City of Bellevue
Utilities Department
2019-2020 Proposed Budget
Public Hearing
Environmental Services Commission
October 4, 2018
Purpose of Tonight’s Meeting

Proposed Budget Recap
• Operating Budget Change
• Capital Budget Recap – No Changes
• Preliminary Rates Forecast

Public Hearing
• Opportunity for ESC to receive public comments (oral and written)
## Change to Proposed Operating Budget

<table>
<thead>
<tr>
<th>AMOUNT</th>
</tr>
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<tbody>
<tr>
<td>2019-2020 Proposed Budget - September</td>
</tr>
<tr>
<td><strong>Change:</strong></td>
</tr>
<tr>
<td>Taxes</td>
</tr>
<tr>
<td>2019-2020 Proposed Budget - October</td>
</tr>
</tbody>
</table>
Proposed 2019-2020 Utilities Operating Budget

$316.3M, 183.0 FTE/LTE

30%
Capital Related:
Transfers to CIP / R&R
CIP Design and Management

52%
Financial Obligations:
Taxes / Support Services
Drinking Water Supply
RCFC Payments
Wastewater Treatment

18%
Local Operations:
Operations & Maintenance
Customer Service/Outreach
Engineering System Planning
Development Services
Support Systems/Assets
Management/Regulatory

Excludes operating reserves
Proposed 2019-2025 Utilities CIP Budget – $225.0M

- Aging Infrastructure: $173.5M (77%)
- Capacity for Growth: $10.3M (5%)
- Environmental Preservation: $18.5M (8%)
- Service Enhancement: $22.7M (10%)
# 2019-2024 Preliminary Utility Rates Forecast

## Water

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
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</thead>
<tbody>
<tr>
<td>Wholesale</td>
<td>1.4%</td>
<td>2.0%</td>
<td>1.9%</td>
<td>1.9%</td>
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</tr>
<tr>
<td>Local</td>
<td>2.3%</td>
<td>3.0%</td>
<td>2.7%</td>
<td>2.7%</td>
<td>2.5%</td>
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<tr>
<td>Total</td>
<td>3.7%</td>
<td>5.0%</td>
<td>4.6%</td>
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<td>4.7%</td>
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## Sewer

<table>
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<tr>
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<tr>
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<tr>
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## Storm

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<tr>
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<tbody>
<tr>
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<td>-</td>
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<tr>
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<td>4.8%</td>
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<tr>
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## Combined

<table>
<thead>
<tr>
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<th>2021</th>
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## June

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<td>4.2%</td>
<td>4.3%</td>
<td>4.1%</td>
<td>4.0%</td>
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</table>
## Competitive Utility Rates with our Neighbors – 2018 Combined Water, Sewer & Storm Monthly Bill (Proposed 2019 Bill for Bellevue Only)

### Residential

<table>
<thead>
<tr>
<th>City</th>
<th>2018</th>
<th>2019</th>
<th>2018 Combined Bill</th>
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<tbody>
<tr>
<td>Renton</td>
<td>$131.22</td>
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<tr>
<td>Issaquah</td>
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<tr>
<td>Redmond</td>
<td>$113.44</td>
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<tr>
<td>Mercer Island</td>
<td>$169.55</td>
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<tr>
<td>Bellevue 2018</td>
<td>$167.22</td>
<td>$181.69</td>
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<tr>
<td>Kirkland</td>
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<tr>
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<td>$2,046</td>
<td>$2,136</td>
<td>$2,357</td>
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### Multi-Family

<table>
<thead>
<tr>
<th>City</th>
<th>2018</th>
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<tbody>
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<td></td>
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<td>$23,690</td>
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### Commercial

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<th>2018 Combined Bill</th>
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</thead>
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<tr>
<td>Bellevue 2019</td>
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<td>$23,690</td>
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Public Hearing
2013 Wastewater System Plan

Current Implementation Status
October 4, 2018
Wastewater System Plan

Affirms and Documents
• Service Area, Ownership and Agreements
• Operational policies
• Growth forecasts
• Existing or potential problems; proposed mitigation

Three Categories of recommendations:
• Existing Capacity Concerns
• Capacity for Growth
• Infrastructure Renewal and Replacement
Existing System Capacity

I&I Investigation performed. Capacity improvements recommended.

