

Agenda

ENVIRONMENTAL SERVICES COMMISSION

450 - 110th Avenue NE (City Hall)
Conference Room 1E-112
Thursday, June 19, 2014
6:30PM Regular Meeting

	<u>Ppt.</u>	<u>Time</u>	<u>Page</u> <u>No.</u>	<u>Action</u>
1. Call to Order – Brad Helland, Chair				
2. Welcome New Commissioner – Dr. Gilbert Pauley				
3. Oral Communications Note: Three-minute limit per person, maximum of three persons for each side of topic. Additional comments may be heard at Agenda Item 9.				
4. Approval of Agenda *			1	X
5. Approval of Minutes <ul style="list-style-type: none">• May 15, 2014 – <i>Regular Meeting Minutes not approved @ 5/29 Mtg *</i>• May 29, 2014 – <i>Special Meeting Minutes *</i>			2 - 8 9 - 16	
6. Reports & Summaries <ul style="list-style-type: none">• Conservation & Outreach Events & Volunteer Opportunity #• ESC Calendar/Council Calendar *			17 - 20	
7. New Business <ul style="list-style-type: none">• Asset Management Update * <i>Bill Heubach, P.E. – Sr. Utilities Engineer – Util. Engr. Division</i>• Wastewater Claims * <i>Tony Marcum, Operations Manager – O&M Utilities</i>• Water System Plan Update * <i>Doug Lane, Water & Sewer Systems Sr. Engr. – Util. Engr. Div.</i>	Yes	30 Min	21	
	Yes	45 Min	22	
	Yes	20 Min	23	
7. Commissions Report				
8. Director's Office Report				
9. Continued Oral Communications				
10. Adjournment				

* Materials included in packet

Materials separate from packet

Wheelchair accessible. American Sign Language (ASL) interpretation available upon request by calling (425) 452-6466 (v) at least 48 hours in advance. Assistance for the hearing-impaired: Dial 711.

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

Thursday
May 15, 2014
6:30 p.m.

Conference Room 1E-108
Bellevue City Hall
Bellevue, Washington

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

COMMISSIONERS ABSENT: None

OTHERS PRESENT: Paul Bucich, Assistant Director, Engineering; Nav Ota, Utilities Director; Martin Chaw, Fiscal Manager – Resource Management & Customer Service; Lucy Liu, Assistant Director – Resource Manager & Customer Service; Pam Maloney, Utility Water Resources Planning Manager

MINUTES TAKER: Laurie Hugdahl

1. CALL TO ORDER:

The meeting was called to order by Chair Helland at 6:30.

2. ORAL COMMUNICATIONS

David Plummer, 14414 NE 14th Place, Bellevue, WA 98007 spoke concerning the Utilities CIP and Operating Budget proposals. He noted that many of the budget proposals seem to be O&M or R&R type projects, not capital projects. He asked why they are not included in the Utilities Department's operating budget proposals. Further, the East Link system construction will not start until January 2018 so he wondered why the three related projects can't be delayed for a couple years. Additionally, the executive summary description for items 140.02NA, 140.03NA, and 140.04NA state that the projects implement Utilities' long-term strategy to maintain service levels at the lowest life cycle cost. He said it would be helpful if the Utilities Department could provide copies of the life cycle cost analysis to affirm this assertion. If not, he thinks that the verbiage on those pages should be deleted. Finally, he asked why there is no explanation in the budget proposals for how the cost for each proposed project will be recovered.

3. APPROVAL OF AGENDA

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

4. APPROVAL OF MINUTES

April 3, 2014 Regular Meeting Minutes

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

April 17, 2014 Regular Meeting Minutes

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

5. REPORTS AND SUMMARIES

- Conservation & Outreach Events & Volunteer Opportunity

Asst. Director Bucich reviewed these items.

- ESC Calendar/Council Calendar

Asst. Director Bucich reviewed the ESC Calendar noting that in July the meeting will include both the CIP tour and meeting. There will be one more special meeting in May to address the CIP. There will be a fairly busy calendar for June and then a recess in August. He pointed out that the Council Calendar contains a lot of motions to approve construction projects as the City enters its busy construction season.

