

Agenda

ENVIRONMENTAL SERVICES COMMISSION MEETING
450 110th Ave. NE (City Hall)
Conference Room 1E-113
Thursday 6:30PM
November 3, 2016, Regular Meeting

Commissioners:		<u>Page</u>	<u>Action</u>
<i>Keith Swenson</i> Chair	1. Call to Order – Keith Swenson, Chair		
<i>Diann Strom</i> Vice Chair	2. Oral Communications <ul style="list-style-type: none">Note: Three-minute limit per person, maximum of three persons for each side of topic.Additional comments may be heard at Agenda Item 10.		
<i>Anne Howe</i> <i>Ticsen Mach</i>	3. Approval of Agenda *	1	X
<i>Aaron Morin</i> <i>Lisa Shin</i>	4. Approval of Minutes * October 6, 2016 Regular Meeting Minutes October 20, 2016 Public Hearing Verbatim Minutes	2-10 11-14	X
City Council Liaison: <i>Vandana Slatter</i> Councilmember	5. Reports & Summaries <ul style="list-style-type: none">ESC Calendar/Council Calendar *Conservation & Outreach Events & Volunteer Opportunities*	15-16 17	
Staff Contact: <i>Andrew Lee</i> 425-452-7675	6. New Business <ul style="list-style-type: none">Budget & Rates Recommendations to Council <i>Presenter(s): Lucy Liu, Asst. Director – Resource Mgmt. & Customer Svc. Martin Chaw, Fiscal Mgr. – Resource Mgmt. & Customer Svc.</i>2015-16 Solid Waste Customer Service Survey Results <i>Presenter: Stephanie Schwenger, Solid Waste Program Administrator – Resource Mgmt. & Customer Svc.</i>	18-19 20-24	X
Staff Support: <i>Katie LaFree</i> 425-452-4497	7. Commission Report		
	8. Director’s Office Report		
	9. City Council Communications		
	10. Continued Oral Communications		
	11. Adjournment		

* Materials included in packet
Materials separate from packet

Wheelchair accessible. American Sign Language (ASL) interpretation available upon request by calling (425) 452-6466 (v) at least 48 hours in advance. Assistance for the hearing-impaired: Dial 711.

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

Thursday
October 6, 2016
6:30 p.m.

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

COMMISSIONERS PRESENT: Keith Swenson (Chair), Diann Strom (Vice Chair), Ticson Mach and Aaron Morin

COMMISSIONERS ABSENT: Anne Howe, Lisa Shin

OTHERS PRESENT: Andrew Lee, Deputy Director, Utilities; Nav Otal, Director, Utilities; Lucy Liu, Assistant Director, Resource Management & Customer Service; Paul Bucich, Assistant Director, Engineering; Catherine Drews, Assistant City Attorney; Laurie Devereaux, Program Administrator, Resource Management & Customer Service; Andy Tuchscherer, Asset Manager, Director's Office

MINUTES TAKER: Laurie Hugdahl

1. CALL TO ORDER:

The meeting was called to order by Chair Swenson at 6:30 p.m.

2. ORAL COMMUNICATIONS

None

3. APPROVAL OF AGENDA

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

4. SELECT NEW VICE CHAIR

Chair Swenson explained that Commissioner Wang had withdrawn from the Commission for health reasons, and it was necessary to select a new Vice Chair.

Commissioner Mach nominated Commissioner Diann Strom. Seeing no further nominations, Commissioner Strom was elected unanimously (4-0).

5. **APPROVAL OF MINUTES**

June 2, 2016 Regular Meeting Minutes

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

6. **REPORTS & SUMMARIES**

- ESC Calendar/Council Calendar

Deputy Director Lee explained that tonight the ESC would be hearing about Asset Management, LID Principles, Stream Team, and Utilities Budget updates, but the public hearing on the Utilities Budget and Rates has been rescheduled to October 20. On November 3, staff will be seeking a recommendation from the ESC on the Proposed Budget.

On December 1, the ESC will be holding its annual retreat.

On the Council Calendar, the City Manager will be presenting his budget to the City Council on October 17. A presentation to the City Council on the Utilities Budget will occur on November 14.

- Conservation and Outreach Events & volunteer opportunities.

7. **NEW BUSINESS**

- Briefing – LID Principles Project
Catherine Drews, Assistant City Attorney
Paul Bucich, Assistant Director, Engineering

Asst. City Attorney Drews gave an update on the LID principles project. She explained that there are no changes to the Utilities Codes and Policies with this project, and there is no action required from the Commission. Staff has been working on the Land Use Code and the Transportation Code. Under the Land Use Code the City has been looking at ways to reduce impervious surfaces, improve options for clustering development (zero lot line), and evaluating the use of LID principles and Best Management Processes earlier in the site design process than it is currently being done. Staff has held a public hearing before the Planning Commission who made a recommendation to the City Council. Both provisions will be introduced to the City Council next Monday. On the Transportation Code there were simple changes to what would be allowed in the right-of-way planter strips to require native vegetation or vegetation that is more capable of surviving an urban environment so there is higher vegetation retention. It would also allow the use of permeable pavements where it is feasible. She encouraged people to visit the city's web page under "Planning Initiative – The LID Principles

Project.” She also encouraged the ESC members to visit a Council meeting and provide comments.

