

**CITY OF BELLEVUE
ENVIRONMENTAL SERVICES COMMISSION
MEETING MINUTES**

Thursday
February 1, 2018
6:30 p.m.

Conference Room 1E-113
Bellevue City Hall
Bellevue, Washington

COMMISSIONERS PRESENT: Diann Strom (Chair), Sanjay Kumar (Vice Chair),
Vanja Knezevic, Aaron Morin

COMMISSIONERS ABSENT: Anne Howe, Lisa Schreiner, Gregg Takamura

OTHERS PRESENT: Lucy Liu, Assistant Director – Resource Mgmt. & Customer
Service; Martin Chaw, Utilities Fiscal Manager; Kit Paulsen, Sr. Environmental Scientist;
Don McQuilliams, Regulatory Compliance Manager

MINUTES TAKER: Laurie Hugdahl

1. CALL TO ORDER:

The meeting was called to order by Chair Strom at 6:32 p.m.

2. APPROVAL OF AGENDA

**Motion made by Commissioner Kumar, seconded by Commissioner Morin,
to approve the agenda as presented. Motion passed unanimously (4-0).**

**3. PUBLIC MEETING ON THE 2018 DRAFT STORM WATER
MANAGEMENT PROGRAM**

Presenter: Don McQuilliams, Regulatory Compliance Manager

The public meeting was called to order at 6:33 p.m. and public comments were solicited. There were none.

Mr. McQuilliams gave an overview of and background on the Stormwater Management Plan. The Plan is a requirement of the Clean Water Act with the intent to minimize water pollution from the City. The NPDES Permit was first issued to Bellevue in 2007. Bellevue is a Phase II Permittee as determined by the 1990 census. The Stormwater Management Plan is administered by the DOE. Permit conditions are phased in over a five-year permit term. The current permit term is from August 2013 to July 2019. It was extended one year by Ecology. The next revision will be in August of 2019. Mr. McQuilliams then reviewed key dates of the 2013-2019 Permit Implementation timeline.

Public Comments were solicited again. There were none. The public hearing was closed at 6:44 p.m.

4. ORAL AND WRITTEN COMMUNICATIONS

None

5. COMMUNICATIONS FROM CITY COUNCIL, COMMUNITY COUNCIL, BOARDS AND COMMISSIONS

None

6. STAFF REPORTS

It was announced that Councilmember Jared Nieuwenhuis will be the official Council Liaison.

Councilmember John Stokes has been appointed as Bellevue's representative to Cascade Water Alliance and will also serve as Chair. Councilmember Nieuwenhuis will serve as Councilmember Stokes' backup.

7. APPROVAL OF MINUTES

January 4, 2018 Regular Meeting Minutes

There was a question from Commissioner Knezevic about whether or not Commissioner Takamura had been in attendance at the January 4 meeting.

Motion made by Commissioner Morin, seconded by Commissioner Strom, to approve the minutes as presented. Motion passed unanimously (4-0).

8. REPORTS & SUMMARIES

- ESC Calendar/Council Calendar

Asst. Director Lucy Liu reviewed the ESC Calendar and pointed out that in March there will be an update on the AMI program. Joe will be speaking on the Emergency Management. Changes to the CIP will also be presented. She will be presenting a Finance 101 presentation. In April staff will continue with the year-end financial report, rates forecast, and a summary of the online CIP open house and public comments.

Asst. Director Liu then reviewed the Council Calendar. She noted that the Tentative Lower Coal Creek/Newport Shores KCFD Agreement will actually go to the Council on February 20 meeting instead of February 5.

Commissioner Morin asked about the Bortko Easement West Lake Sammamish Parkway SE Sewer Pump Station item. Ms. Liu explained she was not sure, but could find out.

Chair Strom asked about the status of AMI negotiations. Ms. Liu explained that the City is still in the midst of contract negotiations.

- Conservation & Outreach Events & Volunteer Opportunities

Asst. Director Liu reviewed this item and noted that all items are open to the community.

9. UNFINISHED BUSINESS

None

10. NEW BUSINESS

- Storm & Surface Water Plan Implementation
Presenter: Kit Paulsen, Sr. Environmental Scientist

Ms. Paulsen gave an update on the Storm & Surface Water Plan implementation. There were five categories of Operational Recommendations including: asset management; outreach education; capital projects; regulatory drivers; and basin issues/needs.