6. NEW BUSINESS

- Water Cost of Service Study Results
Lucy Liu, Assistant Director – Resource Management & Customer Service
Angie Sanchez Virnoche, Principal - FCS Group
Chris Gonzalez, Project Manager - FCS Group

Asst. Director Liu stated that staff would be reviewing the Water Cost-of-Service Study findings with the Commission in order to seek their recommendation on application of these results on potential changes to the water rate design. She introduced Angie Sanchez Virnoche, Principal, & Chris Gonzalez, Project Manager, from FCS Group and reviewed the PowerPoint presentation entitled *City of Bellevue Water Cost-of-Service Analysis* which was distributed to the ESC.

The City recently hired FCS Group to conduct the study for the Water utility. The findings will be used to inform and continue the water rate redesign work initiated in 2012. Ms. Virnoche gave an overview of the rate study process to determine what portion of revenue requirement to recover from each customer class. She discussed potential Cost-of-Service (COS)

allocations and reviewed the methodology used to allocate costs to functions of service to allocate costs among customer classes.

She summarized that 85% of the costs are associated with capacity and commodity. The rest are minor in comparison and are associated with meter equivalents, meters and services, customer costs, and fire protection. Ms. Virnoche reviewed the summary of allocation metrics. The choice of allocation metric impacts how costs are allocated among classes. Chris Gonzalez explained how Meter Flow Equivalents (MFE) and Meter Service Equivalents (MSE) are calculated. Ms. Virnoche then discussed two COS alternatives (Option 1 and Option 2). Questions and answers about the methodology used were reviewed. Option 2 would maintain existing allocation to irrigation and partially offset a shift to commercial. The commercial and irrigation customer base largely overlap. It also retains conservation-oriented price signals.

Commissioner Morin asked why you wouldn't just apply the annual water usage measurement across the board. Ms. Virnoche replied they are trying to get to the most equitable way of allocating those costs. They want to be able to capture who is actually causing the costs.

Chair Helland asked what the basis of the four customer classes is. Ms. Virnoche explained that the City has had these four classes historically. The consultants considered combining multifamily and commercial customer classes because there were a lot of similarities, but discovered that there are significant differences. It was determined that keeping them separate for the time being is the best approach. Chair Helland suggested reconsideration of the different class groups.

Commissioner Wang expressed concerns about revenue stability with Option 2. Staff discussed the difference between the two options.

The consultant's recommendation is Option 2 which would result in a 2.5% decrease in cost allocated to single family. There would be a minimal change (0.3% increase) in cost allocated to multi family; 6.0% increase in cost allocated to commercial; and no change in cost allocated to irrigation. There would be a need to redesign rates to account for shifts in cost between customer classes. Ms. Virnoche solicited comments from the ESC regarding the recommended allocation methodology.

Chair Helland expressed interest in taking a closer look at the study before giving a recommendation. Commissioner Wang commented that they need to see the projected growth in each of the four categories before making a recommendation. Vice Chair Swenson thought that lowering the irrigation cost is sending the wrong message, he thinks Option 2 makes a lot of sense. Commissioner Mach commented that people have not been using more water

over the past few years. He is not sure that the approach to the costs of irrigation is the right approach. He thinks Option 1 makes more sense. Commissioner Wang reiterated that he didn't feel comfortable deciding on an option without more population data. Assistant Director Bucich commented that those numbers are going to change continuously over time, but a decision has to be made as we proceed. The recommendation is based on the current customer base. Ms. Virnoche concurred that this is a snapshot of the City's situation today. Commissioner Morin asked why it is important to continue sending a message of water conservation. Ms. Virnoche said there is a Water Efficiency Rule in state law in addition to the historical approach of the City of Bellevue. Assistant Director Bucich commented that the more we can have people make efficient use of the water that's available, the less we have to do as far as increasing the capacity of the City's system.

Commissioner Howe spoke in support of Option 2 to keep the irrigation rate where it's been and not to send a message of encouraging overuse of water resources. She asked if other jurisdictions separate their commercial class into different sizes of commercial uses. Ms. Virnoche replied that the most common designation is the commercial industrial designation. It's not as common to see different commercial categories. She spoke to the importance of looking at the customer statistics to see if there are natural points where there is some separation between a lot of customer classes. Commissioner Howe asked about the distinction between commercial and industry. Staff reviewed examples of each. Asst. Director Bucich summarized that the industrial components of Bellevue are diminishing as time goes on so the segregation between commercial and industry is becoming smaller.

