

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

Thursday
March 20, 2014
6:30 p.m.

Conference Room 1E-113
Bellevue City Hall
Bellevue, Washington

COMMISSIONERS PRESENT: Chair Helland, Vice Chair Swenson; Commissioners Cowan, Howe, Mach, Morin, Wang

COMMISSIONERS ABSENT: None

OTHERS PRESENT: Asst. Director Engineering - Paul Bucich, Utility Water Resources Planning Manager - Pam Maloney, Sr. Engineering Technician - Dave Perry, Water & Sewer System Sr. Engineer - Doug Lane, Assistant Director Resource Management & Customer Service, Design Services Manager - Regan Sidie, Councilmember Jennifer Robertson

MINUTES TAKER: Laurie Hugdahl

1. CALL TO ORDER:

The meeting was called to order by Chair Helland at 6:33 p.m.

2. ORAL COMMUNICATIONS

None

3. APPROVAL OF AGENDA

Motion made by Commissioner Morin, seconded by Commissioner Swenson, to approve the agenda. Motion passed unanimously (7-0).

4. APPROVAL OF MINUTES

February 20, 2014 Regular Meeting Minutes

Motion made by Commissioner Swenson, seconded by Commissioner Howe, to approve the minutes as presented. Motion passed unanimously (7-0).

5. REPORTS AND SUMMARIES

- Conservation & Outreach Events & Volunteer Opportunity

Asst. Director Paul Bucich commented that this item was in the desk packet. There were no comments or questions.

- ESC Calendar/Council Calendar

ESC Calendar: Asst. Director Paul Bucich pointed out that there would be a special meeting held on April 3 to continue the conversation on the CIP update as well as to hold an open house at 5:30. He encouraged the ESC to attend the open house if possible. He commented that tonight staff will cover the Storm and Sewer CIP Update. On April 3 the Water CIP Update will be covered as well as a wrap-up of all three utilities. On April 17 staff will be presenting the complete package and requesting that the Commission endorse the package.

Council Calendar: Asst. Director Paul Bucich reported that on Monday the Council passed the NPDES Annual Report.

- Waste Water System Plan Update
Doug Lane, P.E. Water & Sewer Systems Engineer

Mr. Lane gave some background on this item. Since this was brought to the ESC in October, the City has received some comments from neighboring utilities as well as some SEPA-related comments. Those are included in the memo in the packet in addition to staff's response to the comments. He stated that staff was requesting a recommendation from the ESC to Council to adopt the Wastewater System Plan.

Commissioner Wang asked how the portion of Bellevue's service area inside Issaquah city limits would be handled. Mr. Lane replied that this is a snapshot of where we are right now. There are no timing constraints associated with that. It's uncertain when the South Cove assumption will actually be finalized.

Motion made by Commissioner Swenson, seconded by Commissioner Howe, to recommend adoption of the Wastewater System Plan Update by the Council.

Commissioner Morin asked for more information about the 4th comment on page 20 in the packet regarding listing and prioritizing pump stations requiring capacity improvements. Mr. Lane explained that Department of Ecology wanted to see a list of pump stations to verify adequate capacity per industry standards. Commissioner Morin also asked about the second to the last bullet about Ecology reviewing the engineering report(s) for lake line replacement. Mr. Lane indicated that Ecology is very interested in the lake lines and what is going to happen with them. They just wanted to make it

very clear that they would like to be involved in the decision-making process.

Chair Helland asked if Ecology's interests are at odds with the city policy about providing specific locations of Utility infrastructure. Mr. Lane said detailed maps were sent to Ecology for review but not included in the Plan, and Ecology didn't seem to have a problem with that. Chair Helland said he didn't know we had joint ownership of the trunk sewers. He asked if that is common. Mr. Lane said that there are some on the east side of town near Lake Sammamish. Some are owned by Bellevue and receive flows from Redmond, and some are owned by Redmond and receive flows from Bellevue.

