

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

Thursday  
June 7, 2018  
6:30 p.m.

Conference Room 1E-113  
  
Bellevue, Washington

**COMMISSIONERS PRESENT:** Diann Strom (Chair), Sanjay Kumar (Vice Chair), Vanja Knezevic<sup>1</sup>, Aaron Morin, Anne Howe, Ling Zhuang

**COMMISSIONERS ABSENT:** Lisa Schreiner

**OTHERS PRESENT:** Andrew Lee, Deputy Director; Lucy Liu, Assistant Director – Resource Management & Customer Service; Martin Chaw, Fiscal Manager; Joe Harbour, Assistant Director – Utilities O&M; Linda DeBolt, Assistant Director for Engineering; Nav Ota, Director; Jared Nieuwenhuis, Council Liaison; Minutes Taker Laurie Hugdahl

**1. CALL TO ORDER:**

The meeting was called to order by Chair Strom at 6:30 p.m. New Environmental Services Commissioner Ling Zhuang was welcomed.

**2. APPROVAL OF AGENDA**

**Motion made by Commissioner Knezevic, seconded by Commissioner Kumar, to approve the agenda as presented. Motion passed unanimously (6-0).**

**3. ORAL AND WRITTEN COMMUNICATIONS**

Jacqueline Jeffers, 21616 SE 49<sup>th</sup> Street, Bellevue, WA, 98006, spoke regarding having an ordinance related to single use plastics such as straws, plastic utensils, and bags in Bellevue. She stated that there are a lot of viable alternatives to single use plastics in order to protect the environment and also support Bellevue’s Economic Development City Council priority. She reviewed ordinances that some other cities already have which could be used as an example.

**4. COMMUNICATIONS FROM CITY COUNCIL, COMMUNITY COUNCIL, BOARDS AND COMMISSIONS**

Councilmember Nieuwenhuis had the following comments:

- The Council had their first public hearing on the 2019-2020 budget last Monday. There will be two other opportunities for public comment in July and November.
- The City is rolling out a new platform for viewing city codes and ordinances. This

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<sup>1</sup> Commissioner Knezevic left the meeting at 8:15 p.m.

should launch on June 12.

- New appointments were made to the Environmental Services Commission and the Convention Center Authority.
- There will be a public hearing on the shelter LUCA (Land Use Code Amendment) next Monday with a possible vote on June 25.

## 5 STAFF REPORTS

Deputy Director Lee had the following comments:

- He explained that the presentations today would relate to the budget and rates.
- The City is going through emergency exercises called Continuity of Operations Plan (COOP). There was a tabletop exercise last week related to this.
- He attended a climate preparedness workshop which explored how vulnerable the City is to climate change, specifically the water supply.
- There has been some acoustic testing done on a water main which was discovered to need immediate replacement.

## 6. APPROVAL OF MINUTES

May 3, 2018 Regular Meeting Minutes

**Motion made by Commissioner Howe, seconded by Chair Strom, to approve the minutes as presented. Motion passed unanimously.**

## 7. ELECTION OF CHAIR & VICE CHAIR

**Diann Strom was nominated and unanimously elected Chair. Sanjay Kumar was nominated and unanimously elected Vice Chair.**

## 8. UNFINISHED BUSINESS

None

## 9. NEW BUSINESS

- Storm & Surface Water Condition Assessment Program Proposal  
*Presenter: Joe Harbour, Assistant Director*

Assistant Director Harbour introduced a proposal and business case to increase the service level for the storm and surface water condition assessment program. Assistant Director Harbour discussed the purpose of the proposal, the background of the program, the problems and needs to be addressed by the proposal, the business case options developed, a financial comparison of the options, key takeaways, and more detail on the preferred option (digital side scanning camera technology). The purpose of the business case proposal was to evaluate options for increasing the service level for the storm and drainage pipe video inspection

program. The goal was to select the best option to manage costs and optimize benefits and risks to the utility and the ratepayers. He reviewed the history of the City's video inspection program since 2000 with an average of 7-10 miles of pipe being inspected each year. In 2015 the City made a decision to do an accelerated inspection of the storm pipes by video inspecting 150 additional miles. So far 600 repair work orders have been generated based on this work.

Assistant Director Harbour commented that there are approximately 414 miles of storm pipe; 270 miles of the storm system have never been inspected with the video inspection program. There are approximately 16 emergency repairs annually. It is much more efficient and less expensive to have planned repairs. One third of the system has unknown attribute data. One issue is that storm water system lacks dedicated staff for video inspection.

