CITY OF BELLEVUE
ENVIRONMENTAL SERVICES COMMISSION
MEETING MINUTES

Thursday	Conference Room 1E-113
March 7, 2013	Bellevue City Hall
6:30 p.m.	Bellevue, Washington

COMMISSIONERS PRESENT: Chair Helland[1] ; Vice Chair Swenson, Commissioners Cowan, Mach, Morin, Wang, and Weller

COMMISSIONERS ABSENT: None

OTHERS PRESENT: Bob Mulvey, Nav Otal, Susan Fife-Ferris, Lucy Liu, Kit Paulsen

MINUTES TAKER: Laurie Hugdahl

1. CALL TO ORDER:

The meeting was called to order by Vice Chair Swenson at 6:40 p.m.

2. ORAL COMMUNICATIONS - None

3. APPROVAL OF AGENDA

Motion made by Commissioner Morin, seconded by Commissioner Cowan, to approve the agenda. Motion passed unanimously (6-0).

4. APPROVAL OF MINUTES

February 7, 2013 Regular Meeting Minutes

Motion made by Commissioner Mach, seconded by Commissioner Morin, to approve the minutes. Motion passed unanimously (6-0) as amended.

5. REPORTS AND SUMMARIES

- **Conservation and Outreach Events and Volunteer Opportunity**

  Deputy Director Mulvey pointed out upcoming events including a science fair and stormwater training for the Commission's information.

- **Council Calendar**

  There were no comments or questions regarding this item.

[1] Chair Helland arrived at 7:06 p.m.

- **ESC Calendar**

  Commissioner Wang asked if the April meeting had been left off the ESC Calendar inadvertently. Deputy Director Mulvey stated that there were not originally any items scheduled for April. However, some changes have been made to the March agenda. CIP Accomplishments, the Budget Monitoring Year End 2012, and the Asset Management presentations will be moved to the April meeting, but have not been added to the agenda yet.

- **Shoreline Master Plan – Recommendations**

  Deputy Director Mulvey recalled that at the February 7 Commission Meeting, staff presented the findings of the Planning Commission's Shoreline Master Plan update. The ESC directed staff to draft a letter to the Mayor and Council expressing their opinion regarding the setback issue. A copy of that letter is in the ESC's packet. Kit Paulsen worked with Chair Helland over the last couple weeks to draft that letter. Staff believes the Planning Commission's report will go to the Council around the first or second week of April so there may not be time to revisit this at the next ESC meeting. Staff will be working with the ESC in the interim to finalize this document.

  Commissioner Mach noted that the Council calendar doesn't show anything about this item. Deputy Director Mulvey explained that the Council calendar primarily pertains to the Utilities agenda items, and since this is a Planning Commission item it wouldn't show up on there.

  Commissioner Mach asked how the last paragraph with the ESC's recommendation relates to the buffer. Kit Paulsen explained that if the ESC asks Council to address one element of the Shoreline Master Program, it means they have to open up the document and do an individual review of that document. There may be other things in addition that are in need of review by Ecology. Rather than going through a series of processes where the Council gets involved, does a few changes, then sends it off to Ecology, staff decided to have the whole package together. One of the things the letter could do is to say to have it reviewed by Ecology and to maintain the 50-foot buffer. Commissioner Mach thought that it would be a good idea to clarify and highlight that.

  Vice Chair Swenson referred to the last sentence of the second paragraph and suggested inserting the word ***negative*** in front of *impacts* to clarify this. He also suggested strengthening *opportunities* by changing it to ***options*** *for physical improvements essential to providing utility services to lakefront property owners* ***at an equitable cost to all ratepayers***.

  Ms. Paulsen explained that there were some concerns about specifically identifying utility needs because there are no plans in place, no documents, and no public process that has happened for those sorts of issues. To put a constraint on a private land holding with so many unknowns is not an idea that has gained a lot of support for other entities. This would be a challenge to support at this time and could actually be a red flag that could take away from the message of keeping the buffer. Vice Chair Swenson suggested modifying the language he proposed but

still keep their toe in the door somehow. Deputy Director Mulvey thought that staff could work with the Commission over the next couple weeks to come up with language that is acceptable to the ESC and also addresses the concerns.