Chair Swenson asked how well this has been generally received. Assistant City Attorney Drews replied it had been received pretty well because people have worked hard on the policy side and also because of the Council’s guiding principles of balancing competing needs. There has also been a focused outreach to stakeholders to help them understand how this is intended to work. Chair Swenson asked about public interest. Assistant Director Bucich replied that there was a fair representation from the public, especially folks from the Bridle Trails area. A lot of their interest is related to tree preservation and canopy cover. The City has also worked with businesses to define what would be acceptable on pervious and impervious lot coverages.

Commissioner Mach asked when the LID principles would go into effect. Asst. City Attorney Drews explained that the NPDES Permit requires the Code be adopted and effective by December 31. Staff hopes to get it adopted by the City Council by November 28 because it also needs to be approved by the East Bellevue Community Council. Commissioner Mach asked about the change she mentioned regarding the zero lot line. Asst. City Attorney Drews explained there is a provision in the Land Use Code called Planned Unit Development which provides some flexibility to developers in exchange for giving something back to the City such as conservation areas or open areas. Zero lot lines mean that developments could have a common wall as is done in San Francisco or that a home could be set on a side lot line while providing twice the required space on the opposite side. Commissioner Mach asked in what area this would be allowed. Asst. City Attorney Drews explained that it would be citywide. It would allow the buildings to go in the area that is least sensitive. Chair Swenson commented that this wouldn’t be useful for development of a single lot or infill unless there was redevelopment of several parcels. Asst. City Attorney Drews concurred. She explained it is typically done when a subdivision is developed.

Commissioner Morin asked if this meant that people could build up to their lot line. Asst. City Attorney Drews replied that was only possible if someone was redeveloping several parcels. Commissioner Morin then asked about the scope of the LID principles project. He asked if there was any consideration given to existing homes and how the City might approach those homeowners to potentially reduce runoff such as rain collection barrels. Assistant Director Bucich replied that would be separate from this initiative. This work comes out of the NPDES Permit and is very specific about removing obstacles to the use of LID and to look to make LID principles the common and approved method for doing development and redevelopment in the City.

Proposed Utilities Budget and Rates

Nav Otal, Director, Utilities

Lucy Liu, Assistant Director, Resources Mgmt. & Customer Service

Paul Bucich, Assistant Director, Engineering

Director Otal commended the ESC for their work done on the budget to date. She also thanked staff for their hard work on the budget and reviewed the 2017-2018 Budget Review Schedule. She explained that the budget guiding principles include compliance with comprehensive financial management policies, investments to sustain current service levels, new investments to enhance customer service or create efficiencies, and maintenance of competitive rates.

Lucy Liu reviewed details of the Utility Department's Proposed Operating Budget which totals \$282.8M. She explained that the budget is adopted using council-adopted financial policies as guidance, and the goal is to set rates to be sufficient to cover current expenses as well as future expenses. To the extent that there are increases in wholesale costs for water supply or wastewater treatment those increases are passed through to the customers through rates so local programs and services are not degraded by regional cost increases. The City also wants to maintain predictable rates when possible. The budget contains four components: CIP Support, Taxes/Interfunds, Local Operations, and Wholesale Costs. Assistant Director Liu highlighted the updated Proposed Operating Budget – Drivers. The prior budget was \$291.4M. The New Budget is \$282.8M as a result of changes to:

- Financial obligations – Streamlined fire flow utility tax payment process, updated taxes, and updated wholesale costs
- CIP Funding – Updated funding to reflect revised CIP, and 1.25 FTEs to support CIP
- Local Operations – Updated salaries and benefits and 1.75 FTEs to support operations (NPDES compliance and Water maintenance)
- AMI – updated implementation costs

Assistant Director Bucich reminded everyone that Utilities is a capital-intensive venture. He discussed the need for infrastructure investments and related expenses: aging infrastructure (72%), environmental preservation (13%), capacity to accommodate growth (5%), and advanced metering infrastructure (10%). He explained that there are three primary drivers for the changes to costs: updated information about projects, updated bids, funding changes due to change in project timelines.

Updated Water CIP:

- The AMI project was previously funded 100% as a Water CIP project. 30% of the project costs, Sewer's share has been shifted to the Sewer CIP. Staff identified through the completion of a feasibility study that the overall project cost for the AMI dropped by \$1.4 million. Now the funding is 70% Water and 30% Sewer.
- Staff also identified reduction in funding needs for the Water Pump Station Rehab (W-91) and an increase in funding needed for Water Main Replacement (W-16).
- Additionally there was an emergent project to replace about 225 feet of 4" AC water main in the Vue Crest neighborhood.
- The Water Storage Project for West Op. Area (W-103) has been reduced to recognize existing infrastructure which can be utilized.

Updated Sewer CIP:

- The Sewer CIP was updated to reflect Sewer's share of the AMI project costs.
- The Wilburton Sewer Capacity Upgrade (S-60) has about \$500K million increased construction costs based on what staff is finding out in the field. Large concrete debris has been encountered that could not have been anticipated.
- The Midlakes Pump Station Capacity Improvement (S-61) has a refined cost estimate due to site condition information that was not possible to know at the time the project was first initiated.
- The total change in the Sewer CIP is about \$7.7M more in cost over the previous forecast.

Updated Storm CIP:

- Flood control (D-64) includes revised costs on projects that are under design and have been bid and three additional projects that are needed.
- Minor Capital Projects (D-59) includes revised costs due to favorable bids.
- This results in a total increase of \$1.3M for a new Storm CIP amount of \$43.9M.