Pros and cons of the following six options were reviewed:

- Base Service Level – 7-10 miles per year (60 year inspection cycle). This option allows some investigative capacity. It is ahead of the overlay work. There is enough staff to continue this, but the drawback is the time between inspections for each pipe segment. Under this program, some pipes are never inspected since they are not under pavement.
- Option 1: Increased contracted inspection (30 year inspection cycle). This would increase inspection to 14 miles a year. The inspection would be split between transportation overlay and programmatic inspection efforts. It allows for additional investigative work. Staff can manage the contract.
- Option 2: In-house inspection with new staff (20 year inspection cycle). This involves 20 miles a year inspection split between overlay and programmatic inspection. It would require one FTE to run the program and one seasonal staff to assist.
- Option 3: Contracted inspection (20 year inspection cycle). This would allow for inspection of 20 miles of pipe per year. It could be run by existing staff.
- Option 4: Base case + 100 mile accelerated contracted inspection. This would involve performing 100 miles of inspection using a contractor over a three year period. After three years, the program would revert back to 9 miles a year, in support of the overlay program.
- Option 5: Camera Upgrade- in-house inspection (20 year cycle) – This is the preferred option. It involves use of a side-scanning digital camera. This is new technology which would require no additional FTEs, but would require one seasonal staff position. Option 5 has highest net present value (NPV) of all the options over a 10-year period. A 20 year inspection frequency for each pipe segment is a reasonable schedule and is identical to the targeted frequency of inspection for the wastewater system. This option would also provide support for proactive maintenance repairs such as epoxy socks. The proposed program would cost approximately \$72k above the base-case in 2019. Assistant Director Harbour showed a video of the digital camera in action.

**Commented [J1]:** Correction – I misspoke.

Can we correct this in the minutes?

Mike K – what's the actual number?

**Commented [KM2]:** The current Storm system contains 414 miles of pipe.

Discussion:

Commissioner Morin asked about the purpose of the accelerated three years option (Option 4). Assistant Director Harbour reviewed how this could be beneficial by focusing on 100 miles of older pipes that have the highest risks. Commissioner Morin asked why the City would stop with 100 miles and wouldn't just keep up the accelerated pace. Assistant Director Harbour indicated it has to do with leveraging resources. Commissioner Morin asked about the pros and cons of epoxy socks. Deputy Director Lee explained that it would be analyzed on a case-by-case asset management basis.

Commissioner Howe asked why the City was looking at increasing the service level for stormwater pipe inspections. Assistant Director Harbour explained that the City's stormwater video inspection system has been outsourced. The City has an older camera that was handed down from wastewater, but it doesn't have a good camera for doing investigations of the stormwater system which has different needs. Deputy Director Lee spoke to the need for the City to do a more thorough inspection program instead of a program that is entirely driven off of the overlay program. Ideally, they want to find the riskiest pipes and avoid failures. Staff feels the new technology will move the City in that direction. Commissioner Howe agreed and expressed concern about the stormwater program being continually chased by the transportation system.

Chair Strom asked about the impacts of a stormwater failure. Assistant Director Harbour replied that potentially it would undermine the road and cause backups and flooding.

Commissioner Zhuang asked if staff would still have to manually mark the defects shown on the videos. Assistant Director Harbour affirmed that staff would have to manually mark it.

- Utilities Operating Budget Proposals  
*Presenters: Nav Ota, Utilities Director; Linda DeBolt, Assistant Director - Engineering; Lucy Liu, Assistant Director – Resource Management & Customer Service; Joe Harbour, Assistant Director - Utilities O&M; and Martin Chaw, Fiscal Manager*

Linda DeBolt, Assistant Director for Engineering, reviewed a proposed budget modification related to the CIP. The Midlakes Pump Station Cost Update (Sewer CIP Project #S-61) would replace the current station with a larger one to provide capacity for the Bel-Red Corridor. Due to complexities of the site (particularly artesian groundwater conditions), the design and construction requirements were affected, and staff is recommending the budget be increased by \$481,000. This would cover additional structural design work, revise the construction contract amount and prepare a more complex operations manual.

