



Memorandum

Date: 11/12/2025

Meeting of: Committee of the Whole - Finance, Administration, and Communications

File No. CM 25-602

Type: Committee Memo

TO: Committee of the Whole - Finance, Administration, and Communications

FROM: Mayor Angela Birney

DEPARTMENT DIRECTOR CONTACT(S):

Finance	Kelley Cochran	425-556-2748
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DEPARTMENT STAFF:

Finance	Haritha Narra	Deputy Finance Director
Finance	Hailey Zurcher	Financial Planning Manager

TITLE:

Adoption of a Resolution Updating the Water and Wastewater Connection Charges, and Adoption of an Ordinance Updating the Stormwater Capital Facilities Charges

OVERVIEW STATEMENT:

Connection charges and capital facilities charges are one-time fees applied to new development as a condition of connecting to utility infrastructure. The purpose of a charge is to recover the cost to provide system capacity to new customers. All proceeds received must be used for capital improvements. The connection and capital facilities charges are calculated on the following factors:

Water Utility Connection Charges

- Meter size for commercial, multi-family residential, cooling tower, and irrigation
- Total living area for single-family residential

Wastewater Utility Connection Charges

- Meter size for commercial
- Living units for single and multi-family residential

Stormwater Utility Capital Facilities Charges

- Impervious units

The connection and capital facilities charges have not been updated since 2018. At the end of 2024, Financial Consulting Solutions (FCS) with Bowman, was hired to evaluate and update the calculations for the City's water, wastewater, and stormwater connection charges, ensuring that the calculations include updated capital improvement projects and accurate system capacity.

Updating the connection and capital facilities charges is necessary to ensure that new development recovers an equitable share of the cost of utility system infrastructure, and ensures an equitable spread of infrastructure costs between existing customers and new growth and development.

☒ **Additional Background Information/Description of Proposal Attached**

REQUESTED ACTION:☐ **Receive Information**☒ **Provide Direction**☐ **Approve****REQUEST RATIONALE:**

- **Relevant Plans/Policies:**

Fiscal Policies

- **Required:**

N/A

- **Council Request:**

N/A

- **Other Key Facts:**

N/A

OUTCOMES:

The analysis completed by FCS in 2025 updated the calculation to include the current system investments and incorporated identified eligible future capacity expanding projects included in the current six-year Capital Improvement Program (CIP). Additionally, the 2025 update includes updated system capacity data as provided in the 2023 Water System Plan, data which was not previously available in the last CFC update. The City's existing stormwater CFCs reflect an "average-cost" methodology, which divides the total cost of the system by the total capacity of the system. For the 2025 update, this methodology was also utilized for the water and wastewater connection charges, which have historically been calculated based on the cost of existing facilities and growth-related capital projects only (excluding replacement/improvement projects). This change promotes the use of a consistent methodology across all utilities.

The updated charges and fees are summarized below:

- **Water Connection Charges**
 - Increase to Single-Family Residential connection charges, and charges for Commercial and Multi-Family meters 1" and smaller
 - Decrease to all other connection charges
 - Key Drivers for Change: increase in the net cost basis, which reflects current planned CIP projects, and the methodology for how costs related to fire suppression are equitably recovered from connections, which is based on number of meters rather than meter size.
- **Wastewater Connection Charges**
 - Increase to all wastewater connection charges
 - Key Driver for Change: increase to the total cost basis, which reflects the current planned CIP projects and cost of current assets.
- **Stormwater Capital Facilities Charges**
 - Increase to citywide charges due to increased cost basis, which reflects current assets and planned CIP projects
 - Decrease to Overlake charges due to slight increase in number of impervious units
 - Decrease to Downtown charges due to decrease in the cost basis, which reflects the current planned CIP projects and increased estimate of impervious units

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The changes proposed can be explained by the updated cost basis to reflect current assets and planned improvement and expansion, as informed by the City's Capital Improvement Program. Additionally, the updated methodology aligns with best practices for CFC calculation and ensures consistency among the utilities. Regular updates to the CFCs and connection charges will enable equitable share of the total cost of the utility systems between existing and future customers and will ensure accurate cost bases as the City continues to update capital planning.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**
OneRedmond Communication - October 23, 2025, OneRedmond Government Affairs Meeting
- **Outreach Methods and Results:**
N/A
- **Feedback Summary:**
N/A

BUDGET IMPACT:

Total Cost:

N/A

Approved in current biennial budget:

☐ Yes

☐ No

☒ N/A

Budget Offer Number:

N/A

Budget Priority:

N/A

Other budget impacts or additional costs:

☒ Yes

☐ No

☐ N/A

If yes, explain:

Connection and capital facilities charges should be updated regularly to keep pace with growth, in order to maintain the City's desired level of service and to recover the cost to provide system capacity to new customers. The revenues from these charges are received in the corresponding CIP funds and only used to fund CIP projects.

Funding source(s):

N/A

Budget/Funding Constraints:

N/A

☐ **Additional budget details attached**

COUNCIL REVIEW:

Previous Contact(s)

Date	Meeting	Requested Action
N/A	Item has not been presented to Council	N/A

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Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
11/18/2025	Business Meeting	Approve

Time Constraints:

Updated connection and capital facilities charges should be adopted before December 31, 2025, to take effect January 1, 2026.

ANTICIPATED RESULT IF NOT APPROVED:

The existing connection and capital facilities charges would remain in place, although they do not account for system improvement costs included in the 2025-2030 CIP, and do not ensure an equitable cost share of system growth between current and new customers.

ATTACHMENTS:

Attachment A: Resolution - Water & Wastewater Connection Charge

Attachment B: Ordinance - Stormwater Connection Charge

Attachment C: CFC Report_FCS

Attachment D: CFC Update_OneRedmond Presentation

Attachment E: Redmond CFC Comparison to Other Jurisdictions