Commissioner Wang asked if the setback concerns the side yard or just the shoreline. Ms. Paulsen said this only applies only to the frontage along the lake shore. Commissioner Wang pointed out that the issue of a pumping lift would involve the side yard question. He thought that if the setback doesn't concern the side yard it is a moot point. Vice Chair Swenson expressed support for maintaining their support of the 50-foot setback. He said he knows it's a tricky situation, but to just give up seems really counterproductive for the City to do. For the protection of all the ratepayers, the ESC needs to push as far as possible.

Commissioner Mach brought up concerns about weather change and fluctuations in the lake level. He asked what would happen when the lake levels change. Ms. Paulsen explained that the levels of Lake Washington are regulated at the Ballard Locks for operation of the locks and for maintaining the floating bridges, sewer lines, and floating houses. Lake Sammamish, on the other hand, might have some changes and fluctuations, but those impacts are unknown.

Commissioner Morin said he doesn't see this as placing a constraint on the property owners because they purchased the property knowing what the setback was. On the other hand, giving them something now would create a cost implication to the City in the future should anything change. He also expressed concern about the “me too” effect. He wondered if this would open the door for other communities to say they would like to reduce their setback as well. He wondered how the City could respond differently to others if the City changes it for the lakefront property owners.

Seeing no further comments or questions, Ms. Paulsen stated staff would be in contact about this.

- **Solid Waste Contract**

Nav Otal, Utilities Director, stated that the purpose of her briefing was to highlight the key changes in the new solid waste contract staff is proposing.

<u>Single-family Rate Structure</u>

Staff is proposing changes to the single-family rate structure to encourage conservation, recycling, and waste prevention. Currently the rate structure is based on cost of service. The overall goal in solid waste is that there would be less waste going to the landfill. Rates are one way to provide an incentive (or disincentive) to customers. Less waste results in lower vendor costs for disposal costs. This change would also be more consistent with the way the industry is going. The proposal would make a shift to linear rates (cost per gallon of garbage). The vendor will be adding new cart sizes including a 10-gallon micro-can and a 45-gallon cart. The hope is that the volume of garbage will go down. The downside for customers is that there will be a higher cost for larger carts.

Commissioner Cowan recommended having the option for every-other-week pickup in order to reduce fuel costs and pollution impacts. Director Otal stated that staff is watching what is happening in other jurisdictions to see how it is working and to determine how receptive our customers would be. Ms. Fife-Ferris stated that every-other-week pickup would be included as an alternative in the contract, but everyone in the City would have to be included in that if instituted in the future. Organics would still have to be picked up every week due to health code regulations.

Vice Chair Swenson asked about the form of the smaller container. Ms. Fife-Ferris replied that it was in the form of a bucket.

<u>New Services</u>

1. Commercial/Multifamily Organics Recycling – Food Waste and Food-soiled Paper

   Organics recycling has been a service for single-family residents for a while. Staff wants to provide this to commercial and multifamily customers. Since 30% of commercial garbage consists of food waste, staff sees this as the biggest area to make a change. This would be a cost-effective option for small businesses that otherwise would not do it. Concerns from commercial customers are mainly around noise, space, and smells. Staff does not think noise will increase noticeably. Space is a legitimate concern because businesses would have to provide space for a third container. Staff expects that over time businesses would be able to decrease the size of their garbage containers. Costs are another concern of commercial customers; however, costs will not necessarily go up if the volume of garbage goes down. Staff is debating if this should be a separate fee for commercial customers. This would allow them to choose if they want the service or not. The downside is that if it is a separate cost people may choose not to do it. If it is embedded, it encourages behavior modification more than if there is an additional cost to it. If the cost is spread over a larger base, the company will be hauling less garbage, have lower costs on tipping fees, and the savings can be distributed to the entire customer base.

   Chair Helland asked if the pricing on the individual items will be laid out as line items in the RFP. Director Otal confirmed this.

   Commissioner Mach asked if commercial customers would have yard waste. Director Otal replied that most of them would not, but some would. The same container would be used for both yard waste and food waste. Commissioner Mach wondered how this would be practically implemented for the tenants. Director Otal explained how this works now for the City of Bellevue where every floor has garbage, recycling, and organics. Susan Fife-Ferris explained that the City has worked closely with private vendors and businesses to encourage food waste recycling outside of the current contract. Currently the smaller businesses can’t really justify it because of the costs. She acknowledged that space is an

issue in some of the buildings. Questions and answers about specific rates followed.

