

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

Thursday  
October 30, 2008  
5:30 p.m.

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

**COMMISSIONERS PRESENT:** Vice-Chair Helland, Commissioners Carter, Mach, Mahon, Swenson, Roberts, Szablya

**OTHERS PRESENT:** Councilmember Davidson, Bob Brooks, Mike Jackman, Wes Jorgenson, Pam Maloney, Nav Otal, Denny Vidmar, Anne Weigle

**MINUTES TAKER:** Michelle Cash

**1. CALL TO ORDER:**

The meeting was called to order by Vice-Chair Helland at 5:32 p.m.

**2. ORAL COMMUNICATIONS:**

None.

**3. APPROVAL OF AGENDA:**

**Motion by Commissioner Szablya and second by Commissioner Carter to approve the meeting agenda.**

Vice-Chair Helland suggested altering the agenda and conducting Item 4—Election of Chair at the end of the meeting.

**At the question, motion carried (6-1) to approve the revised agenda. Commissioner Roberts was opposed to the agenda alteration.**

**4. APPROVAL OF MINUTES:**

**Motion by Commissioner Roberts and second by Commissioner Carter to approve the October 2, 2008 Meeting Minutes of the Environmental Services Commission as presented. Motion carried unanimously (7-0).**

**5. REPORTS & SUMMARIES:**

**A. ESC Calendar/Council Calendar**

The ESC Calendar/Council Calendar was included in the Desk Packet.

**B. Budget Review**

Ms. Otal explained the Utility Department's outcomes, which include:

- Public Health & Safety.
- Service Reliability.
- Environmental and Physical Stewardship.
- Exceptional Customer Service.

She also explained some of the forces that are beyond Utilities control that hinder the outcomes listed above. Some of these forces include:

- Wholesale Cost Increases.
- Construction Inflation.
- External Mandates.
- Growth of City.
- Aging Infrastructure.

Ms. Otal noted that the budget proposal includes significant investments in capital programs as well as additional staffing. The budget is needed to restore services that are essential to the provision of reliable and safe Utility systems.

Ms. Weigle distributed the following replacement pages for each of the Commissioner's budget notebooks:

- Tab C, Page 1
- Tab D, Page 1
- Tab F2-1

In addition, Ms. Weigle distributed copies of the Utilities Proposed 2009-2010 Budget PowerPoint presentation.

Some of the key budget issues include:

- Wholesale Costs.
- Mandates.
- NPDES.
- Growth.
- Aging Infrastructure.
- Construction Inflation.

Ms. Weigle summarized the budget proposal.

There are currently some out-of-compliance issues, which Ms. Weigle discussed. Commissioner Roberts requested a complete list of these issues. The following is a list of key issues and positions needed to address the key budget issues listed above:

**Mandates:**

- Design Engineer.
- Water Quality Technician.
- Water Maintenance Worker.

**NPDES:**

- Illicit Discharge Detection/Elimination Specialist.
- Stormwater Maintenance Worker.
- Development Reviewer.
- Development Inspector.

**Growth:**

- Construction Inspector.

**Aging Infrastructure:**

- Contract Administrator.
- Water Maintenance Worker.
- Telemetry Technician.
- Wastewater Repair Crew (3).
- Wastewater Maintenance Worker.

The issues, risks, and measures for each key area were discussed. The current budget proposal includes investments only to meet the minimum legal requirements, restore essential services, and carry out CIP.

**Water Utility:**

The major increases for Water Utility are primarily associated with wholesale costs from the water purchased from Cascade Water Alliance and the inflation on personnel, maintenance and operations. Ms. Weigle explained that there is a planned increase in the CIP transfers to the R&R fund reserves and the CIP program as well as a one-time transfer of \$4 million in operating reserves above target to R&R per the financial policies. There are five FTEs included in the Water Utility budget.

The Water Utility CIP projects were discussed. Commissioner Carter suggested that comparisons be made to determine the run-to-failure replacement costs versus just-in-time replacement costs. She suggested that this would create a strong argument to support just-in-time replacement.

There was a general discussion regarding the reserve fund.

Ms. Weigle discussed the 2008 residential bill comparison for Water. The proposals for water FTEs will add approximately \$1 on a customer's monthly bill.

The wholesale costs from Cascade Water Alliance were discussed as well as the pass-through costs for Bellevue. In addition, Ms. Otal explained how the rates are calculated. She noted that water purchase is about one-half of the overall budget. Ms. Otal also explained the role Bellevue plays with the Cascade Water Alliance.

A 2008 residential bill comparison was shown for Water Utility.

#### *Wastewater Utility:*

Ms. Weigle explained that the major increases for Wastewater Utility include:

- Wholesale costs for treatment.
- Inflation on personnel.
- Planned increase in CIP transfers to the R&R fund reserves and CIP program.
- One-time transfer of \$2.5 million in operating reserves above target to the R&R for the financial policies.

The Wastewater Utility budget includes five FTEs, comprising a three-person repair crew, a sewer maintenance person for cleaning, and one CIP position.

