

CITY OF BELLEVUE
ENVIRONMENTAL SERVICES COMMISSION
October 4, 2018

Public Hearing: Utilities Department 2019-2020 Proposed Budget

COMMISSIONERS PRESENT: Diann Strom (Chair), Vanja Knezevic (Vice Chair), Anne Howe, Negin Khanloo, Aaron Morin

COUNCIL LIAISON: Jared Nieuwenhuis

COMMISSIONERS ABSENT: Lisa Schreiner

OTHERS PRESENT: Nav Otal, Director; Andrew Lee, Deputy Director; Lucy Liu, Assistant Director – Resource Management & Customer Service; Douglas Lane, Water & Sewer Systems Sr. Engineer – Utilities; Stephanie Schwenger, Program Administrator – Utilities; Alexandra Gancheva, Business Services Manager – Utilities; Laurie Hugdahl, Minutes Taker

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

Chair Strom opened the public comments portion of the public meeting at 6:54 p.m.

David Plummer, 14415 NE 14th Place, Bellevue, WA 98007

Good evening. I'm David Plummer, and I reside in Bellevue.

The budget documents for the \$541 million operating and CIP budgets do not provide sufficient information to justify the proposed budgets. A few proposals do include a brief text explanation of increases or decreases from the previous two and five-year budget cycles, but the little information included in the budget sheets is totally inadequate to justify the proposed budgets.

The budgets include a large number of operating and CIP proposals for maintenance of the three utilities' infrastructure: approximately \$173 million of the proposed CIP and about \$26 million of the proposed operations budget is designated for care and feeding of the aging infrastructure. These excessive budgets are proposed in spite of available data that shows that the utility system's equipment is in good condition. No data has been provided to show that system or major equipment failure rates are increasing, nor is there a maintained database that provides historical reliability, failure rate, maintainability, and availability data for the three utility systems.

The Water and Sewer CIP and operating budgets include funding proposals for the non-cost-effective, unnecessary AMI system. CH2M's \$23 million overnight build-cost estimate in 2016 dollars for an undefined system has never been updated and did not

included ownership costs. In addition, the Department has never published any estimates of the ongoing cost reductions asserted to result from reduced manual meter reading. The AMI system will be far more costly to operate and maintain than the present reliable mechanical meter systems. Proposals for this system should be deleted from the operating and CIP budgets.

The Department did not present a zero-rate-increase budget option; this could be done by developing a budget with a reduction of approximately \$156 million in expenses from the staff's proposed budget. In the absence of a zero-rate-increase budget I recommend the following changes: The operating budget should be reduced by approximately \$65 million; and the CIP budget should be reduced by approximately \$38 million.

Information on the proposed rate increases should be expanded to include the actual rates for 2021 through 2025, and detailed information added to explain how the rates are developed from the operating and CIP budgets.

Details of the proposed reductions that I just mentioned and other supplementary materials are in one of these little packets. And you don't have to pay any attention to the clip color. I urge you to review these materials and to consider revising your memo to the City Leadership Team to recommend development of a reduced-cost, no-rate-increase budget.

Thank you.

Seeing no additional comments, the public hearing was closed at 6:59 p.m.