2. Unlimited commercial recycling

   Currently commercial customers get 150% of their garbage volume as part of their base rate. She explained that this can be a disincentive to recycling because if your garbage volume goes down, then the amount you can recycle goes down. The benefits of having unlimited recycling is that all the commercial customers have the same service that single-family customers currently get which is a cost-effective option for small businesses. Businesses would be lowering their costs for garbage service by reducing the volume of garbage. The change would encourage them to downsize their garbage and increase recycling.

3. In-City Customer Service

   This would be an enhanced service for customers. The intent is that customers can go to a site to talk to someone about their account and services. There will be some flexibility for vendors as long as the intent is met.

   Chair Helland asked what was driving the addition of this service. Susan Fife-Ferris said that the City has gotten requests for enhanced customer service. Issaquah has an in-city customer service facility with special recycling containers. This also provides availability outside of normal business hours.

<u>Other items of interest:</u>

Vendor Incentives:

Multifamily/commercial recycling performance incentive – Ms. Fife-Ferris explained that this is a citywide financial incentive to increase recycling. Staff is proposing a $250,000 fee that the vendor would put aside. Then, on an annual basis, the vendor would determine the volume and frequency of garbage versus recycling. Independent recycling could also be incorporated if it is documented. The vendor would report results back to the City. If the recycling rate is less than 50% the vendor would have to pay the City the entire $250,000. If the recycling rate is 51%-57% the vendor would get to keep $125,000 of it. If it is 57% or greater the vendor would get to keep the full amount. The City's ultimate goal is that the amount of recycling reaches 60%. Staff does not feel that this would be a cost driver, because the vendor would be motivated to keep the full amount. This also helps the City document what kind of recycling is going on in the commercial sector.

Chair Helland asked how vendors could practically encourage recycling habits and how it could be measured appropriately. Ms. Fife-Ferris said part of the incentive right now is that vendors are supposed to be working

with commercial customers, calling them on a regular basis, and seeing if the businesses need help. The City also works with commercial customers by providing technical assistance and education. Staff expects that if the vendor needs to spend more time with customers that should be done. The verification aspect could be wrapped into the performance audit. She thought that city staff would probably go out and do site visits to verify the documentation.

Performance Fees:

These fees would be for places where specific aspects of the contract have not been performed. This is another incentive for performing well. These fees are very rare, but are there if needed. The City has only leveled performance fees once in the entire term of this last contract.

Performance Bonus:

This incentive would be a possible total of $65,000 for four different items:

- Annual Performance Review - If the vendor received a perfect score on the annual performance review, they would be able to keep $20,000.
- Single-Family Survey - If the vendor got better than a 95% on the single-family survey, they could keep $15,000 of the $65,000.
- Commercial/Multifamily Survey - If the vendor got better than 95% on a commercial/multifamily survey, they could keep $15,000.
- No Performance Fees Assessed - If there were no performance fees assessed, the vendor could keep $15,000.

The City's hope is that the vendor gets to keep this money. Director Otal explained that this contract term is very long, so the City needs to make sure that performance is at the highest level possible. Chair Helland commented that that would seem to argue for larger amounts.

Evaluation Options:

1. Everything is bundled – new services as well as the old.
2. Base Package plus Separate Pricing for New Services
    - Commercial/Multifamily Organics Recycling
    - Unlimited Commercial Recycling
    - In-City Customer Service

Originally staff was in support of option 1 where everything is bundled, but now is leaning toward option 2 where the vendor will bid a base package with separate prices for the three additional items. That way, the City can make an informed decision on these three new services.

Scoring:

This would be a balance between costs and qualitative matters (value-added benefit). Staff is proposing that 90% of the score be based on cost of the base amount and 10% be based on qualitative matters. The benefit of this is that it communicates the importance of price to the vendor, but also the fact that price is not the only thing being considered. The alternatives are not part of the base bid amount, but are just there to get a sense of how much they would cost. The 10% would include the type of innovative services that the City is looking for. Commissioner Cowan expressed concern that the 10% was somewhat subjective depending on the people making the decision.