Director Nav. Otal commented that she looks at cost of service and rate design as two separate issues. She commented that the data is showing there is a multi-family characteristic and a commercial characteristic. The meter size will come into play and address the different sizes in commercial users and thereby provide the distinction between customers within this customer class. Staff has found that these four are the most typical customer classes for our customer makeup. She spoke in support of Option 2.

Commissioner Mach spoke in support of accurately reflecting the cost of service in the rates.

Assistant Director Liu commented that by and large the irrigation customers and commercial customers are the same customers, which is one reason why staff wouldn't recommend combining this with multi-family. Commissioner Cowan commented from an environmental standpoint it is good to send the message that this is a natural resource we don't want to waste as well as covering other costs including capacity, infrastructure, and electricity. Commissioner Wang pointed out that the irrigation comprises only 3% of meters, so he didn't see how it would have much of an impact. Asst. Director

Bucich pointed out that this class uses 31% of the water in the summer and 34% of peak usage so it has an impact on the flow going through pipes at this time of year. Commissioner Cowan added that typically people who irrigate also fertilize. This has an additional impact on the City's creeks.

Motion made by Commissioner Swenson, seconded by Commissioner Howe, to endorse Option 2 as presented. Motion passed (5-1-1) with Commissioner Mach voting against the motion and Commissioner Morin abstaining.

- Utilities Financial Policies
Nav Otal, Director – Utilities
Lucy Liu, Assistant Director – Resource Management & Customer Service
Martin Chaw, Fiscal Manager – Resource Management & Customer Service

Director Otal introduced the City's new Fiscal Manager, Martin Chaw. She then began a PowerPoint presentation entitled *Bellevue Utilities 2015-2016 Budget Proposals*. She reviewed budget challenges including wholesale costs, capital intensive utility, aging systems, and the regulatory environment. Guiding policies for the budget include the long range system planning and financial policies that the Council has adopted. The 2015-2016 Budget is a status quo budget. It includes continued cost containment, no restoration of operational cuts, no new FTEs for operations, local cost increases below inflation, and some housekeeping shifts. It fully funds wholesale cost increases. There is a request for additional staffing to support capital program. There is one new initiative for operational efficiency.

Commissioner Swenson asked if Utilities is working on some way to restore the Outreach Education position. Nav Otal replied that the cuts were made because the City is meeting and exceeding its conservation goals.

Commissioner Cowan disagreed with that reasoning. Director Otal explained that there are some education events continuing at a comparable level, but they are being provided by Cascade. She commented that staff could bring back more information about the education and school programs provided by Cascade. She noted that the previous education position was a duplication of services because the City was already paying for that service.

Financial Policies:

Asst. Director Liu reviewed the Financial Policies portion of the presentation. The Utilities planning horizon looks at the 20-year system plans and the 75-year renewal and replacement plan. She reviewed the City's financial policies relating to rates, reserves, and capital investments. Ms. Liu summarized that as a result of foresight and actions taken by Council by putting the financial policies in place, Bellevue is in an enviable position. Not only are there adequate reserves to take care of operating contingencies,

but we are well positioned for future system infrastructure replacement with the Renewal and Replacement account.

Commissioner Wang asked why water reserves would be less than the storm reserves. Ms. Liu explained that the three systems are in different stages of replacement. There are a lot of unknowns related to the storm system replacement. Staff is in the process of assessing the condition of the system so they can make a better estimate about replacement. There was some discussion about the policy related to uniformity and unique circumstances such as the lake lines. Asst. Director Liu explained that financial policy directs Utilities to provide equal level of service to all customers of the same class within the uniform rate. It is likely that it will come down to a question of equal level of service. Commissioner Wang pointed out that there have been exceptions for special circumstances such as the Lakemont situation. Staff concurred. Commissioner Wang thought that by the same logic, the lake lines could be considered as special circumstances. Assistant Director Bucich noted that the City would be looking at several options for the lake lines.

- Utilities Budget Proposals
Lucy Liu, Assistant Director – Resource Management & Customer Service
Martin Chaw, Fiscal Manager – Resource Management & Customer Service

Mr. Chaw reviewed the Budget Proposals section of the presentation. He discussed the role of the ESC in the budget process and gave an overview of the proposal process. He then reviewed the ten CIP proposals which are consistent with the CIP update discussions and as contained in the PowerPoint presentation distributed at the meeting. Questions and answers followed.