Director Nav Ota, Assistant Director Lucy Liu, Assistant Director Joe Harbour, Assistant Director Linda DeBoldt, and Fiscal Manager Martin Chaw presented the Utilities Operating Budget Proposals. Director Ota began by reviewing the budget development process, the ESC's role in the budget process, and the Early Outlook Utility Rates forecast and utility rate drivers. As an enterprise function, Utilities does not receive any General Fund revenues for utility functions and relies primarily on utility rates to fund its operations and capital program. The two key priorities guiding the development of Utilities budget include: 1) continuing to provide high quality services to the community through responsible management of utility system infrastructure and planning for long-term financial sustainability; and 2) maintaining certainty and predictability of rates.

Director Ota provided an overview of the 2019-2020 Utilities Budget Proposals. 52% of the proposed operating budget goes toward financial obligations such as wholesale costs for water supply and wastewater treatment, taxes and support services from the General Fund. 30% of the proposed budget pays for capital infrastructure investments. 18% of the proposed operating budget pays for the daily operations of the Utilities Department. New proposals for this budget include two requests to maintain current service levels, including the Coal Creek Utility District (CCUD) reservoir coating (\$750K one-time cost) and 0.25 FTE to maintain customer service (\$18K/year), and one request to enhance the Storm Video Inspection Program (\$72K/year). Chair Strom asked about the City's ability to influence costs with entities such as Cascade. Director Ota reviewed the City's involvement with this, but explained that the City's ability to influence costs is very limited.

Capital Related Operating Proposals were also reviewed by Director Ota. These include the transfer of \$55.7M to the CIP to pay for projects in 2019 and 2020, and the transfer of \$29.2M to the renewal and replacement R&R account to pay for future infrastructure needs to ensure intergenerational equity. Additionally, the proposed budget includes funding of \$10.2M for the staffing needed to deliver the CIP in the next two years. Director Ota then reviewed the financial obligations amounting to \$164.1M to pay for contractual and legal obligations, including wholesale costs for water supply, wastewater treatment, taxes, and interfund payments for support services other city departments. This represents over half of Utilities proposed budget.

Assistant Director Liu reviewed the budget proposals for the Customer Service/Outreach functions: (\$9.2M) which include: Meter Reading (\$1.3M); Rate Relief Program (\$1.5M); Solid Waste Management (\$2.0M); Customer Service and Billing (\$3.4M); Water Conservation (\$0.2M); and Surface Water Pollution Prevention (\$0.8M). Assistant Director Liu explained that the majority of the proposals only include inflationary increases. There are two cost drivers beyond inflation in order to maintain service levels. These include merchant fees for customers that pay their utility bill with a credit card and a 0.25 FTE Billing

Account Representative. Assistant Director Liu explained that 27% of utility rates are paid by credit card, and the merchant fee is not currently charged directly to customers that use credit cards.

Commissioner Kumar expressed concern that if the biggest charge is for credit cards the City is actually penalizing other customers who pay with other means. Assistant Director Liu explained that there is a cost for processing all the payment methods (bank withdrawal, check, etc.) but the credit card fees are just a bit higher. Director Otal added that the City's approach toward this is that if the customers become delinquent then the customer care cost of those customers would be quite high.

Councilmember Nieuwenhuis asked about the impact of delinquent accounts on the overall revenue. Assistant Director Liu stated she did not have the exact figure, but reviewed the process for dealing with delinquent accounts including preparing the delinquent bills, making phone calls to delinquent customers, preparing the shut off tags, having meter readers go out to hang the shut-off tags and turn off water for nonpayment, etc.

Commissioner Morin asked if AMI would make the shut off process easier. Director Otal replied that initial functionality would not include the ability for remote shut off, but it will give more data to help people manage their bills better. Deputy Director Lee commented that there could be an option to install a remote shut off valve for customers who are repeatedly delinquent. Commissioner Morin asked if those customers are the same customers who would benefit from the rate relief program. Staff replied that is generally not the case.

Assistant Director Liu then reviewed proposals related to central functions including computer and business systems support (\$2.9M), replacement of assets such as vehicles and other rolling stock (\$2.9M), fiscal management (\$1.7M) and telemetry & security systems (\$1.4M).

Assistant Director DeBolt discussed Utilities Development Services proposals including: Inspection Services (\$1.8M), Information Delivery (\$0.9M), Policy Implementation (\$0.5M) and Review Services (\$1.2M).