Vice Chair Swenson spoke in support of the effort to move from trash to recycling. He asked if there is a record of the trend of the total amount of trash collected in the City. Ms. Fife-Ferris said overall the amount of trash collected has gone down in the last few years, but this is believed to be due to the economy. Ms. Fife-Ferris referred to Seattle’s dramatic efforts to reduce garbage, which have resulted in more recyclables. Vice Chair Swenson suggested that if a vendor proposed to reduce the total amount of trash by some means that would be a sort of thing that might be considered for the 10%. Staff concurred.

Commissioner Morin asked if the City requires the vendor to itemize the base package so the City can evaluate the bid to see if it is even possible. Susan Fife-Ferris said that the City would not require itemization. The vendor will come up with rates based on what their anticipated costs will be. Commissioner Morin asked if there is a possibility that after the bid is accepted the vendor might come back and say they aren't able to do it for that price. Director Otal stated that is not possible and is the point of having the contract. Ms. Fife-Ferris added that the vendor would also have a significant performance bond. Additionally, if the vendor doesn't perform, it would also jeopardize their ability to get contracts in other jurisdictions.

Commissioner Wang expressed concern that someone might enter a low base bid amount and higher amounts on the alternate items since those won't be considered for evaluation. Director Otal explained the base bid is the starting point, but the other items might be negotiable. In the end, she believes the customers will benefit. Chair Helland asked how the three optional elements are scored if they're not part of 90% or the 10%.

Commissioner Morin asked if those three items would be sealed and looked at after the base bid has been evaluated. Ms. Fife-Ferris explained that the bids are each sealed. The City will do a calculation to get the comparison. Assuming this model is used, each of those bids would be looked at by the small group that is involved with that portion of the evaluation. The group that is involved with the 10% would not be involved at all in the 90% and would have no idea about the results of the other portion. Chair Helland asked who would be on the evaluation teams. Director Otal stated that it will be somebody from the Utilities executive

team, somebody possibly from the City Manager's office, and maybe even executive level representative from another department. The teams have not been created yet, but there will be two separate teams.

Director Otal emphasized that the only reason those three alternate items have been separated is to be able to tell where increases in rates, if any, are coming from and if any increases are due to extra services that the City is asking for. Chair Helland asked if it would be useful to break out the costs of the bundled services. Ms. Fife-Ferris explained that the proposed contract is not a drastic change from the current contract. The big changes are the three additional items, and those are not included in the base package costs. Staff wants to be able to see what impact those would have on the overall contract.

Director Otal explained that of the total contract price, a certain amount comes back to the City for city-managed programs. Some of those types of things include:

- Solid Waste Staffing and Contract Management
- Recycling and Waste Prevention Education, Outreach and Technical Assistance
- School Programs
- Annual Performance Audit
- Customers Survey

The City has done a fair amount of public outreach and will continue to do more in order to get feedback on how satisfied the public is with the service. Some of the ways this feedback is gathered are:

- Continuous input over course of current contract
- Residents surveys
- Commercial – Building Owners and Management Association, Chamber of Commerce, Bellevue Downtown Association, and a survey. Feedback from these groups impacts the City's decision to provide services.
- Other Stakeholders provide input on 2004 Contract and input on the draft 2014 Contract.

The next steps for this process were reviewed. Ms. Otal reiterated that Utilities' Solid Waste Management Mission Statement:

> *Provide a convenient, unobtrusive solid waste collection system that contributes to a healthy and pleasing cityscape in an environmentally sensitive way.*

Vice Chair Swenson asked if the City would have the right to grant a variance to particular property owners if there are particular space restraints or other issues. Director Otal replied that Bellevue does not force customers to receive these services. The City simply provides the opportunity for them. It is voluntary and encouraged, but not mandated.

Commissioner Cowan asked how many vendors are expected to respond. Ms. Fife-Ferris stated that she knows of four viable vendors, but there may be others.

Commissioner Mach stated that this allows a good way to incentivize creativity while still keeping an eye on the costs. There was general support of the contract.

6. NEW BUSINESS - None

7. DIRECTOR'S OFFICE REPORT

Deputy Director Mulvey commented that Katie LaFree has been working on the Brightwater tour and will be contacting members of the ESC about scheduling it.

8. CONTINUED ORAL COMMUNICATIONS - None

9. ADJOURNMENT

The meeting was adjourned at 8:32 p.m.