

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

Thursday  
April 5, 2012  
6:30 p.m.

Conference Room 1E-112  
Bellevue City Hall  
Bellevue, Washington

**COMMISSIONERS PRESENT:** Chair Helland; Commissioners Mach, Morin, Swenson, Wang, and Weller.

**COMMISSIONERS ABSENT:** Commissioner Cowan

**OTHERS PRESENT:** Wes Jorgenson, Brian Ward, Kit Paulsen, Lucy Liu, Bob Brooks, Pam Maloney, Dave Perry, Councilmember John Stokes

**MINUTES TAKER:** Laurie Hugdahl

**1. CALL TO ORDER:**

The meeting was called to order by Chair Helland at 6:35 p.m.

**2. ORAL COMMUNICATIONS:**

Janet Pritchard of Republic Services explained that she had nominated the City of Bellevue for the Green Cities Award. This is a national honor and was based on the 68% diversion rate which was the highest of all the finalists. Not all cities accept the amount of material in their recycling containers that the City of Bellevue does. She congratulated the City and stated it is an honor to partner with the City.

**3. APPROVAL OF AGENDA**

**Motion made by Commissioner Wang, seconded by Commissioner Swenson, to approve the agenda. Motion passed unanimously (6-0).**

**4. APPROVAL OF MINUTES**

February 9, 2012 Regular Meeting Minutes

**Motion made by Commissioner Swenson, seconded by Commissioner Morin, to approve the February 9, 2012 minutes. Motion passed unanimously (6-0).**

March 1, 2012 Regular Meeting Minutes

**Motion made by Commissioner Mach, seconded by Commissioner Wang, to approve the March 1, 2012 minutes. Motion passed unanimously (6-0).**

## 5. FOLLOW UP QUESTIONS/ANSWERS

Mr. Jorgenson reviewed the staff response to the question of how we are going to monitor the rain gardens on 145<sup>th</sup>.

Commissioner Wang referred to the last bulleted item on page 34 which states, "Not all the rain garden cells." Brian Ward explained that it was incomplete and should say, "Not all the rain garden cells failed to meet designed goals." He added that the pie chart summarizes that statement.

Chair Helland asked how the performance measure of having to be emptied within 72 hours was determined. Mr. Ward replied that this is a Seattle Public Utilities project and he did not recall anything specific about that. He did recall that they had a lot of community involvement in the design. Standing water in the rainwater was something that the community has a lot of objections to.

Commissioner Morin noted that the pie chart makes it look like the majority of the rain gardens were working as planned. Mr. Ward concurred. Commissioner Morin asked if it is perceived as a positive project overall. Mr. Ward noted that the Ballard Gardens have received a lot of attention for the failure even though not all parts failed. This illustrates why it is important to go the extra mile in a rain garden design to make sure you don't get any failures. Mr. Jorgenson concurred that there was a lot of community response to the failure portion of this project.

Chair Helland asked if the design rates were adequate since there has been some flooding or failure to drain. Mr. Ward stated that the construction sequencing was a big factor in the reason some of the cells did not drain. On the website there is more information about which cells failed and which ones didn't. It is an interesting dilemma as to why this type of project works in some places and doesn't work in other places.

Commissioner Swenson commented that the expectation seems to be that it should work 100% of the time, but he wondered what they were comparing this to. He asked about the practicality of expecting new technology to be perfect when what it is replacing (conventional detention ponds) may be far less than perfect.

Mr. Jorgenson noted that in this situation, the rain gardens are very visible, in their front yard, so the appearance of the rain garden in relationship to the home was a significant factor. He noted that before putting new technology in such a visible and sensitive spot it should be well tested and the failure rate should be extremely low. Commissioner Swenson commented that if the grass had been planted over good soil that was properly broken up, chances are that it would look a lot better and cost less money to maintain. He suggested that this is part of the

educational process and perhaps people need to learn to look at these systems and measure them in a different manner.

Mr. Jorgenson continued to review the Follow-Up Question and Answers regarding proposed changes to Ecology's guidelines with regards to whether federal requirements apply or don't apply. Commissioner Swenson thanked Mr. Jorgenson for getting this information.