Assistant Director Liu continued with the Utility Rate Forecast for 2017-2022. The proposed rates translate to a 4% annual increase in 2017 and 2018 for the three pipe utilities combined, which is lower than the Early Outlook Combined Rate Forecast. This 4% rate increase would increase the typical residential utility bill by \$6.31 in 2017.

Director Nav Ota explained that staff keeps a sharp eye on how Bellevue's rates compare with neighboring jurisdictions. Even with the rate increase Bellevue's rates remain competitive. Those rates will become even more

competitive in the future since Bellevue is already proceeding with replacement of infrastructure.

Utilities will be doing stakeholder budget outreach. Yesterday staff met with BOMA (Building Owners and Managers Association). Staff will also be meeting with the Bellevue Chamber and the Business Downtown Association. This year the City will also be holding a Business Customer Forum on October 27 to have a two-way dialogue with the business community and staff.

Chair Swenson commented on the large amount of AC pipe that Bellevue is replacing and asked if this was happening in other suburban communities. Director Otal explained that Bellevue has a higher percentage than Seattle. Deputy Director Lee added that in this region Bellevue is relatively unique. Alderwood and Tacoma have small amounts of AC main, but most surrounding communities don't have substantial portions of AC main. In California, East Bay MUD (Municipal Utility District) has a substantial amount primarily because they chose to develop around the same time as Bellevue. It is dependent on the development time and what the engineers decided to use.

Commissioner Mach asked how people would find out about the forum. Assistant Director Liu explained that staff is doing various outreaches, sending invitations to 300 businesses, inviting people at BOMA and the Chamber, and posting on the City website. Commissioner Strom commented that it is also on Facebook. She asked if there is any sort of program like this that the general public could attend since many residents would probably want to know the same information. Director Otal explained that this is a sort of pilot project with outreach to the broader business community. The City is trying to figure out how to reach out to residential customers since open houses are traditionally not well-attended. Commissioner Strom noted that many neighborhoods often have community meetings. She recommended getting on those calendars in order to present to them. Director Otal agreed, and noted that Bridle Trails has already reached out to the City for this. Staff is trying to find a time that will work for both groups. Chair Swenson commented that there is a movement to involve neighborhoods in neighborhood planning. There may be enough of a structure set up in some neighborhoods with enough involvement that a presentation or an opportunity for Q&A might be appropriate. Director Otal concurred.

Commissioner Mach asked for an update on Meydenbauer Bay Sewerline Replacement project. Assistant Director Bucich replied that design is complete and then reviewed some background information. He explained that the initial bids were extremely high, so the project was redesigned to run the sewerline through the park on land. The project for the line going through the park including the new pump station will open on October 27. The intention is

to have the contractor start work no later than the first part of January. Utilities has committed to the Parks Department to have its part done by May 1 with the exception of the connection through the lake which will be part of the Parks contract. Commissioner Mach asked about the engineer's estimate. Assistant Director Bucich replied that right now the engineer's estimate for that portion of the work is about \$3M for the construction phase of the project. Commissioner Mach asked what the previous estimate was. Assistant Director Bucich replied that the estimate for the original design was about \$2.5M, but those bids came in at about \$6.4M. He stated that the cost estimate for doing this is right in line of what the City expected the in-water work to cost. Chair Swenson asked about the future cost of replacing the rest of the shoreline. Assistant Director Bucich replied that this process is influencing the way the City thinks about alternatives for replacement of the rest of the in-water work. Two teams are assessing the options and the conditions. That long-range strategic plan will be developed over the next two years and will influence the approach to future lake line replacement.

Commissioner Mach asked how the City would fund the increased cost of this project. Assistant Director Bucich replied that it would come out of Utilities' R&R Fund. Director Otal replied that staff would ask for a budget amendment from the City Council because any change over \$100,000 or 10% of the project budget has to be approved by Council. As far as paying it, staff would look at savings from other projects or a transfer from the R&R fund, which is an appropriate use of that money. Commissioner Mach asked about putting it in this budget. Deputy Director Lee clarified that the Meydenbauer Lakeline Project in the budget actually reflects the increased cost. Director Otal commented that there would be a public hearing on October 20 followed by a regularly scheduled meeting on November 3 where staff will be seeking a rate and budget recommendation for the City Council.

- Stream Team Annual Overview
Laurie Devereaux, Program Administrator, Resource Management & Customer Service

Ms. Devereaux reviewed the functions of the Stream Team and noted that there is a large number of volunteers who do important work of monitoring and restoration including Salmon Watchers, Peamouth Patrol, restoration, and summer field work of collecting macroinvertebrates and electrofishing. The volunteers collect real data that the City needs. Volunteers work side by side with the professionals which reduces how many staff members are needed. This is a huge value to the City. Ms. Devereaux reviewed volunteer statistics and praised the high caliber of her volunteers. A big part of what she does is events, especially elementary science fairs, farmers' markets, and Earth Day/Arbor Day celebrations. She discussed educational materials produced in concert with the Seattle Times which has been extremely popular. Behavior change is another important aspect of her job, and she is also required to measure the behavior change. Fundraising car washes were researched to see how they were going. What she found is that the kits provided by the City

were set up improperly nearly 50% of the time. As a result, the City stopped providing the car wash kits.