Asset Management tasks included visually inspecting pipes, identifying and inventorying each asset, determining lifecycle costs, developing short/long term resource needs, and developing demand forecasts. She reported that staff has completed 95 miles of pipe inspections. Staff completed two strategic asset management plans in 2018. It was discovered that only 25% of pipes have ages associated with them. Staff is using other methods to determine their age and their expected longevity. The information on the age of pipes can also be used with the strategic initiatives. Stream Team Coordinator Laurie Devereaux has educated about 1000 students about stormwater and storm drains each year. Over 2000 citizens have been informed by public displays and presentations. Over 100 volunteers donated more than 200 hours of time annually for monitoring and field work. Ms. Devereaux has also created a number of interpretive signs, school curriculum projects, storm drain marking, and other outreach activities.

The capital projects recommendations included continuing flood reduction, fish passage improvement, stream channel modification, and conveyance rehabilitation programs. There was also a recommendation to invest in water quality improvement, where cost effective. Progress includes 1200 linear feet of conveyance improvements with 2600 feet in process. There have been a number of flood reduction projects and fish passage improvement projects. There has some progress towards water quality retrofit in the Kelsey Basin, but it has been challenging to find a site for water quality facilities.

Regulatory drivers recommendations included examining emerging issues, regional monitoring, and water quality retrofit. An emphasis on Low Impact Development (LID) and infiltration was implemented for new development. The City completed a Feasibility for Infiltration Map using data from geotechnical reports. This has helped to expedite permitting of some permits and has been a help to the development community. Staff gave a training to help others understand this process. In the last two years over 200 new or reconstructed single-family homes went through the LID process which seems to be working well.

Regional monitoring is done via the NPDES permit. Working regionally and putting resources together helps everyone to have a better understanding of stormwater impacts. The regional monitoring program is analyzing the first sampling period results and making recommendations for the next permit period.

Basin Issues/Needs – The West Tributary basin study has been completed. Goff Creek basin study will also be completed this year. Other basin studies will be postponed until the stream assessment strategic initiative is completed to make sure the issues and sequencing addresses the most pressing issues .

Operational strategic initiatives include: Property Management and Primary Conveyance (Public/Private). The City is starting a pilot regional detention facility at 148th and will be making a plan for this property. One the outcomes for the property management plans will be an understanding of whether there are opportunities for improvements through off-site mitigation. An assessment of major conveyance through private pipes will be done to evaluate the risks of failure of those systems.

Aspirational strategic initiatives look to the future and include Watershed Planning, Open Streams, and Water Quality. A citywide assessment will be done via a GIS process and some field investigations to look at current levels of water quality treatment throughout the City. This will allow a better understanding of the risks and the best approach to improving runoff from roads and commercial areas. . The City is also exploring other partnerships to gather information. The Open Streams Assessment will explore over 81 miles of streams which have not been walked for over 15 years. A thorough assessment of all 81 miles of stream is expected to be completed by 2022. That information will be used to identify problems and opportunities for enhancements. This will begin in Coal Creek this year. Basin reports will be done based on the information found in the field.

Commissioner Kumar asked if the City has considered using drones. Ms. Paulsen explained that it has been considered, but there isn't space in a lot of areas to use drones.

Commissioner Morin asked about using cameras to inspect storm pipes during high flow events. Ms. Paulsen commented that in high flow events it is possible to tell where there are issues because of flooding. Cameras cannot be used in flowing water. Ms. Paulsen explained that the City looks at flood risk, water quality, and habitat to evaluate the system.

- 2019-2020 Budget Planning Process Overview
Presenter(s): Lucy Liu, Assistant Director – Resource Mgmt. & Customer Service and Martin Chaw, Utilities Fiscal Manager

Mr. Chaw gave an overview of the development process for the next budget, the role of the ESC in the budget process and the overall budget review schedule. At this time, the City's 2019-2020 budget timeline is still being developed. He explained that the Utilities Department budget is developed with guidelines as established within adopted comprehensive financial management principles including compliance with comprehensive financial management policies, investments needed to sustain current service levels, new investments needed to enhance customer service and/or create efficiencies, and rate affordability.

Staff is expecting that the budget will be developed as a series of budget proposals. These are categorized into capital and operating expenses.