Councilmember Stokes asked if the Commission has also looked at the places where rain gardens have been highly successful. Mr. Jorgenson noted that they have. Councilmember Stokes pointed out that they have outlined some of the reasons that they fail. Mr. Jorgenson concurred and noted that there was an elementary school over by Phantom Lake that installed rain gardens as part of their runoff control. They had one location where they couldn't test the soils and what they discovered is that you have to make sure you test every site because that ended up being the only site that didn't work. He stressed how diverse the soils can be on a single site. Commissioner Morin commented on the opportunity to learn from this project. Commissioner Swenson added that there is no way to measure how much of the water is going off by evaporation or transpiration.

## **6. REPORTS AND SUMMARIES**

### **a. ESC Calendar/Council Calendar**

The May 24 meeting is now on the calendar. Mr. Jorgenson is hoping that they only need that one extra meeting, but it is conceivable that they may need an extra meeting in June.

Commissioner Wang asked if the Rate/Revenue Stability Design topic scheduled for June 7 is related to the budget. Mr. Jorgenson replied that it has more to do with seeing if we can do something about rate stabilization so we are not subject to as much fluctuation. The intent of the rate stabilization would be to be revenue neutral, but it would result in more stable revenue. Commissioner Wang noted that the revenue is dependent on the consumption. This study could help rectify that situation. Mr. Jorgenson reiterated that it is intended to generate the same revenue, but not have the fluctuation. Chair Helland asked if this would include a discussion about trying to smooth over the effects of wholesale costs. Mr. Jorgenson did not think it would. Chair Helland thought that the Commission should talk about the pros and cons.

Commissioner Wang asked if there is a reason why the Commission would not discuss this until June 7. Mr. Jorgenson explained that there would not be time in the May meetings to make sure the ESC has time to get through all the budget proposals. They also need to make sure the rate design consultant has enough time and that staff is comfortable with the recommendations that they make before it comes to the Commission. There will still be time for the

Commission to work on it with regard to the budget.

- b. Desk Packet Material(s)
  - Conservation & Outreach Events & Volunteer Opportunities - Mr. Jorgenson invited commissioners to attend any of these events.
- Storm System Plan - Brian Ward and Kit Paulsen

Brian Ward shared written comments that they have received from the public as well as from internal staff. He followed up on a question from the March meeting which had to do with whether or not the Stormwater Guide was incorporated into the Storm and Surface Water System Plan. On page 45 of the ESC desk packet are the results of a consistency check between the two documents. He summarized that there is a lot of overlap between the two documents. There are also appropriate differences in the level of detail. The purpose of the Storm and Surface Water System Plan is for long-range planning for at least a 10-year time horizon. For this reason specifics that will sunset during that time have not been included. The target audience for the Stormwater Guide is the general public. The intent of it is not to set out long-range planning for running and operating the Utility. He reviewed some of the differences in the content as shown in the ESC packet on page 45 and stated that the message in the two documents is consistent; however, staff is recommending that they modify the introductory chapter and the executive summary to reference the Stormwater Guide in order to direct people to where they can get more specific information about certain topics.

Chair Helland asked if the intent is to have the Storm and Surface Water System Plan reference where one would go for the details so they wouldn't have to update it every time facts change. Mr. Ward indicated this was their intention.

Commissioner Wang thanked Brian Ward for making the effort to examine and cross-reference the documents. He asked if the newly annexed or areas to be annexed are referenced in these documents. Mr. Ward said there is nothing specific about annexation areas referenced in the Storm and Surface Water System Plan; however, the Capital Program allows the city to address any issues identified in annexation areas. Ms. Paulsen commented that staff recognized there would be annexations within this period, but did not know all the details when the plan was being developed. The documents are consistent with how issues would be dealt with as they occur. Mr. Jorgenson commented that he thought it was a good idea to make reference in the executive summary about annexed areas even though they occurred well beyond the point where this document was drafted. The CIP recognizes that improvements will be needed, likely within the programs that the CIP has. Commissioner Morin asked if the general intent is that annexed locales would be treated the same as other areas. Mr. Jorgenson indicated that this was the case.