She explained that just a few Chinook have shown up in Coal Creek, and none have been seen in Kelsey Creek yet. She is still waiting to see about Coho because there has been a pretty good return into Lake Washington. Bellevue has not had a sustainable run of Coho, but has done a tremendous amount of restoration in its streams. The Muckleshoot Tribe is working with Bellevue to see if the fish will come back. When there are surplus fish at the Issaquah hatchery, the Tribe brings the extra fish to Coal Creek. This is the first year that the City may see returns from the first fish drops.

Commissioner Morin commented he has heard that fish ladders are very hard on fish who end up near death by the time they get up the ladders and into the pools. He asked if these are the fish that the Tribe is giving to Bellevue. Ms. Devereaux acknowledged that the whole journey getting upstream is hard on fish in general. If there were not fish ladders, many places would not be accessible. Fish ladders are designed for salmon, but it might be hard on some of the other fish that don't behave like salmon. She agreed that fish are very tired when they finally make it through, but the Tribe is selective about which fish are brought to Bellevue. The Muckleshoot Tribe provides an equal number of male and female and ones that are ready to spawn. Ms. Devereaux explained that she will be doing a new *Newspaper in Education* insert in the Seattle Times on 10/30 with 15 partners including three new partners. It will be an 8-page insert about salmon and all the behaviors required for stormwater. This will be a great tool for schools. There is also a new live Kelsey Creek webcam. She is working with IT to have it available at times online, especially in the spring when the Peamouth are spawning.

Commissioner Mach asked why staff doesn't want car washes even with the kits. Ms. Devereaux explained that the kits weren't being used properly enough and ended up not preventing pollution. Most businesses are not interested in hosting car washes or setting up the kits and managing them.

- Asset Management Overview
Andy Tuchscherer, Asset Manager, Director's Office

Mr. Tuchscherer explained that the goal of the Asset Management Program is to maintain a targeted level of service for the delivery of drinking water, wastewater, and storm and surface water utility services through an optimal strategy which combines operations, maintenance, renewal, rehabilitation, and replacement in a way that maximizes asset life at the minimal cost and risk to the ratepayer. The City has \$3.5 billion worth of assets, most of which is in the buried pipeline for all three utilities. Out of 620 miles of water main, there are about 255 miles of AC pipe. Over half of the existing inventory of pipeline is ductile iron.

He reviewed watermain break data which looks at the type of break and the exact type of pipe it is. There are about 10 miles of 4" AC pipe left in the ground and about 135 miles of 6" AC pipe. The 4" AC pipe is much more likely to fail than the 6" AC pipe. Staff also does a cost analysis of failures. As far as failures by pipe material, AC pipes are the vast majority of failures. Blow outs are the most expensive type of failure. Deputy Director Lee explained how AC pipes are especially prone to blow outs. Mr. Tuchscherer explained that roots have a big role in overflows. Other causes include blockages, structural issues, capacity, grease, construction, roots, and electrical outages. Starting in 2017 a new indicator of system health will be used by the Utility. The City will be tracking the number of blockages in a stream culvert. The measure will show the effectiveness of preventative maintenance.

Mr. Tuchscherer then reviewed the 5-Year Roadmap for improving the Asset Management Program with 16 focus areas. Some of the Roadmap Initiatives related to Records and Systems are creating a single repository for asset related documents and data; creating Strategic Asset Management Plans (SAMPs) for all asset classes; and work order process improvement. A number of initiatives on the roadmap have already been completed. Example include formation of a Utility Maximo Users Group and process improvements, for small and medium requests of the Systems Group.

Roadmap Initiatives in progress for Stormwater are the Stormwater Asset Registry improvements and ongoing redline and as-built correction processes. Completed Roadmap initiatives for Stormwater include implementation of PACP Standards for scoring pipe defects, development of a prioritization strategy for defects found by CCTV work, and creation of an action plan for mitigation of defects.

The Roadmap Initiatives in progress for Water include utilizing GPS to pinpoint water main break locations, rating consequences of failure for all PRV stations, and updating the water booster pump station evaluation to include a forecasted CIP list and budget. Completed Roadmap Initiatives for Water include evaluation of the water main observation report, formalization of a pipe condition assessment program, and reassessment of reservoir cleaning frequency.

Roadmap Initiatives in progress for Wastewater include developing QA/QC standards for CCTV, refining the decision-making process for rating pipe for repair or replacement work, creating an objective rating system for the amount of pipe debris found during cleaning, and implementing pump component condition assessment tasks. Completed Roadmap Initiatives for Wastewater are the addition of flow meters at all pump stations, development of formal coordination between Engineering and O&M, and piloting Jet Sean technology.

Mr. Tuchscherer explained that the video assessment project will assess 100 miles of the storm pipeline. The project is scheduled to be complete at the end of 2017. The project is projected to be under budget. One-quarter of the known system will be assessed at the end of the project. Pre-work has shown that there are some lines that aren't even on the map. 44 miles of pipe/video are already complete. 288 confirmed actionable defects have been found. 3,000+ map as-built corrections have been generated so far.

8. COMMISSION REPORT

None

9. DIRECTOR'S OFFICE REPORT

Deputy Director Lee displayed a plaque which would be given to Calvin Wang in appreciation for his service to the ESC and distributed a card for everyone to sign.