Potential Downtown surcharging (per model) to be monitored.

Downtown model rebuilt; flow monitoring ongoing.

Newport lift station alternatives evaluation conducted.

Valley Creek monitoring. No growth activity.

Kelsey Creek and Glendale Golf Course future flow monitoring in queue.

Cozy Cove PS

Yarrow Pt. PS

Evergreen East PS

Basin 41

Basin 40

Basin 39

Vasa Park sewer TBD
Existing System Capacity

Recommendations:

• Establish a sewer flow monitoring program for areas of concern
  Established. Data collected Downtown (Bellevue Way) and Medina. Monitoring to be performed Downtown (100th Ave) and in Somerset this winter, additional locations in future.

• Perform targeted I&I investigation, including smoke and dye testing.
  Completed in Medina/Clyde Hill area. Capacity improvements recommended as more cost effective and lower risk than I&I reduction.
Capacity for Growth

- MIDLAKES PUMP STATION INCOMPLETE – DELAYED DUE TO SITING ISSUES, FORCE MAIN REHAB
- EAST CBD TRUNKLINE COMPLETE 2015
- BELLEFIELD PS AND FORCE MAIN COMPLETE 2015
- WILBURTON SEWER COMPLETE 2015
Infrastructure Renewal: Mains

- **Gravity Mains**
  - Economic Model
  - Evaluating root treatment options to reduce repairs

- **Force Mains**
  - Scoring method
  - Planning for field assessment now
  - PS 12 FM to be replaced in WLS
Infrastructure Renewal: Lakelines

- Meydenbauer Beach Park lake line replaced 2015
- Lake WA coupon testing performed in 2016-2017
- Segments prioritized based on test results
- Next step: Alternatives Evaluation
Infrastructure Renewal: Pump and Flush Stations

- Performed Pump Station Evaluation in 2014
  - Prioritized Rehabilitation
  - Estimated 75-year Spending
Emerging Issues

- Downtown height restriction adjusted up to 600'
- Demand trends
  - Diurnal study (hourly patterns) completed for Water System Plan
  - Currently evaluating domestic demands vs. decade constructed
- Sewer Model Rebuilding and Software Upgrade
Emerging Issues

Eastgate Rezone

- EG-TOD (Transit-Oriented Development)
- Potential capacity concerns in Eastgate Way and SE 32nd St
Wastewater System Plan

Questions?
2018
Annual solid waste collection contract performance review

October 4, 2018
Environmental Services Commission Meeting
Presentation outline

1. Results of single-family container labeling audit

2. Results of annual customer surveys
   • Satisfaction with services
   • Recycling practices, preferences, and awareness of services
   • Priorities for the city’s waste and recycling programs
Single-family container labeling audit
Findings

- 11%, or 120 of 1,097 containers audited had a missing, outdated, and/or unauthorized label
- Other non-compliance issues included outdated, molded-in branding; damaged labels; and, the presence of “Yard Debris” and “Yard Waste” labels
Single-family container labeling audit

Next steps

City of Bellevue

- Communicate results of the residential container labeling audit to Republic Services.

- Continue to enforce labeling provisions in the Contract.

Republic Services

- Pay performance fees and develop an action plan to address container labeling violations and other container-related non-compliance issues.

- Relabel containers with missing, damaged, outdated, and/or unauthorized stickers by December 31, 2018.
Single-family Customer satisfaction results
Single-family Satisfaction

- Collection crew: 87%
- General: 86%
- Telephone courtesy: 84%
- Knowledge of customer service staff: 80%
- Handling of phone requests: 78%
- Response time following a request for a new/replacement cart: 77%
- Response time following a missed collection: 58%
Multifamily and commercial
Customer satisfaction results
Multifamily and commercial Satisfaction

- General: 88%
- Collection crew: 80%
- Handling of phone requests: 80%
- Telephone courtesy: 78%
- Knowledge of customer service staff: 77%
- Response time following a request for a new/replacement cart: 68%
- Response time following a missed collection: 56%
Customer satisfaction survey

Next steps

City of Bellevue

- Communicate results of the annual customer surveys to Republic Services.