Chair Helland referred to the public comments and pointed out that some of these seem to be seeking changes to the city code. He asked if the City can make the city code more restrictive than the state code. Mr. Jorgenson noted that Council could, but they generally have elected not to do so because the state code is viewed by many as pretty onerous to begin with. There are also limits to how effective they can make things in certain situations, such as small developments.

Mr. Ward referred to the list of public comments beginning on page 46. For the most part the comments are not specific to the Storm Plan. Some will be passed on to engineering staff; one is a compliment. The one SEPA comment is about fish passage culverts. He commented that fish passage culverts are in the tracked CIP program, in 'Fish Passage Improvements'. On the whole staff does not recommend making changes to the Plan based on any of these comments. He noted that Master Builders Association met with staff and indicated they might have comments, but have not submitted any to date.

Commissioner Wang noted that staff from other departments had offered some suggestions. Mr. Ward explained that there had been some editorial comments. Commissioner Wang observed that Brian Ward, Kit Paulsen, and Wes Jorgenson have done an outstanding job in compiling this document. He applauded the work they have done.

Chair Helland suggested that when staff replies to those who made comments, they should direct the commenter to the appropriate path for making changes. He concurred that staff have done a really good job on this plan.

**Motion made by Commissioner Wang, seconded by Commissioner Swenson, to recommend approval of the document to Council with the changes discussed by staff and that staff would work with Chair Helland in crafting a memo regarding ESC comments. Motion passed unanimously (6-0).**

Mr. Jorgenson stated that staff greatly appreciates the time and input that the Commission spends on these items. Mr. Ward also thanked the ESC.

- Budget Process & Early Outlook Forecast – Lucy Liu and Bob Brooks

Mr. Jorgenson introduced Lucy Liu, Asst. Director for the Resource Management Customer Service (RMCS) Division. Ms. Liu explained that they would be talking about the 2013-14 budget process as well as providing an Early Outlook Forecast. This is the beginning of the formal budget discussions. She reviewed the timeline for review and the ESC's role in the process. The ESC will have two opportunities to provide recommendations on the proposals – one in June and one in November. The proposals will be put

together with staff's best efforts to continue to look at opportunities for cost containments, explore process improvements, focus on efficiencies, and review service levels.

Mr. Brooks explained that with Budget One the emphasis is on community outcomes, prioritizing services to meet those outcomes, and funding those services with available revenues. The starting point is the outcomes. These were originally developed two years ago by the Leadership Team, adopted by the Council, and reaffirmed by the Council this year. Budget Outcomes include: Quality Neighborhoods; Innovative, Vibrant and Caring Community; Improved Mobility; Healthy and Sustainable Environment; Responsive Government; Safe Community; and Economic Growth and Competitiveness.

Councilmember Stokes commented that one of the interesting things about this is that the topics are not segregated by departments. What the Commission and Utilities does fits into the Health and Sustainable Environment outcome, but it also has a strong effect on Economic Growth and Competitiveness, Quality Neighborhoods, etc.

Chair Helland referred to the work flow diagram which talks about community hearings, surveys, and input. He asked if there is a body of work that goes to the Results Teams. Mr. Brooks said that there is an annual survey that's done which was provided to the Results Teams. He was not familiar with what other public input they receive. Ms. Liu stated that the Results Teams do research as they re-affirm the outcomes. Mr. Brooks concurred and noted that two years ago the Results Teams had documented some of the research they did with references. Commissioner Mach asked if they do this survey annually. Mr. Brooks said they do a phone survey annually and those results go all the way up to Council. Commissioner Mach asked if the survey results can be located online. Mr. Jorgenson noted that they would check on that. Chair Helland said he was more concerned about what the input was and the transparency of the process. Mr. Brooks thought that some of the steps would be better documented than others.

Mr. Brooks continued to explain that Results Teams are interdepartmental teams charged with ranking and optimizing a list of recommended proposals for Leadership Team review. They are assigned to an outcome and are instructed to wear a "citizen hat". There are six staff members from across the organization. Within each group there is at least one subject matter expert.