He explained that there have been a lot of water quality stories in the news related to Chromium 6. Bellevue's levels are well below the California Regulatory levels. He gave an update on Smart Cities/Smart Water which allows cities to make decisions that are smarter and faster.

10. CITY COUNCIL COMMUNICATIONS

11. CONTINUED ORAL COMMUNICATIONS

None

12. ADJOURNMENT

The meeting was adjourned at 8:40 p.m.

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

Thursday
October 20, 2016
6:30 p.m.

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

COMMISSIONERS PRESENT: Keith Swenson (Chair Swenson), Diann Strom (Vice Chair), Ticson Mach, Anne Howe

COMMISSIONERS ABSENT: Aaron Morin, Lisa Shin

OTHERS PRESENT: Andrew Lee, Deputy Director, Utilities; Lucy Liu, Assistant Director, Resource Management & Customer Service

MINUTES TAKER: Laurie Hugdahl

1. CALL TO ORDER:

The meeting was called to order by Chair Swenson at 6:30 p.m.

2. APPROVAL OF AGENDA

Motion made by Commissioner Mach, seconded by Commissioner Strom, to approve the agenda. Motion passed unanimously (4-0).

3. PUBLIC HEARING ON PROPOSED UTILITIES BUDGET AND RATE

Lucy Liu, Asst. Director - Resource Mgmt. & Customer Svc.

The public hearing was opened at 6:34 pm.

David Plummer, 14414 NE 14th Place, Bellevue, WA 98007 had the following comments:

I reviewed the Utilities Proposed 2017-2018 Operating Budget and Proposed 2017-2023 CIP Program and the Proposed Projected 2017-2022 or 23 rate increases. I prepared a summary of my recommended changes, and they're described more completely in the letter. If you, I don't know if you people want a copy, but if you don't need 'em, they can they're certainly welcome to 'em if they want 'em.

Um, anyway they're just, my recommendations are described more completely in my letter, but briefly my recommendations are:

- *Reduce the total Operating Budget by \$12.5 million*

- Reduce the CIP Program Plan by \$56.5 million
- Reduce the Proposed Yearly Rate Increases to no more than 1.5% per year for each of the utilities.

I made an attempt to evaluate the cost effectiveness of the proposed AMI system, and I have attached a short summary to the letter which shows that the so-called baseline system (that's no AMI) is far more cost effective than either of the AMI configurations that CH2M evaluated. It's not possible to prepare a really reliable cost effectiveness analysis because neither the staff nor CH2M have provided any credible life cycle cost estimates including, especially, no credible ownership cost estimates. Nevertheless, the summary that I provided provides an indication of the type of analysis that is needed to help make a rational decision about the development of an AMI system. However, neither the staff nor the commission have made any effort to inform Bellevue ratepayers of the AMI system's operating characteristics – costs, funding – and therefore the cost and funding for it should be deleted from the CIP plan until ratepayers have an opportunity to evaluate the system.

Thank you.

Seeing no further public comments the hearing was closed at 6:37 p.m.

Asst. Director Lucy Liu explained that in Section 1 of the ESC notebook provided to the Commission on October 6, there were some subtotals to the tables in Attachments A and B that were incorrect, but the desk packet information has the correct information. She explained that it doesn't change any of the information that has been presented. No new information was proposed.

She summarized the proposed budget schedule. She stated that following the public hearing staff will return to the ESC on November 3 to get the ESC Budget and Rate recommendation to City Council. Staff will be briefing the Council on October 24 and again on November 14. She invited Chair Swenson to provide the Commission's Budget and Rate recommendation on November 14. On December 5 it is anticipated that Council will take action. In January 2016 there will be a final recap of the Council adopted budget and rates. Asst. Director Lee explained that since the last meeting the Council had requested additional presentations and that is why Utilities is presenting on October 24.

Asst. Director Liu then reviewed the Budget Guiding Principles and the pie chart showing the Utilities Department's Proposed Budget of \$282.8M for the Capital Program. She pointed out that about three-quarters of the investments are to take care of the infrastructure investments. The Capital Program also includes investments for environmental preservation and regulatory compliance, as well as investments to accommodate growth in the downtown, Wilburton, and Bel-Red areas. AMI is a key new investment in the CIP.

As previously reviewed the proposed rate increases for 2017 for the combined utilities (water, sewer, storm) of 4% for 2017 and 4% for 2018. This is lower than what was seen in the Early Outlook Forecast. This translates to about \$6.30 increase to the typical residential customer in 2017 and \$6.51 in 2018. Assistant Director Liu compared the combined monthly utility bill increase to other jurisdictions. Bellevue's rates are competitive, about the middle of the pack.

Commissioner Mach referred to page 16 of the packet, Performance Measures, and asked about what is being done when the City is behind the target numbers. Deputy Director Lee referred to recycling rates as an example. He noted the City is significantly under the target so we are currently working with the contractor to do more outreach so that customers have more access to containers. The most recent contract includes provisions for this. The way this looks is different for the different initiatives, but the Performance Measures give a method for tracking progress. He explained that this is reported to the City Manager on a quarterly basis.

The hearing was reopened at 6:47 p.m. to receive additional public comment.

Chris Johnson, Bellevue Chamber of Commerce, 330 – 112th Street NE, Suite 100, Bellevue, WA, 98004 had the following comments:

First of all, thanks to the Commission for holding this hearing. I know you've been working hard on this budget cycle for at least six months. We have not. We've been focusing on other aspects of municipal business. So while it's early in the public feedback period for this year's budget process, we did want to weigh in while you're having this public hearing in your Commission meeting tonight.