Motion passed unanimously (7-0).

Asst. Director Bucich distributed a draft letter recommending Plan adoption to Council for the ESC's consideration. There was consensus on the ESC to have Chair Helland sign the memo. Chair Helland signed the letter and returned it to Asst. Director Bucich.

- Utility CIP Update 2015-2021
Pam Maloney, P.E. Water Resources Planning Manager
Regan Sidie, Design Services Manager
David Perry, Sr. Engineering Technician

Ms. Maloney reviewed the tentative CIP Budget Schedule. She reviewed the proposed changes to the Sewer and Storm Water CIP programs focusing mainly on those projects that staff requests Commission input.

SEWER

S-16 – Sewer Pump Station Improvements - This is driven by system renewal and replacement needs. Historically this program was budgeted at a level to fund rehabilitation of one pump or flush station per year. Staff is proposing to increase the scope of this program to retrofit two stations per year from 2017 forward to keep up with the need. Right now an analysis is being conducted of the 25 most critical pump stations to make sure the City is doing station rehabs in the right order. It is possible that the order of projects will shift in future CIP updates. Ms. Maloney asked if the Commission would support in principle the move to retrofit two pump stations per year.

Commissioner Howe asked if the stations were being rebuilt or just rehabilitated. Mr. Sidie said the City has rebuilt some of them, but are rehabbing most of them. Wilburton may need to be replaced. This will be confirmed as the design is completed.

Ms. Maloney pointed out that while some programs will cost more money, there are other projects that came in under budget, or will have proposed budget reductions to help offset the increases.

Asst. Director Bucich reviewed the economic impact of shifting the program to two projects per year. Even though there would be an increase in annual cost, the cost of deferring the work and having several stations fail at once would be much greater.

Chair Helland asked how often the pump stations have failures. Mr. Sidie noted that some stations have more chronic problems than others. Station 12 has had a lot of work. Lake Washington Pump Station pumps had to be changed out a couple years ago. He indicated that Utilities already has a backlog. Commissioner Howe asked what it means when a station fails in Bellevue. Mr. Sidie said it results in an overflow into the lake with a complete failure. It is an unlikely scenario, but it does happen. Chair Helland asked if the proposed alternative is this aggressive enough. Ms. Maloney said staff believes it will be sustainable; however, more information will be gleaned from the study currently being done. Chair Helland spoke in support of increasing the program to two per year.

Commissioner Morin asked how increasing to two pump stations per year would affect labor and other projects. Mr. Sidie explained staff would be evaluating how much staff resources would be needed to be able to accomplish the CIP as proposed. Ms. Maloney added that the costs proposed here include design and construction costs. Staff will not be ready to have a conversation about staffing requirements until all three utility proposed capital programs are reviewed. Internally, staff will lay out the entire program and figure out how many FTEs will be needed.

Commissioner Morin asked where the budget for unexpected repairs comes from. Mr. Sidie said the major parts such as pumps and motors are typically purchased out of CIP. Asst. Director Bucich noted that replacement reserves can be drawn upon if needed and paid back over the coming years. Commissioner Morin how the cost of unexpected repairs compares to planned maintenance. Ms. Maloney said that generally reactive replacement costs about three times what proactive replacement costs due to a variety of increased costs. This is why the City tries to replace pipes before they break. Commissioner Morin thought it would be useful to be able to tell the Council how much the City could be saving by moving to two stations per year.

Commissioner Mach requested that staff include the utility rate valuation for each of the projects. Ms. Maloney said she would bring back summary spreadsheets showing the difference between the existing and the recommendations as a whole package. Asst. Director Bucich explained that

it was problematic to try to calculate rates on a project by project basis. It is more appropriate to look at it holistically and look at the aggregate total need.