He reviewed the composition of the Healthy and Sustainable Environment Team. The subject matter expert is Scott Taylor from the Engineering Division within Utilities. Chair Helland asked if there is an attempt to have a lead person who is different from the subject matter expert. Mr. Jorgenson commented that that was not necessarily the case. Councilmember Stokes noted that all but one of the groups had a lead who is different from the

subject matter expert. The idea is to have one person who is the facilitator and another person who can provide the subject matter expertise.

Mr. Brooks reviewed the factors to be considered relating to Healthy and Sustainable Environment. These include clean air, clean reliable water, clean green city, and natural environment. Councilmember Stokes noted that these factors are based on the results of the annual surveys of the residents. Mr. Brooks explained that each Request for Results (RFR) has a description of the desired outcome. Proposals are responses to RFRs with a clear relationship to the outcome. There are separate capital proposals and operating proposals. These include costs and benefits; those with efficiencies will rank higher. These also include collaboration or partnerships with other departments.

He gave an overview of the proposal process.

- Step 1 – Request for Results issued by each Results Team – includes strategy maps, criteria for ranking, etc.
- Step 2 – Round 1 Proposals – operations and capital proposals submitted
- Step 3 – Results Teams rank proposals. Request more information
- Step 4 – Round 2 Proposal rework

Chair Helland asked if the requests have scoring criteria. Mr. Brooks replied that there is not a numerical scoring, but the Results Team will rank these in terms of what they deem to be the citizens' view of priorities. He thought that this was more qualitative than quantitative. The first round is where they are looking at the proposals without looking at the dollars that are allocated to that outcome. Chair Helland asked if they would see the requests as well as the proposals. Mr. Brooks indicated they would.

Commissioner Wang asked if the process is the same as two years ago. Mr. Brooks said the process is the same, but the proposal format is slightly different. The outcomes are the same, but most constituents of the Results Teams are different. Ms. Liu agreed that the process is essentially the same and the outcomes are essentially the same.

Mr. Brooks reviewed the role of the ESC in this budget process as follows:

1. Preliminary Briefings:
  - 2011 Financial Results – presented in March
  - 2013-14 Early Outlook Forecast – today
  - Budget One Overview – today
  - Financial Policies – May 3
2. Review Proposed CIP projects
3. Review operating and capital proposals; provide recommendations to Results Teams
4. Review budget notebooks with proposed rates
5. Public hearing

6. Provide rate recommendation letter to Council.

Commissioner Wang commented that the ESC will actually be making two recommendations – one to the Results Team and one later to the Council. Mr. Brooks affirmed this. Commissioner Wang asked if those recommendations could be different. Mr. Brooks explained that they definitely can. Mr. Jorgenson further explained that they want the Results Team to be aware of the ESC's recommendations, but the ESC's primary recommendation is to the Council. Mr. Brooks reviewed the budget schedule through December when Council will be asked to approve the budget. Mr. Jorgenson emphasized that the schedule is tentative and they may want to make changes as they go along.

Chair Helland asked who is on the CIP panel. Mr. Brooks said it is an internal city group. Mr. Jorgenson did not recall if the Utilities CIP was part of that group's task. Mr. Brooks did not think it was last time and didn't think it would be this time either, but there is the opportunity for that panel to review the Utilities CIP if they choose to. Chair Helland asked why they would look at it if it would not serve any budgetary purpose. Mr. Brooks suggested that it might just be a formality. Ms. Liu offered to follow up on whether the CIP panel would review utilities CIP budget proposals. Chair Helland asked what other big-ticket CIPs there are. Mr. Jorgenson said this includes transportation, parks, police and fire.

Early Outlook Forecast

Ms. Liu stated that this is based on a status quo budget and does not include any new programs. She pointed out that the water fund situation at the end of 2011 was challenging. Staff has worked hard to keep the rates to the previously forecasted levels in the 2011-12 Budget. In the Water fund they have included a number of cost containment efforts which she reviewed. In addition they are looking at rate design changes to reduce volatility in water revenues. That will be coming to the ESC for review in June. They are looking at cost containment efforts for Sewer and Storm Utilities as well in an effort to keep the rates at the levels forecast in the 2011-12 Budget. She reminded the ESC that a significant part of the utilities costs across the three funds are out of Utilities control; only about 20% of the costs are within Utilities control. Mr. Brooks added that the goal is to limit projected rate increases to levels shown in the 2011-12 budget forecast. This required even greater cost containment measures than usual. They will continue to look for efficiencies and process improvements as well as review programs and services provided.