First of all, thanks to you, again, for the work that you do. Our, you know, our business, the businesses that participate in the Chamber cut across all sectors and sizes and oftentimes they are a little bit baffled by how government makes decisions, but I think that they have generally a high confidence level in how this particular enterprise agency operates. And it has a deservedly good reputation. So we're not here to complain, nor are we here necessarily to endorse higher rates, but just to offer a few 10,000-foot observations for your consideration.

One, in looking at the short-term financial plan, the projected growth rate seems at first glance to be reasonable, and I say that based on, you know, with two criteria. Number one, understanding that there are changes in wholesale costs which drive, in part, rate increases. And also because of this Utility's conservative financial policies which we hope that you, as, you know, their board will continue to support. That is, a contribution on an ongoing basis to R&R is much better than having to, uh, include debt service, you know, and spread it across the rate base. So we're

appreciative of the role that both the Commission and agency staff play in maintaining that conservative approach.

There are some things, of course, that, I think, we're interested in unpacking a little further perhaps in the Capital Program, and we'll be taking a little further dive into that. In general, it would appear to us that AMI is a good investment, but we'd also encourage the Commission to take a look at what the benefit streams will be as well as the costs over the life of that investment. In other words, what opportunities are there for shaving costs when using this equipment rather than physical meter readers and could there be an opportunity for more accurate utility bills over time? But in general, mostly what Chamber members want to see is predictability of service, and we want to see, we want to avoid rate spikes. And we understand that over time rates are likely to grow, but as long as you maintain your existing financial policies, I think we generally have confidence in the direction that the Utility is going.

We look forward to doing a little deeper dive and hearing what Council has to say about the Financial Plan and the rates and some of the particular capital projects. One thing I will say that we flagged, and I'd like to learn a little more about is how the Issaquah Assumption is having an effect on the Financial Plan. And I don't know if that's because we're losing those ratepayers, and we're spreading the cost of those lost rates over the larger rate base, but we'd like to understand a little bit more about that. I don't think that's a huge problem.

But I guess that's really about it. Just here to offer our thanks to you and also to the Utility for reaching out proactively to the business community in advance of the budget cycle and for planning a business customer forum where I think we're going to be able to unpack some of these issues a little deeper. So unless you have questions for me, I think I'm done for now.

The public hearing closed again at 6:50 p.m.

4. ADJOURNMENT

The meeting was adjourned at 6:50 p.m.

2016 Environmental Services Commission Calendar

October 16

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30	31					

November
3 ESC Budget/Rate Recommendations to Council (Lucy Liu/Martin Chaw)
 Solid Waste Customer Service Survey Results & 2015-16 Audit (Stephanie/Susan)

April 17

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November 16

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December
1 Retreat
January
5 NPDES Stormwater Compliance Report (Don/Paul B)
 Recap final Council adopted Budget & Rates (Lucy Liu)

May 17

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March
2 Rate Relief Program (Susan/Patricia)

June 17

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2016 Council Calendar

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October

- 24** Cascade Teachers Fellow (Alison)
 Regional Issues: NPDES
 Code Changes (Paul/Catherine)
 Utility Budget & Rates (Nav/Lucy)

November

- 14** Utility Budget & Rates (Lucy/Nav)

December

- 5** Motion to award construction of AC Watermain Replacement 2016 Phase 3 (Paul/Regan)
 Motion to award construction of Meydenbauer Bay Park Sewer Line Replacement (Paul/Regan)
 Motion to award construction of Water Sewer Saddle Replacement 2016 (Regan/Paul)

April 17

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Utilities' Environmental Conservation & Outreach Events and Volunteer Opportunities



November

- 1. EverGreen Holiday Gift Market**
Location: Highland Middle School
Date: November 19th, 10 pm to 3 pm
Staff: Jennifer Goodhart, x6197, jgoodhart@bellevuewa.gov
- 2. Waterwise Garden Volunteer Work Party**
Location: Bellevue Botanical Garden
Dates: November 2nd & 16th, 1 pm to 3 pm
Staff: Patricia Burgess, x4127, pburgess@bellevuewa.gov
Karren Gratt, x6166, kgratt@bellevuewa.gov
- 3. Green Cleaning Workshop**
Location: Downtown Library, Newport Way Library, and Lake Hills Library
Dates: November 2nd, November 10th, and November 16th, respectively, 7 pm – 8 pm
Staff: Jennifer Goodhart, x6197, jgoodhart@bellevuewa.gov

December

Happy Holidays!





MEMORANDUM

Action

Discussion

Information

DATE: October 27, 2016

TO: Environmental Services Commission

FROM: Nav^v Nav Ota, Utilities Director
Lucy Liu, Assistant Director – Resource Management & Customer Service *LL*
Martin Chaw, Fiscal Manager *MC*

SUBJECT: 2017-2018 Utilities Department Budget and Rates Recommendation to the City Council

Action Required at this Time

Staff is seeking the ESC's recommendation to the City Council on Utilities 2017-2018 proposed budget and rates.

Fiscal Impact

Establish Utilities Department budget and rates for the 2017-2018 biennium.

Policy Issues

None.