Commissioner Morin asked why this is being proposed for the next four years if it is still being studied and there aren't plans to ramp up until 2017. Ms. Maloney explained that it is important for the rate models to be able to look out further than two years. It allows for smoother rate increases in the short term and replacement planning for the long term. Asst. Director Bucich acknowledged that there would be more accurate numbers in a couple years, but it wouldn't change the basic principle that Utilities needs to increase to two stations per year.

There was general support by the ESC for increasing to two stations per year.

S-30 – Sewer Service Extensions - There have been very few requests for extensions in the past few years. Because requests have been so infrequent and because there is another method of assisting single family residents if the need should come up, staff is recommending eliminating this program. There are sufficient cash reserves in the R&R fund to provide loans if necessary. Additionally, staff has historically done an analysis of feasibility for extensions by providing engineering work in house, but the cost for such work that does not result in an extension is not recovered. The Commission expressed an interest in discussing more about cost recovery of the engineering work and the rate payer equity issue involved. Commissioner Wang spoke in support of eliminating that service and adding that amount to the Minor Sewer Program.

S-32 Minor (Small) Capital Improvement Projects - Staff is suggesting reducing this budget from \$150,000 to \$100,000, as there has typically been unspent funds.

Chair Helland asked about the 2014 amount of \$133,000 which is significant higher than any year since 2007. Mr. Sidie explained that it was the result of carrying forward a number of projects from 2013 to 2014.

S-NEW I&I Investigations and Flow Monitoring – This is one of the programs that was recommended in the draft Wastewater System Plan in order to detect and eliminate illicit connections. The Commission indicated support for this program.

S-NEW Sewer Force Main Condition Assessment / Inspection for Replacement – This also comes from the draft Wastewater System Plan. Video inspection is done every year to assess the condition of the sewer pipe, but pressurized force mains have not yet been assessed. The City has force

mains that are made of asbestos cement which tend to fail catastrophically when older. Staff is recommending collecting samples from those pipes to determine how long they are going to last and get the replacement scheduled.

Commissioner Wang asked why this proposal is only for five years. Ms. Maloney explained that will be long enough for staff to sample all 5.8 miles of force main. This is just to analyze what condition the system is in and when it will need to be replaced. The construction would then be done under existing programs for sewer pipe replacement or pipe repair.

STORMWATER

D-64 Storm Water System Conveyance Infrastructure Rehabilitation - This is the program where storm pipes are repaired after defects are identified. Staff is proposing (separately in the CIP) a new program to increase stormwater system inspection of critical pipes, which will likely increase the number of defects discovered that need to be repaired. To accommodate that, there is a proposed increase in program budgeting starting in 2017. In addition to that, there has recently been an exceptionally high number of expensive repairs, so a one-time increase of \$800,000 is needed just to complete the work that is in progress right now. Proactive replacement will result in less catastrophic failure.

Commissioner Cowan asked if most of the fixes are emergency situations. Mr. Sidie said staff is typically able to contract it out within a fairly short time, without an emergency declaration.

Commissioner Morin asked if there is any reason why staff wouldn't recommend inspecting even more pipes since situations are frequently encountered where repairs are important and necessary. Asst. Director Bucich discussed the current situation. He summarized that trying to figure out exactly how much to ramp the budget up right now is difficult. The 10% per year ramp-up is staff's best estimate to get started. After 2017 the City will be having more conversations about what this program really needs based on the inspection findings.

There was general agreement with this proposal.

D-94 Flood Control Program - Ms. Maloney reminded the Commission that the King County Flood Control Zone District provides sub-regional opportunity funds to Bellevue. The amount of money that the City is eligible for per year from the Flood Zone District has increased. Staff feels projects are getting completed fast enough so there isn't a need to increase the total level of funding for the program. Staff is recommending maintaining the same level of funding, with the flood zone district paying a larger share of the cost. Asst. Director Bucich added that if the City's portion is reduced,

that \$205,000 per year could go towards other stormwater functions and activities. The Commission concurred with this recommendation.