Commissioner Wang asked if they should wait until the Utilities CIP program is more finalized. Mr. Brooks explained that this is designed to be a snapshot of where they are when the budget process starts; what Mr. Wang is referring to is the preliminary forecast. Eventually a final forecast will be prepared that

will incorporate changes from Results Team and others.

Mr. Brooks then reviewed the projected rates. He explained that with Water they are attributing more of the increase to Cascade. They are trying to address the long-term impacts of the relationship with Cascade. Beyond 2013 under Wholesale, the numbers are lower than they were in the previous forecast because Cascade has lowered their cost projections. The detail has changed, but the total has not. Storm is exactly the same. Sewer is different because Metro has revised their projections; they have changed their numbers and they have also gone from a one-year rate increase to a two-year rate increase. Chair Helland asked about the one-time charge for Cascade. Mr. Jorgenson explained that the one-time charge reflected that it costs us more per unit because we can't sell the water. He stated that they only need to "true it up" once, but it will be re-evaluated with each budget process. This is the first time they have recognized that aspect of the Cascade water contract.

Commissioner Morin commented that these are large increases. He asked what the percentage increases are that they have applied historically. He also asked if the City is looking at alternative ways to approach this. Mr. Brooks replied that one has to look at the difference in wholesale and local pieces. The long-term goal is to keep the local piece at or below CPI, but it is not achieved in this forecast. The wholesale piece in Water is something the City has little or no control over. The same thing is true with Sewer since the City has a long-term contract with King County Metro to treat the sewer. He stated that what they have control over is the local programs costs and that is what they are striving to keep to a minimum. Mr. Jorgenson said they have individuals on Cascade Board that are looking at the issue. They have far less impact on wastewater charges because they have less of a presence. He noted that one of the drivers is that of aging infrastructure; the longer they ignore it the more severe the rate implications will be. Commissioner Morin asked if this is consistent with what other cities are seeing. Mr. Jorgenson said it is, but Bellevue is taking a more proactive approach with their aging infrastructure and R&R. Councilmember Stokes commented that our rates are still competitive. Mr. Jorgenson concurred.

Mr. Brooks then reviewed the breakdown of the forecast by category for 2013. He explained that about 80% of the expenses are out of Utilities control (Wholesale, CIP/R&R/ARA Transfers; and Taxes/Interfunds/Debt Service). The other 20% (personnel and other operating expenses) are the part that they have some control over, but he argued that they have limited control over personnel costs. The major rate drivers in each category were reviewed. Mr. Brooks pointed out the relatively small rate increases for personnel and other operating expenses as compared to other categories that are out of their control. Chair Helland asked how often Metro has been doing the biannual rate increase. Mr. Brooks said this is the second or third cycle that they have done it. There is some question as to whether or not it is going to continue.

Mr. Brooks stressed that in the Water and Sewer category, for personnel and other operating expenses there have been significant cost containments. He explained the reason for the higher rate increase numbers for Storm is because the base is lower since there is no wholesale component. Mr. Jorgenson stressed that this is the preliminary forecast and they will make sure they are diligent to look at the R&R to make sure that they are aligned properly.

Commissioner Wang asked how the personnel costs could decrease as the costs are higher. Mr. Brooks explained that as the base builds then personnel becomes a smaller percent of that amount. Therefore, the rate increase required to maintain that goes down, even though it is going up with inflation. Commissioner Wang commented that 2013 is a standout year for the combined rate increases. Mr. Jorgenson emphasized that this is the preliminary and they are looking to see what they can do. They intend to take an in-depth look at the R&R to make sure that they are aligned properly. From an asset management perspective, he thinks they have a strong program. With Water the problem is that the cost increases are not in our control and revenues have gone down because of a decrease in use.