Background

On November 3, the Environmental Services Commission will meet to:

- 1) Discuss, deliberate and recommend amendments (if any) to the 2017-2018 proposed budget and rates for the Utilities Department; and
- 2) Provide direction to the Chair for transmitting the Commission's recommendations to the City Council for consideration on November 14, 2016.

The November 3 meeting represents the culmination of the ESC budget review process. The table on the following page summarizes the ESC meetings and staff budget workshops.

<p>January 21*</p> <ul style="list-style-type: none"> ✓ Introduce 2017-2023 CIP Update and Review Adopted 2015-2021 Utilities CIP <p>February 4*</p> <ul style="list-style-type: none"> ✓ Review Proposed Changes and Additions to Utilities CIP <p>March 3*</p> <ul style="list-style-type: none"> ✓ Summarize proposed changes to Utilities CIP ✓ 2017-2018 Budget One Process Overview ✓ Review Waterworks Financial Policies <p>March 15- April 1**</p> <ul style="list-style-type: none"> ✓ On-line CIP Open House <p>April 7 *</p> <ul style="list-style-type: none"> ✓ Summarize CIP Public Comments; Request ESC CIP concurrence ✓ 2015 year-end budget financial report ✓ Early Outlook Forecast <p>May 5*</p> <ul style="list-style-type: none"> ✓ Review Preliminary Utilities CIP and Operating budget proposals <p>May 19*</p> <ul style="list-style-type: none"> ✓ Complete review of Utilities Budget Proposals 	<p>June 2*</p> <ul style="list-style-type: none"> ✓ ESC budget proposal recommendations to budget Results Teams/Leadership Team <p>July 7*</p> <ul style="list-style-type: none"> ✓ CIP tour <p>October 4**</p> <ul style="list-style-type: none"> ✓ Presentation to Building Owners and Managers Association <p>October 6*</p> <ul style="list-style-type: none"> ✓ Proposed Budget Recap ✓ Preliminary Rates Forecast <p>October 13**</p> <ul style="list-style-type: none"> ✓ Presentation to Bellevue Chamber of Commerce <p>October 20*</p> <ul style="list-style-type: none"> ✓ ESC Public Hearing on proposed Utilities budget and rates <p>October 27**</p> <ul style="list-style-type: none"> ✓ Business Customer Forum <p>November 3*</p> <ul style="list-style-type: none"> ✓ Develop budget/rate recommendation to Council <p>November 14***</p> <ul style="list-style-type: none"> <input type="checkbox"/> ESC Chair presents budget/rate recommendation to Council
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*ESC meetings

**Staff budget workshops

***City Council



MEMORANDUM

Action

Discussion

Information

Date: October 27, 2016

To: Environmental Services Commission

From: Stephanie Schwenger, Solid Waste Contract Administrator
Jennifer Goodhart, Conservation and Outreach Program Administrator

Subjects: Results of 2016 annual solid waste collection contract performance review

- Part 1 – Multifamily and commercial container labeling audit
- Part 2 – Solid waste customer surveys

Action Required at this Time

No action by the Commission is required.

Fiscal Impact

None.

Policy Issues

None.


PART 1 – 2016 MULTIFAMILY AND COMMERCIAL CONTAINER LABELING AUDIT RESULTS

Background

As part one of its annual performance review of the Comprehensive Garbage, Recycles, and Organics Collection Contract (Contract), Bellevue Utilities conducted an audit of multifamily and commercial solid waste container labeling during the summer of 2016. Providing properly-labeled containers in good working condition reinforces proper waste disposal and recycling practices and reduces public health and safety concerns.

The audit covered 10% of randomly-selected multifamily and commercial accounts, representing 846 garbage, recycling, and organics containers. Auditors checked containers for compliance with the requirements for Republic Services to use current, City-authorized labels or stickers on the containers it provides customers. Outdated labels or stickers with the Rabanco or Allied Waste logos are non-compliant with the 2014 Contract.

This table outlines the proper labels required under the Contract:

Label type	Label	Container(s)
Material preparation instructions		Applicable carts, dumpsters, and drop-boxes
Container condition		All dumpsters and drop-boxes with covers

Findings

About 22% of audited containers do not meet the City’s labeling requirements because the applicable sticker is missing, outdated, or unauthorized.

- ♦ Approximately 12% of multifamily containers audited had labeling problems
- ♦ Approximately 41% of commercial containers audited had labeling problems

This table provides a summary of the audit findings, along with applicable performance fees, according to *Section 5.1.2 Performance Fees, #34* of the Contract.

Error	Problem observed in the field	Number of containers with labeling problem	Performance fee	Amount owed
The use of outdated, or unauthorized stickers, or lack of required stickers on Contractor provided Containers.	Missing, outdated, or unauthorized “Container condition” and/or “Materials preparation instruction” sticker	188	\$50 per container	\$9,400

Next steps

City of Bellevue

- ♦ Issue invoice of \$9,400 (or \$50 per container) for 188 containers with missing, outdated, or unauthorized stickers.
- ♦ Continue to enforce labeling provisions in the Contract, including conducting container audits in the single-family sector.

Republic Services

- ♦ Relabel containers with missing, damaged, outdated, or unauthorized stickers within 60 days of receiving notification, i.e. December 31, 2016.

- ♦ Pay performance fees of \$9,400 for 188 containers with missing, outdated, or unauthorized stickers within 30 days of invoice.
- ♦ Fix or replace damaged or leaking containers immediately, as required in the Contract.