Republic Services

- Develop action plan by October 31\textsuperscript{st}, 2018 to address response time following missed collections.
Single-family Recycling practices, preferences, and awareness of services
Single-family
Preferred modes for receiving information on waste and recycling

- Stickers on carts: 50%
- Republic Services's website: 49%
- Direct mail brochures: 48%
- City of Bellevue's website: 34%
- Bill inserts: 27%
Single-family
Customer understanding of collection procedures

- Special pick-up requirements: 54%
- Take unusual/difficult-to-recycle items: 52%
- Schedule special pick-up: 51%
- What is accepted at Republic Services' Recycling Drop-off Center: 51%
Single-family Awareness of Republic Services’ Recycling Drop-Off Center

% aware of Republic Services’ Customer Resource Center/Recycling Drop-off Center where customers can drop off certain recyclables at no cost

2015: 20%
2016: 21%
2017: 28%
2018: 35%
Multifamily/Commercial Recycling practices and awareness of available services
Multifamily/Commercial Organics recycling participation

- 2018: 31% Yes, 69% No
- 2017: 30% Yes, 70% No
- 2016: 26% Yes, 74% No
- 2015: 32% Yes, 68% No
Multifamily/Commercial
Likelihood of taking advantage of embedded organics recycling

- Certain to sign up next year: 13%
- Likely: 20%
- Unlikely: 31%
- Certain not to sign up next year: 23%
- Don't Know: 14%
Multifamily Preferences for city resources

- Recycling tote bags: 18%
- Posters in English: 18%
- Kitchen food scrap containers: 11%
Commercial
Top preferences for city resources

- Posters in English: 14%
- Recycling needs assessment: 11%
- Indoor common area recycling containers: 11%
Single-family
Solid waste and recycling priorities
Single-family
Solid waste and recycling priorities

Promote recycling by providing opportunities for convenient recycling, composting, and other waste reduction methods

Educate the public in handling and disposal of household hazardous waste

Improve % of materials diverted from landfill by encouraging residents and businesses to voluntarily participate in recycling programs

Prohibit the use of Styrofoam containers at restaurants and other businesses

Cooperate with other private and public agencies in the region to manage and control household hazardous waste

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Top  High  Medium  Low  Not something city should be doing
Recycling practices, preferences, awareness of available services, and priorities

Next steps

- Improve awareness of convenient options for non-routine collection and difficult-to-recycle items, such as Republic Services’ Recycling Drop-off Center and the Factoria Recycling and Transfer Station.

- Continue to expand organics recycling program to select apartment and condominium properties to increase and improve voluntary participation in organics recycling in the multifamily sector.

- Improve promotion of recycling resources available to apartments, condominiums, and businesses.

- Improve customer awareness of convenient take-back programs for mercury-containing lights; leftover, expired, or unwanted medicines; latex paint; batteries; and, electronics.

- Increase customer education on safe handling and disposal of household hazardous waste items.
AGENDA

Presentation Purpose: Present URR program recommendations to ESC and obtain feedback and recommendation.