Councilmember Stokes asked if staff is looking at what the cost might be in the future if they don't take action now. Mr. Jorgenson said they would look at what they think is the most appropriate response to address the aging infrastructure. Councilmember Stokes commented that he expects that Utilities will give the Council their best projections of what it would take to do the job that needs to be done and if questioned, be able to explain that they would have to pay more down the line. Mr. Jorgenson affirmed that was the case. It is absolutely necessary to deal with the aging infrastructure.

Commissioner Morin asked if staff has an idea of how much of the decreased consumption of water is a result of conservation efforts. Mr. Jorgenson suggested that they could ask the consultants. Commissioner Swenson recalled that staff had said that there has been a drop in consumption for seven years. Mr. Brooks concurred and noted that they might be able to trend that to determine how much of the current shortfall is related to that trend.

Cost Containment for Water: Mr. Brooks explained that they made one-time reductions of \$4.1 million in Water to begin to address the situation that they are in for 2011-2012. They also made ongoing reductions of \$.07 million. For 2013-2018, they need \$1.4 million in one-time reductions and have identified \$0.2 million. For ongoing reductions, they need \$5.2 million and have identified \$5.2 million. Chair Helland asked for more detail about what was in the \$4.1 million in one-time reductions. Mr. Brooks said he didn't have it with him, but it was largely CIP items. Staff indicated they would provide that information at a later date.

Cost Containment for Sewer and Storm: For 2013-2018, there are no one-time reductions needed, but they are looking for ongoing reductions for sewer of \$700,000 and for storm of \$1.6 million over the forecast period.

Next steps: Staff will return to the ESC with a preliminary forecast based on what is in the proposals. They are commissioning a study with FCSG Consultants to look at the water rate design focusing on new structures and/or rate levels to improve rate stability. This is not focusing on a rate increase; it is focusing on being revenue neutral and adjusting how the rates are structured to recover the revenues.

- CIP – Proposed Investments/Proposed Changes - Pam Maloney and Dave Perry

Ms. Maloney reminded the Commission that last time they reviewed the Water CIP and tonight they would be discussing proposed changes to the Sewer and Storm, proposed new projects, and the financial resources it would take to pay for the CIP that she has been bringing to the Council. Next month staff will host a public Open House before the meeting. After the Open House and after a Public meeting by the ESC, staff will respond to any questions the ESC has, and then ask for a provisional endorsement to move forward with the CIP. She reviewed new documents that had been distributed for the Commission's packet.

### **Proposed Sewer Budget Changes:**

Ms. Maloney explained that for wastewater, most of the changes have to do with things beyond the City's control.

S-52 East CBD Sewer Trunkline Improvements and S-53 Bellfield Pump Station Capacity Improvements – These capacity projects are both on hold waiting for Sound Transit final alignment. The condos are not filling up as fast as they hoped downtown, which is buying us time waiting until the alignment is done. Commissioner Weller asked what would happen if the condos filled up faster. Ms. Maloney explained that there is increased danger of overflow during rainy storms. We need to build it as soon as they can, but don't want to build it and then have to move it. Councilmember Stokes commented that the plan is to have the alignment resolved in the next few months. Commissioner Swenson asked about rainwater infiltration in that area. Ms. Maloney explained that because flows are approaching the capacity of the pipe, it becomes sensitive to even small amounts of infiltration.

S-54 West CBD Trunk Capacity Improvement – This project will be complete in 2012 and will be finished at an estimated \$750,000 under budget.

S-56 Relocate Sewer for WSDOT 520 – The total cost estimate has come

down \$600,000; however, that cost was going to be paid for between now and 2020. Instead the City must accelerate the scope to be completed by 2014 rather than 2020, per WSDOT. This has some cash flow implications. Chair Helland asked about the accounting implications of the accelerated schedule. Mr. Jorgenson noted that we may use reserves to accommodate the accelerated schedule. He reiterated that there is also a reduction in the total cost.