D-NEW Stormwater Pipeline Video Inspection Enhancement - Ms. Maloney explained that this would be a new stormwater program to do video inspection of 100 miles of the most critical pipe. It starts out with a two-year program to do 25 miles a year to see what condition that is in. Part of what will be assessed is how much inspection will be required on an ongoing basis.

Ms. Maloney encouraged the Commission to send her emails if there are questions so she can have answers prepared for them next time. She reminded the Commission that water CIP projects will be discussed next time.

Councilmember Jennifer Robertson, the new Council Liaison, introduced herself. She encouraged the Commission to contact her if they have any needs and expressed appreciation for all the ESC does. She then excused herself early stating that she had a family event to prepare for.

- 2015-2016 Budget One Process Overview
Lucy Liu, Assistant Director Resource Management and Customer Service

Ms. Liu gave an overview of the 2015-2016 budgeting process. The City will be using the Budgeting for Outcomes process for development of the 2015-16 Budget. Rate affordability is a priority. The guidance provided to staff is to continue to look for opportunities to leverage process improvements and efficiencies. Utilities will consider adds in some areas to achieve program targets. In February, City Council endorsed 7 budget outcomes that will be used. Utilities proposals will largely go to the Healthy and Sustainability Environment outcome, but also the Innovative, Vibrant, and Caring Community outcome.

Results Teams will be used to evaluate/rank all budget proposals. To guide departments in developing the budget proposals, the Results Teams will provide a description of each budget outcome, describe the factors that will contribute to that outcome, establish the strategies that influence that outcome, and establish key performance indicators to gauge if the desired results are achieved. Departments will develop budget proposals based on this guidance. The proposals will need to have a clear relationship to the budget outcome and speak to the cost and the benefits of the program of service proposed.

Ms. Liu gave a high level overview of the proposal process as contained in the Commission packet. She reviewed the role of the ESC throughout the process with an eventual proposal recommendation to the Results Team and

later on culminating in a budget and rate recommendation to City Council. Due to the tight timeframe with this process, staff is anticipating the need for additional meetings to review budget proposals. May 29 and June 5 were suggested dates for an extra meeting. Asst. Director Bucich indicated that Katie LaFree would send out an email checking on the ESC's availability.

6. NEW BUSINESS

None

7. COMMISSIONS REPORT OUT

Commissioner Morin said he had initially expected to be available for the emergency meeting on April 3, but he will be out of town and will unfortunately be unable to make it. Commissioner Howe stated she also was not able to make that meeting.

8. DIRECTOR'S OFFICE REPORT

Asst. Director Bucich gave an update on an emergency project involving a 36" CMP (Corrugated Metal Pipe) under Southeast 5th Street. Staff got an emergency contractor out there who did a nice job to repair the pipe. He also gave an update on a 6-inch AC water pipe break a couple weeks ago. That neighborhood has been moved up in priority for replacement of a considerable amount of the 6-inch pipe next year.

Director Nav Otal is out of country until April 3. Lucy, Joe Harbor, and Paul Bucich are sharing responsibilities until she returns. The search for a new deputy director continues. A consultant has been hired to assist in this process with hopes that the position will be filled around June.

The Meydenbauer Sanitary Sewer Pipeline Replacement Project bid has been cancelled and the project delayed for two years. Asst. Director Bucich reviewed the circumstances surrounding that decision, which was primarily regarding a risk that Utilities could have to redo the pipeline in a very short period of time. This is the result of required language in a MOU between Utilities and Parks because of the way the land was acquired using state funds. Parks is in the process of going through another planning process and expects to have that done within about two years. After that Utilities will be in a much better position to determine whether the risks associated with accepting and signing off on that MOU are acceptable to the utility long-term.

9. CONTINUED ORAL COMMUNICATIONS

10. ADJOURNMENT

The meeting was adjourned at 8:30 p.m.

DRAFT