1. Utility Rate Relief (URR) Program - Overview
2. URR Program Evaluation Goals
3. URR Program Research Findings
4. Program Recommendations
5. ESC feedback
6. Next steps
UTILITY RATE RELIEF (URR) PROGRAM - OVERVIEW

- Utility bill discount
- Low income 62+ years old OR permanently disabled OR home kidney dialysis
- Owned and administered by Utilities and funded by Utility rates
- Annual renewal required
Benefits:
- 40% or 75% discount off utility payments

1,122 Customers Served in 2017
- Single Family Residents (SFR) – 469 (42%)
- Multi Family Residents (MFR) – 653 (58%)

Program coverage:
- ~ 20% of eligible URR population (62+ and with disabilities)

Program costs: ~ $1 Million
URR PROGRAM EVALUATION GOALS

- Improve URR program efficiency
- Find capacity to implement new emergency assistance low income program
## URR Program Research Findings

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Bellevue</th>
<th>Other Agencies</th>
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</thead>
<tbody>
<tr>
<td>Low income only</td>
<td>No</td>
<td>38% of the agencies</td>
</tr>
<tr>
<td>Emergency assistance program</td>
<td>No</td>
<td>25% of the agencies</td>
</tr>
<tr>
<td>Low income disability</td>
<td>Yes</td>
<td>50% of the agencies</td>
</tr>
<tr>
<td>Low income 62+</td>
<td>Yes</td>
<td>75% of the agencies</td>
</tr>
<tr>
<td>SFR</td>
<td>Yes</td>
<td>100% of the agencies</td>
</tr>
<tr>
<td>MFR</td>
<td>Yes</td>
<td>25% of the agencies</td>
</tr>
<tr>
<td>Annual renewal</td>
<td>Yes</td>
<td>25% of the agencies</td>
</tr>
<tr>
<td>% bill discount</td>
<td>40% and 75%</td>
<td>63% of the agencies offer 50% discount</td>
</tr>
</tbody>
</table>
Bellevue program is robust

- High % bill discount
- Bill discount offered to MFR

Bellevue program has gaps

- Cumbersome renewal
- No Emergency assistance program for low income who are not 62+ or with disabilities
PROGRAM SIMPLIFICATION RECOMMENDATIONS

- Make it easy for the customer:
  - Reduce application renewal to every other year

- Improve administrative efficiency:
  - Process improvements
  - Reduce manual processing – implement better technology
  - Code update - expired income benchmark

Potential partnership with Hopelink was determined not viable
NEW EMERGENCY ASSISTANCE PROGRAM (EAP) - RECOMMENDATION

- Create a mechanism to provide short-term, temporary utility rate relief to low-income residents who are not eligible for the current URR Program.

- Help low income customers during times of financial crisis
  - Not feasible to expand current URR program to all low income customers

- Minimize impact on general ratepayers
  - Modify existing URR program to extract financial capacity for program expansion
EAP RECOMMENDATION - QUALIFICATIONS AND BENEFITS

- Qualifications requirements
  - Low income single-family residential customers - no age or disability requirement
  - Subject to service disruption
  - Financial crisis

- Benefits
  - Discount on 2 bimonthly bills or 4 months of utility services.
EXISTING PROGRAM RECOMMENDATION - FUNDING

1. No rate increase

2. Modify existing program – use savings $39,000
   - Uniform discount at 70%
   - Cap on benefits – cover for basic services (equity and conservation)

3. EAP eligibility once every 3 years
EXISTING PROGRAM RECOMMENDATION — SINGLE FAMILY (SFR)

Most SFR customers will experience reduction in benefits

**Benefit Reduction**
- 415 customers will pay:
  - $6.30 MORE per month
  - $76 MORE per year

**Benefit Increase**
- 54 customers will pay:
  - $37 LESS per month
  - $444 LESS per year

Most Utilities have one discount level
EXISTING PROGRAM RECOMMENDATION — MULTI FAMILY (MFR)

Most MFR customers will experience reduction in benefits

**Benefit Reduction**
- 635 customers will pay:
  - $2.50 MORE per month
  - $31 MORE per year

**Benefit Increase**
- 18 customers will pay:
  - $24 LESS per month
  - $289 LESS per year

Most Utilities do not offer any bill discount to MFR
EXISTING PROGRAM RECOMMENDATION – SUMMARY AND FEEDBACK

Current URR Program

- Uniform discount 70%
- Use savings for program expansion. No rate increase.

Recommended EAP

- Customer eligible once every 3 years
NEXT STEPS

1. City of Bellevue Council Approval
END