S-58 Sewer Lakeline Replacement Program – The major funding part of this program is replacement of the pipeline under Meydenbauer Bay. The schedule has been adjusted to reflect a one-year delay in Meydenbauer Pipe Replacement to allow coordination with park development. Mr. Jorgenson explained that a couple of houses exist where we want to locate the sewer. This delay allows time for demolition of those houses. There is no overall budget change related to this. Chair Helland asked what prompted them to replace the were on land instead of doing it in the water. Mr. Jorgenson explained that for this piece the City owns the property, but there will be a huge challenge trying to figure out how to deal with the rest of the lakeline. Commissioner Swenson asked if these properties have already been acquired. Ms. Maloney replied that Parks owns the properties. Mr. Jorgenson explained that the Parks' has stipulated that the houses must be removed in 2012.

S-60 Wilburton Sewer Capacity Upgrade – This project will be deferred one year (to 2013-15) to reflect lack of redevelopment. Commissioner Wang asked if the City would want to take advantage of the construction of 4<sup>th</sup> Street intersecting with 116<sup>th</sup>. Mr. Jorgenson explained that none of the improvements are in that area.

S-62 Sewer for NE 15<sup>th</sup> Multi-Modal Corridor – The proposal is to amend the scope/budget to match Transportation Proposal.

S-63 Sewer for 120<sup>th</sup> Avenue NE Improvement (Segment 2) – The proposal is to revise the budget to include construction costs, consistent with Transportation (draft) budget proposal. The Transportation Department is coordinating what they want to do with the Multi-Modal Corridor. Chair Helland asked when this would be determined. Councilmember Stokes said it involves coordination of Transportation Plans and the Sound Transit design process. He thought that the decisions would be made this year. Ms. Maloney explained that we know what needs to be constructed eventually; it is just a matter of when. Utilities' proposals for these are dependent on Transportations' decisions. Councilmember Stokes said one thing the City is looking at is how to phase in the Spring District piece. It looks like Wright Runstad is going to get going on that project pretty quickly.

### **Proposed Storm Changes:**

D-65 Neighborhood Enhancement Program – This will be deleted. The City's NEP program was deleted in the last budget update (after this proposal was submitted). Accumulated funds in the program become one-time savings of \$45,000. Deleting the program will save \$30,000/year.

D-103 Replace Coal Creek Parkway Culvert – No budget change is recommended, but the schedule will be extended to reflect plant monitoring required (a permit requirement) for 10 years.

### **Potential New Utility CIP Investments Through and Beyond CIP Window**

There are three new proposed programs:

- Program for Sewer System Pipeline Replacement – There is not currently a program for Sewer System Pipeline Replacement. This would complement S-24 (Sewer System Pipeline Rehabilitation). Staff is proposing \$1 million which would replace 0.5 – 0.75 mile of pipe per year. This is analogous to the watermain replacement program. In the past when pipe has been replaced the budget has come from S-24. This depletes the repair budget and puts the rehabilitation program behind schedule. Chair Helland asked if staff would provide the same kind of analysis that we had with the A/C program, for pipe life expectancy. Ms. Maloney affirmed that eventually they would. Mr. Jorgenson stated that when staff brings the discussion of R&R fund needs, staff will show the ESC the graphs and the funding implementation strategy.
- Replace Kelsey Creek Culvert at NE 8<sup>th</sup> Street – This project would replace the existing metal culvert. The new structure would be designed to meet flood and fish passage requirements which would mean either a 25-foot bridge to span the creek channel or possibly a three-sided box culvert.
- Lower Coal Creek Flood Hazard Reduction – Phase 1 – This is a program to reduce the flood hazard in lower Coal Creek through Newport Shores. This was identified as a regional priority by the King County Flood Control Zone District. Phase 1 is estimated to cost \$8.7 million and will be fully funded by the King County Flood Control Zone District. They will provide the money and the City will build it.

Commissioner Swenson asked if there are other situations in the future that will use funding from the Flood Control District. Ms. Maloney said this is the only regional flood control project they are aware of in Bellevue, and that this is only Phase 1. There is a second phase on the

District's long-term list which is for work on the levees. She added that from a flood perspective, Bellevue doesn't have as much need as neighboring jurisdictions because the City has done a good job keeping people from building on the floodplains, except on the delta through Newport Shores. Commissioner Swenson asked about incentives for low impact development or some means of reducing water elsewhere. Ms. Maloney commented that the Flood Control District also provides \$345,000 toward the D-94 project which is to resolve local flood control projects. This money is well used. Mr. Jorgenson added that they could find out more, but he thought that King County Flood Zone Control has identified a certain number of flood control projects within the current horizon. It doesn't preclude further opportunities for Bellevue to raise other projects in the future. The challenge is that Bellevue doesn't have the level of flooding that may rise to the level of the Flood Control District. Commissioner Swenson pointed out that he sits on the Flood Control Commission.