The role of the ESC in budget review will include briefings relating to the Budget One overview, financial policies, 2017 year-end financial results, and the 2019-2024 Early Outlook Rates Forecast. The ESC will then review proposed CIP programs and projects, review operating and capital budget proposals, and preliminary rate impacts; hold a public hearing, and provide a budget and rates recommendation to City Council in late fall of 2018. Mr. Chaw reviewed the tentative ESC 2019-2020 budget review schedule including key milestones. Staff will be seeking final budget proposal comments from the ESC in June. In October the ESC will hold a public hearing on the proposed Utilities 2019-2020 budget. In November the chair of the ESC will present the Commission's recommendations on the Utilities 2019-2020 budget to the City Council. The City Council is scheduled to approve the budget in December. Staff will return to brief the ESC in January on any changes resulting from the final approved budget.

- Waterworks Financial Policies Overview
Presenter(s): Lucy Liu, Assistant Director – Resource Mgmt. & Customer Service and Martin Chaw, Utilities Fiscal Manager

Bellevue's Utilities Financial Policies were reviewed by Mr. Chaw. Categories of policies include rates, reserves, and capital investments. Rate policies govern how the City sets and manages utility rates. These policies govern periodic cost-of-service studies to ensure the rates for each customer class cover the respective costs to service that class. Reserves

policies govern how large the reserves should be, how they should be maintained, and under what circumstances the reserves should be drawn.

Commissioner Kumar referred to the rates and asked if businesses help to subsidize residential. Mr. Chaw replied that in 2014 the City conducted a cost of service study for the water utility. As part of that study the City evaluated the costs that it takes to serve each customer class – multifamily, single family, and commercial. Based on an allocation of those costs, rates were developed to recover those costs equitably from each class of customers. Currently the City is the process of conducting a cost of service study for sewer and stormwater utilities. The ESC will receive an update on those studies in July.

Commissioner Knezevic asked about the largest cost centers for utilities. Asst. Director Liu explained it is a combination of wholesale costs and the capital program. There was some discussion about the relationship between wholesale costs and rates. Commissioner Kumar commented that there is a fixed amount Utilities needs to get from rates so if consumption goes down then rates must go up. Ms. Liu summarized that managing consumption helps to keep the rates down in the long run because it means the City can delay increasing capacity. Commissioner Morin asked what a city like Bellevue could do in order for costs to stay flat. Ms. Liu explained that the costs are largely driven by wholesale cost increases and the cost to maintain/replace aging utility infrastructure. She stated that generally one could expect about a 4% combined rate increase per year to maintain current service levels.

Mr. Chaw continued to speak regarding rate management policies. He explained that rates and rate levels should be sufficient to meet current and future expenses. The changes should be gradual and uniform to provide predictability. Wholesale cost increases are passed through to the customer so local programs are not degraded. There are also policies relating to the use of savings and one-time revenues. These are used to support one-time expenses, not ongoing expenses. Rates are adjusted with each budget. The rates are designed to cover the costs of service. The goal is an attempt to make sure rates are equitable within each customer class and applied uniformly to each customer. A utility rate relief program is offered to those who need help paying utility bills. About 1,300 accounts out of the 40,000 accounts utilize the rate assistance program. Accounts are reassessed annually and documents are required for verification.

Types of reserves are also covered in financial policies. Operating reserves are for working capital, operating contingency and plant emergency. They are established at a minimum and target level. The purpose of operating reserves is to provide rate stability and to maintain existing services and programs. Commissioner Morin asked why one-time revenues or savings aren't used to help fund reserves. Mr. Chaw explained that one-time revenues or savings can be used to replenish reserve levels.

Capital Investment policies govern how the City takes care of infrastructure resources. Aging infrastructure is a future liability so staff tries to plan ahead for the long-term and anticipate costs. The 75-year renewal and replacement funding model helps to levelize contribution from rates with intergenerational equity. The intent is to prevent rate spikes and fluctuations. Periods of over collection serve to build up reserves for future large investments. Mr. Chaw then concluded his presentation by reviewing 2018 Budget Year-End Reserves.

11. CONTINUED ORAL AND WRITTEN COMMUNICATIONS

None

12. REVIEW OF ESC CALENDAR/COUNCIL CALENDAR

Asst. Director Liu responded to Commissioner Morin's earlier question about the Bortko easement. She explained it is a renewal of an easement on private property.

13. ADJOURNMENT

Motion made by Commissioner Morin, seconded by Commissioner Strom, to adjourn the meeting at 8:15 p.m. Motion passed unanimously (4-0).

The meeting was adjourned at 8:15 p.m.