Chair Strom asked if the developers are the source of the inspection costs. Assistant Director DeBolt replied that they are, but the fees are generally repaid through fees paid by the developers in the permit process. Councilmember Nieuwenhuis asked how much increased reviews and inspections have gone up due to increased development in the last couple years. Assistant Director DeBolt replied that it varies by type of development, but she estimated it has gone up 15-20%.

Assistant Director DeBolt also reviewed proposals for Engineering – System Planning including: Asset Management (\$1.4M) and Planning and Systems Analysis (\$2.8M ).

Assistant Director Joe Harbour reviewed proposals related to the operations and maintenances of the water, wastewater and surface water systems, and regulatory compliance:

Operations and Maintenance – Water proposals include: Mains and Service Line Repairs (\$3.6M), Distribution System Preventative Maintenance (\$1.8M), Pump Station, Pressure Reducing Valves and Reservoir Maintenance (\$2.9M), Meter Repair and Replacement (\$0.9M), and Service Installation and Upgrade (\$0.6M). Cost drivers beyond inflation in this group of proposals include: Coal Creek Utility District reservoir coating (\$750,000) and water service supplies such as copper fittings.

Operations and Maintenance – Sewer proposals include: Pump Station Maintenance (\$2.1M), Sewer Main Repairs (\$2.2M), Preventative Maintenance (\$2.3M), and Condition Assessment (\$1.3M).

Operations and Maintenance – Storm and Surface Water proposals include: Preventative Maintenance (\$4.1M), Repair and Installation (\$2.1M), and Condition Assessment (\$0.8M). Cost drivers beyond inflation in this set of proposals include increasing video inspection from 7 miles to 20 miles per year, temporary staffing needs, and supply costs.

Regulatory Compliance proposals include Utility Locates (\$0.8M), Water Quality Regulatory Compliance (\$1.7M) which relates to a mix of federal and state regulations such as the Safe Drinking Water Act, the Federal Clean Water Act, NPDES Permit, etc. and Private Utility Systems Maintenance (\$1.4M).

Director Otal reviewed the Department Management proposal for \$1.7M. This function provides strategic planning, policy implementation, industry best practices, stewardship of resources, innovation and process improvements, workforce development, and regional collaboration with a goal toward providing high performance and value to the customer. The Director’s Office also collaborates with other departments in the city and regional partners to ensure consistent approach on common projects and/or interests.

Director Otal also reviewed a summary of proposed Utilities FTE/LTE changes and commented that the overall costs for local operations are increasing at a rate less than inflation. Commissioner Zhuang asked if the costs for meter reading staff would be eliminated with AMI. Director Otal explained that there are plans to reduce the meter reading staff once AMI is implemented. Deputy Director Lee explained that there are six existing permanent meter reading positions which will be reduced to three positions. Two will become meter technicians to maintain the

AMI system, and one will be a data analyst. There was also some discussion about temporary staff that would be hired only for the implementation process.

Director OtaI discussed next steps in the budget process and summarized that Utilities' goal is to continue to provide customers with high quality services.

Commissioner Morin asked if the environmental byproduct of the erosion of epoxy socks has been considered. Staff explained that once it cures it is a sealed product and fairly inert. Commissioner Morin asked if anyone has tested the runoff to make sure that it is not hurting the salmon. Deputy Director Lee explained that most of the studies of things affecting the fish show that metals and hydrocarbons are the main pollutants. There hasn't been any indication that runoff from the pipes is causing a significant impact, but he indicated that staff could provide more information about this.

Director OtaI expressed appreciation for the hard work and contributions of staff who prepared the budget.

**10. ORAL AND WRITTEN COMMUNICATIONS**

Chair Strom pointed out that there was a written communication from Mr. Plummer in the packet.

Commissioner Kumar asked if the issue of single use plastics was relevant to this Commission. Deputy Director Lee replied that it is.

**11. REVIEW OF ESC CALENDAR/COUNCIL CALENDAR**

Asst. Director Lee reviewed the ESC Calendar. He reminded the Commission of the extra meeting scheduled for June 21 to have a discussion on the budget proposals. Discussions related to AMI installations are also coming up. He then reviewed Conservation & Outreach Events & Volunteer Opportunities.

**11. ORAL AND WRITTEN COMMUNICATIONS**

None

**12. ADJOURNMENT**

**Motion made by Commissioner Morin, seconded by Commissioner Howe, to adjourn the meeting at 8:38 p.m. Motion passed unanimously.**

The meeting was adjourned at 8:38 p.m.