Ms. Maloney then reviewed the Recommended CIP budget for 2013-2019 for each utility.

Water – Staff is primarily proposing reductions to the budgets for ongoing programs for Water. Staff believes they can achieve the same program objectives for less money. This is part of what has been presumed in the Early Outlook that Bob Brooks presented to Council. The only added project is for the NE 15<sup>th</sup> Multi Modal Corridor where they may have some design and construction of water utilities since WSDOT compressed the schedule. This will be a much bigger budget for 2013-14 and much smaller for the rest of the CIP window. With these changes at 4% inflation, the difference would be 0.6% over the Early Outlook Forecast.

Sewer - For Sewer, there is a \$300,000 one-time savings because there were no sewer service extension requests. The East CBD Sewer Trunk Line will be constructed in 2013 and 2014 instead of 2012. The West CBD Trunk Capacity has a \$750,000 savings. Design of sewer facilities for the NE 15<sup>th</sup> Multi Modal Corridor was expected, but now it doesn't look like there will be anything in this CIP window. This results in one-time savings. However, sewer utility facilities for 120<sup>th</sup> Avenue NE Improvement for Segment 2 and 3 are expected. The new program to start replacing sewer main is also included at \$1 million per year. There would be a one-time rate impact to fund these improvements (with 4% per year inflation) of about 0.9%.

Storm – There are several ongoing programs in the Storm Water Utility. The budgets for those programs will grow by 5.1% when we annex 5.1% more people. Therefore the ongoing programs will cost more, but there are no rate implications. There is a reduction for the Neighborhood Enhancement Program that is being deleted. New projects to replace NE 8<sup>th</sup> Street Culvert at

Kelsey Creek and Lower Coal Creek Flood Hazard Reduction Phase 1 which will be funded by King County Flood Control District. The approximate one-time rate impact to fund these improvements with 4% per year inflation is estimated to be -0.2%.

Ms. Maloney noted these rate impacts are preliminary; inflation assumptions for the 7 year window are still being reviewed. She said staff will ask the Commission for provisional endorsement of the proposed CIP update after the Open House and Public Meeting in May.

**7. NEW BUSINESS - None**

**8. DIRECTOR'S OFFICE REPORT**

- March desk packet materials - Follow-up Discussion – None
- Mr. Jorgenson noted that he would not be present at the May 3 meeting.
- He also discussed the results of the lawsuit brought against the City by Mr. Weinstein and the Newport Yacht Club claiming that the City had violated the Settlement Agreement with them regarding improvements. The City won the latest case and Mr. Weinstein is responsible to reimburse the City for legal fees which are approximately \$600,000. There was brief discussion about some of the details of the case.
- There will be an Open House on April 10 for the Meydenbauer Bay Lakeline Replacement Project. He offered to send the information to any commissioners who were interested. Several commissioners expressed interest so Mr. Jorgenson stated he would send this information out to all of them. Commissioner Wang asked if they could add a stop to the Meydenbauer Bay project on their CIP tour. Mr. Jorgenson indicated that they could.
- Commissioner Morin recalled that something was presented earlier where staff solicited ideas regarding waste pick-up when they renegotiate the contract. He asked if they would have an opportunity to revisit this topic. Mr. Jorgenson noted that Solid Waste is on the calendar for June and July so they will have opportunities to make recommendations at that time. Commissioner Swenson commented that he is interested in looking at the 2-week pick-up schedule.

**9. CONTINUED ORAL COMMUNICATIONS - None**

**10. Executive Session - None**

**11. Adjournment**

**Motion made by Commissioner Morin, seconded by Commissioner Wang, to adjourn the meeting at 9:28 p.m. Motion carried unanimously (6-0).**