Ms. Weigle discussed the growth, mandates, and aging infrastructure for Wastewater Utility. Some Commissioners felt that the addition of the on-site generation at the pump stations should be made a higher priority.

This project is approximately \$1 million. Ms. Weigle added that reserves will be used in part for leveling rates.

The proposed Wastewater Utility rates were summarized. There was a general discussion regarding the rate increases passed through by Metro.

The 2008 residential bill comparison for Wastewater was shown. The figures summarized excluded the Metro charges.

#### *Storm & Surface Water Utility:*

Ms. Weigle reviewed the Storm & Surface Water Utility noting that there is no wholesale component to this utility. The major driver for change in the Storm & Surface Water Utility budget includes:

- NPDES staffing requirements.
- Inflation on existing personnel and capital.

There are five FTEs included in the Storm & Surface Water Utility budget. In addition, Ms. Weigle noted that the only CIP included in the Storm & Surface Water Utility is the Coal Creek Parkway Culvert project.

The rate drivers for the Storm & Surface Water Utility proposed rate were discussed. In particular, the impacts to the rates for 2009-2010 were reviewed. These rates were also compared against the 2008 Residential Bill Comparison.

Ms. Weigle reviewed the rate impact for the rate increases for all three utilities on a typical monthly bill for a residential customer. The 2009 utility bill increase is estimated at 11.5% and 6.2% for 2010. Both of these estimates include state and city taxes.

Although wholesale costs, capital costs, and inflation are the larger drivers of rate increases, the combined impact of adding the 15 FTEs across the three Utilities is approximately 2.5% on a typical residential bill (\$2.37/month).

*Solid Waste Utility:*

Ms. Weigle reviewed the Solid Waste fund as well as the proposed rates. She noted that the Solid Waste rates are influenced largely by inflation and personnel costs. No new FTEs are proposed in the proposed rates. In addition, all adjustments within the Solid Waste fund are governed by a contract. Therefore, the adjustments are administrative and based upon what is allowed within the contract. Ms. Weigle also noted that the rates include an inflationary increase of 70% of CPI. However, this does not impact disposal fees which are passed through. A fuel surcharge is also included. Commissioner Roberts suggested that the fuel surcharge be evaluated every six months.

The 2008 residential bill comparison for Solid Waste was shown.

*Summary and Discussion:*

At the next ESC meeting on November 6, 2008, there will be further budget review discussions. In addition, there will be a public hearing and the rate recommendation will be finalized. Ms. Weigle distributed a proposed Draft Memo for City Council regarding the Utilities Department Budget and Rates Recommendation. Staff will present the budget and rate recommendation to Council on November 17, 2008.

Commissioners Szablya and Swenson commended staff and expressed their appreciation for the thoroughness of the budget review manual, documentation, and explanations.

Commissioner Roberts suggested adding verbiage to the City Council memo regarding the issues that are out-of-compliance. In addition, Commissioners suggested adding verbiage to remind Council that FTEs have been requested in the past and are still needed.

For the next Commission meeting, Vice-Chair Helland requested further information regarding Cascade's rates.

Commissioner Roberts recommended listing Mandates as a top priority in all of the documentation and information presented to City Council. In addition, there was a general discussion regarding the Rosetta Stone Key Issues & Needs graph, in particular, the depiction of the Aging Infrastructure.

**6. UNFINISHED BUSINESS:**

None.

7. **NEW BUSINESS:**

None.

8. **DIRECTOR'S OFFICE REPORT:**

Ms. Ota called attention to a letter from Mr. Plummer dated October 13, 2008, which was included in the Desk Packet.

9. **CONTINUED ORAL COMMUNICATIONS:**

David Plummer, 14414 NE 14<sup>th</sup> Place, Bellevue, WA

Mr. Plummer encouraged Commissioners to be very concerned about Council's reaction to their recommendations. He expressed his concerns with the way Council views new income streams and increasing Utility tax rates. He finds the implication of a \$25 Utility increase as a formidable increase. In addition, Mr. Plummer expressed his frustration with the lack of availability of public records.

Mr. Plummer urged Commissioners to delay the public hearing scheduled November 6, 2008. In addition, he suggested that Commissioners evaluate the cost differences between planned replacement costs versus replacement of failure costs for Utilities.

10. **EXECUTIVE SESSION:**

None.

11. **ELECTION OF CHAIR:**

There was a general discussion regarding the Chair position for the Environmental Services Commission. Ms. Ota explained that Councilmember Davidson suggested an interim chair be appointed until January 2009. Commissioners felt that it was not necessary to appoint an interim chair.

**Motion by Commissioner Roberts and second by Commissioner Carter to nominate Commissioner Szablya as Chair and reappoint Vice-Chair Helland for his position.**

There were no further nominations or recommendations.

**At the question, motion carried unanimously to appoint Commissioner Szablya as Chair and reappoint Vice-Chair Helland as Vice-Chair (7-0).**

12. **ADJOURNMENT:**

By general consensus, the meeting was adjourned at 7:47 p.m.