PART 2 – 2016 SOLID WASTE CUSTOMER SURVEY RESULTS

Background

As part two of its annual performance review of the Contract, the City hired Elway Research, Inc. to conduct market research surveys to gauge customer satisfaction with services provided by Republic Services and to assess customers’ recycling practices and preferences, and their awareness of certain recycling and organics services. Survey details appear in the following table:

Customer	Dates of survey	Sample size	Overall margin of error at 95% level of confidence
Single-family	September 4-28, 2016	747 ¹ (207 by telephone, 540 online)	± 3.6%
Multifamily/Commercial	September 6-12, 2016	202 (by telephone)	± 6.5%

Customer satisfaction

To comply with the minimum satisfaction levels established in the Contract, Republic Services must score at least 80% satisfaction for each customer satisfaction question, less the relevant margin of error. Republic Services’s satisfaction ratings for each question are based on the combined score of “very satisfied” and “somewhat satisfied.”

Findings

Among single-family customers, Republic Services scored well in 5 of 7 areas of customer satisfaction surveyed, surpassing the minimum ratings. However, Republic Services did not achieve the minimum single-family customer satisfaction ratings for 1) response time following a missed collection or 2) response time following a request for a new or replacement cart. This is the second year in a row that Republic Services has not met minimum single-family customer satisfaction levels for response time to missed collections.

Among multifamily/commercial customers, Republic Services earned high ratings in 6 of 7 areas of customer satisfaction surveyed, but did not reach minimum customer satisfaction ratings for response time following a missed collection. This is also the second consecutive year that Republic Services has not reached minimum multifamily/commercial customer satisfaction levels for response time to missed collections.

¹ The sample size for the single-family survey increased this year at the request of the Environmental Services Commission.

Satisfaction question	Single-family ratings		Multifamily/Commercial ratings	
	<i>Items appearing in red type did not meet minimum satisfaction ratings</i>			
	2015	2016	2015	2016
Over the past year, would you say you have been generally satisfied/unsatisfied with Republic Services?	88%	85%	91%	90%
How satisfied/unsatisfied have you been with the collection crew that picks up at your home?	81%	81%	80%	79%
How satisfied/unsatisfied were you with the response time following a missed collection?*	63%	51%	59%	57%
Were you satisfied/unsatisfied about the response time following a request for a new or replacement cart?**	80%	67%	73%	69%
How satisfied/unsatisfied are you with the telephone courtesy you get from Republic Services?***	80%	76%	87%	90%
How about the knowledge of customer service staff on the phone?***	77%	80%	82%	81%
How satisfied/unsatisfied are you with the handling of phone requests by customer service?***	78%	76%	86%	79%

*Asked only of customers that had a missed collection in the past year.

**Asked only of customers that had requested a new or replacement cart in the past year.

***Asked only of customers that had reason to call Republic Services in the past year.

Next steps

Given that Republic Services did not meet the minimum ratings for all satisfaction questions for two consecutive years, *Section 5.1.2 Performance Fees #18* requires Republic Services to pay the City of Bellevue a performance fee of \$50,000.

In addition to paying this fee, *Section 3.1.25 Annual Performance Review* requires Republic Services to develop and implement an action plan for improving response times 1) to missed collections in both sectors and 2) following a request for a new or replacement cart in the single-family sector. The action plan must include scheduled milestones for implementing changes that improve response times.

Per the Contract, Republic Services must work with City staff to develop the required action plan, and both parties must mutually agree on scheduled milestones for implementing changes. The Contract requires that the action plan set measurable goals in order to improve Republic Services's customer service levels above the minimum customer satisfaction rating at the time of the next annual survey in 2017. The action plan is due to the City by December 15, 2016.

Per the Contract, the performance fee will be due each year until Republic Services has achieved the required minimum customer satisfaction rating or higher on all satisfaction questions in the annual survey.

Customer awareness of, and practices and preferences around, recycling and organics

Findings

This year's single-family survey reinforced many of the findings from last year's single-family survey about customer awareness of, and practices and preferences around, recycling and organics. For instance, as in the 2015 survey, the 2016 survey found that single-family customers were not as knowledgeable about non-routine collection services, such as scheduling special pick-ups, identifying items that require special pick-ups, and knowing where to take unusual items for recycling. These results suggest Republic Services and the City should continue to improve outreach to customers about their recycling options for special or unusual items. Single-family customers cited mailed brochures and material preparation instruction stickers on their carts as the most useful ways to provide them with garbage, recycling, and organics instructions, followed by Republic Services's and the City's websites.

In the multifamily and commercial survey, results showed no improvement in organics recycling participation, a concerning finding after the City and Republic Services reinitiated efforts this year to improve organics recycling among these customers.

Next steps

Based on these findings, the City plans to work with Republic Services to prioritize the following activities in the coming year:

- ♦ Promote options for non-routine collection and special recycling, such as customer use of Republic Services's Customer Resource Center.
- ♦ Revise and update garbage, recycling, and organics instruction brochures to mail to customers in 2017.
- ♦ Ensure Republic Services's and the City's websites, both of which are being redesigned this year, provide consistent information to customers.
- ♦ Improve participation in organics recycling among multifamily and commercial customers to divert more materials from the landfill.

Each of the activities aims to improve the proper recycling or disposal of materials, and the City's overall recycling rate.