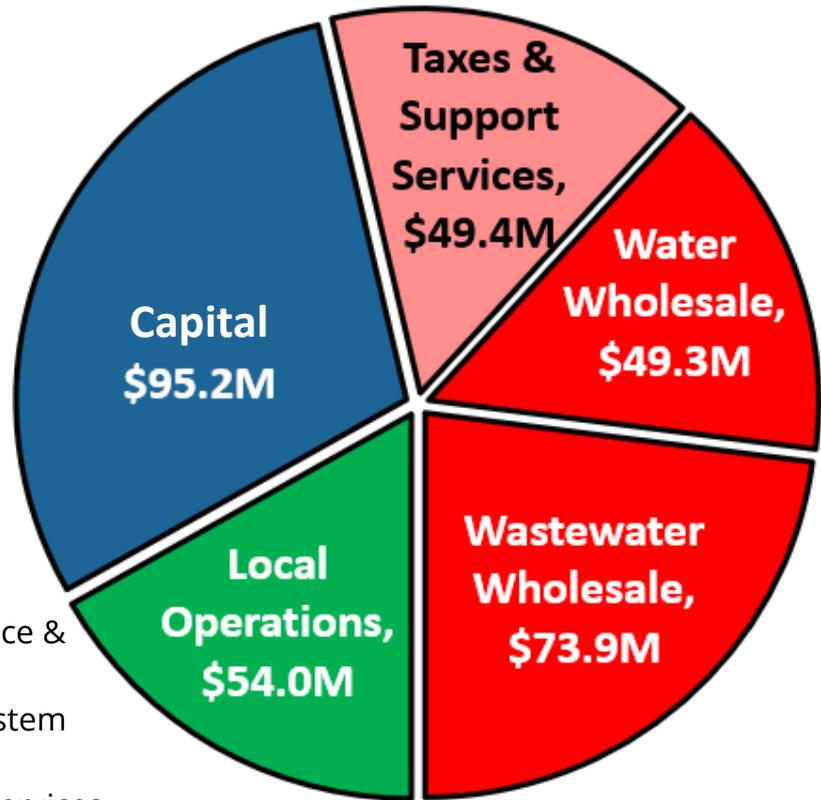
*\$321.8 Million*

Internal Drivers  
**47%**

CIP Support  
**30%**

Local Operations  
**17%**

- Operations & Maintenance
- Customer Service & Outreach
- Engineering System Planning
- Development Services
- Support Systems/Assets
- Management
- Regulatory



External Drivers  
**53%**

Taxes & Support Services  
**15%**

- Wholesale  
**38%**
- Drinking water supply
  - Wastewater treatment



# 2021-2027 Utilities Capital Investment Program (CIP)

*\$235.6 million*



**Aging Infrastructure**  
\$192.9M



**Environmental Preservation**  
\$27.7M



**Operational Efficiency**  
\$8.0M



**Capacity for Growth**  
\$7.0M

# Typical Residential Combined *Water, Sewer, & Storm Utility Monthly Bill Rate Drivers*



Typical Single-Family Monthly Bill		
<b>2020 Monthly Bill</b>		<b>\$183.05</b>
<b>2021 Rate Drivers</b>		
External Costs	3.2%	\$5.84
Capital	0.6%	\$1.07
Local Operations	0.0%	\$0.00
<b>Total Increase</b>	<b>3.8%</b>	<b>\$6.91</b>
<b>2021 Monthly Bill</b>		<b>\$189.96</b>
<b>2022 Rate Drivers</b>		
External Costs	2.2%	\$3.98
Capital	1.7%	\$3.50
Local Operations	0.0%	\$0.00
<b>Total Increase</b>	<b>3.9%</b>	<b>\$7.48</b>
<b>2022 Monthly Bill</b>		<b>\$197.44</b>

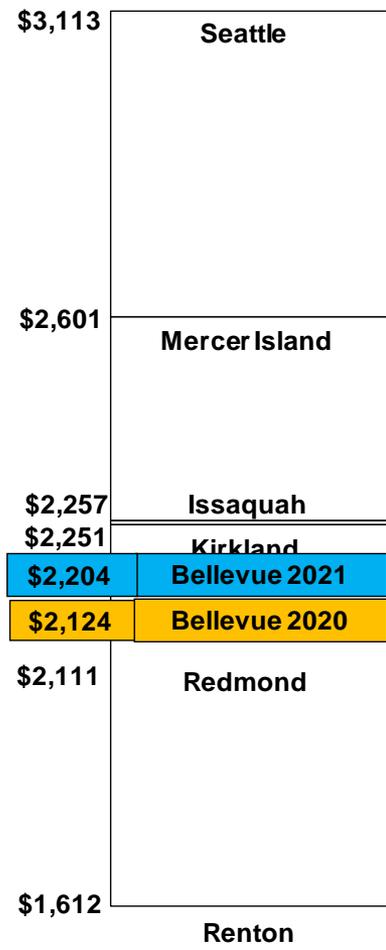
# Our Rates Are Competitive



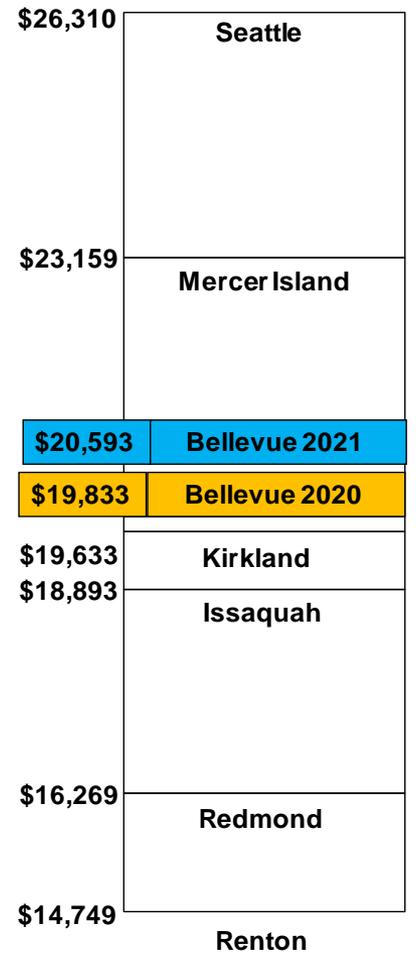
## Residential



## Multi-Family



## Commercial



# Serving All Our Residents

*Several programs to support residents with financial need:*



## Emergency Assistance Program

- Low income residents experiencing financial shock
- Waives up to 4 months of utility bills

## Utility Rate Relief

- Low income seniors (62+) and permanently disabled residents
- 70% ongoing discount

## Utility Tax Relief

- Low-income residents
- Rebate for a portion utility taxes paid to the city

# A Well-Managed Utility

## *High customer satisfaction rating*

- 84% Customer Satisfaction

## *Competitive Rates*

## *Solid Financial Management*

- No debt
- High bond rating – Aa1

## *National Standards of Excellence*

- APWA Accreditation
- AMWA Platinum Award
- AMWA Sustainability Award



# High-Quality Drinking Water for a Penny a Gallon



*\$1 Retail*



*90 gallons delivered to your tap*





# Any other questions?

We are happy to speak further.

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Please contact Jessica Guthrie,  
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[www.bellevuewa.gov/utilities](http://www.bellevuewa.gov/utilities)