Commissioner Morin asked about the timing of the proposed projects as related to Mr. Plummer's comments at the beginning of the meeting. Asst. Director Liu explained he had asked about delaying the Eastlink construction for a couple more years. Ms. Liu explained that utility infrastructure has to happen before the actual construction of Eastlink. Assistant Director Bucich commented that the City has had difficulty getting certain dates from Sound Transit of when they will actually be building certain components, but the City has to provide the money to them in accordance with the Agreement the City has with them. Director Otal commented that it was actually budgeted in the 2013-14 budget, but it is highly unlikely that the payment will happen in 2014. This is why it is being re-budgeted.

7. COMMISSIONS REPORT

Commissioner Mach brought up PSE major improvements. He feels that the ESC should get regular briefing and updates in order to help facilitate the rest of the

residents. This is something major happening to several cities, but he expressed concern that the ESC is not discussing it. Commissioner Wang commented that the issue is mainly the alignment of the line, not necessarily the utilities that the ESC represents. Director Nav Ota explained that Energize Eastside is about electricity, and it really doesn't have anything to do with Utilities' goals. Utilities' mission is water, wastewater, storm, and solid waste. The City is a customer like every other customer. The City's role is through the franchise agreement because it allows PSE to operate in Bellevue. The Council will be looking at this issue, and they have not delegated this responsibility to any other boards or commissions. She commented that staff could keep the ESC apprised as soon as they are aware of developments. Also, because this is a franchise agreement being facilitated mainly through Development Services, someone from that department could come give an update. Commissioner Morin suggested that commissioners could go to a Council meeting as individual citizens to comment. Commissioner Wang spoke to the value of keeping the Commission informed of the topic. Assistant Director Bucich commented that the PSE issue was a very big topic at the last Council meeting.

Chair Helland commented that at the joint commissions meeting for diversity they talked about what kind of programs Utilities has for people on fixed incomes. Assistant Director Bucich commented that there is a rebate program. Director Ota replied that there are two different programs. One is the Utility Tax Rebate which is funded by the General Fund. The second program provides a utility rate relief for low income seniors and disabled is sanctioned by state law. Depending on income, those qualified can get a 40% or 75% discount on their utilities bill. This comes from Utilities funds and costs about \$500,000 per year. Chair Helland wondered if any other accommodations could be made. Director Ota indicated staff would come back with more information on this.

8. DIRECTOR'S OFFICE REPORT

Director Ota thanked Commissioner Cowan for his service to the Environmental Services Commission and to the Council. She presented him with a Certificate of Appreciation from the City of Bellevue thanking him for his service.

Assistant Director Bucich gave an update on the new commissioner position and the Deputy Director position.

9. CONTINUED ORAL COMMUNICATIONS

None

10. ADJOURNMENT

The meeting was adjourned at 9:18 p.m.

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

Thursday
May 29, 2014
6:30 p.m.

Conference Room 1E-108
Bellevue City Hall
Bellevue, Washington

COMMISSIONERS PRESENT: Chair Helland, Vice Chair Swenson; Commissioners Cowan, Morin¹, Howe², Wang

COMMISSIONERS ABSENT: Mach

OTHERS PRESENT: Joe Harbour, Assistant Director, Operations and Maintenance; Paul Bucich, Asst. Director; Lucy Liu, Assistant Director – Resource Management & Customer Service; Martin Chaw, Fiscal Manager – Resource Management & Customer Service; Nav Otal, Utilities Director; Tony Marcum, Operations & Maintenance Manager

MINUTES TAKER: Laurie Hugdahl

1. CALL TO ORDER:

The meeting was called to order by Chair Helland at 6:30.

2. ORAL COMMUNICATIONS

None

3. APPROVAL OF AGENDA

Chair Helland pointed out that this should be noted as a Special Meeting on the header of the agenda. Commissioner Wang referred to item 4 and suggested that the wording be clarified.

Motion made by Commissioner Wang, seconded by Commissioner Swenson, to approve the agenda as amended. Motion passed unanimously (4-0).

4. APPROVAL OF MINUTES

May 15, 2014 Regular Meeting Minutes – This item is being continued to the June 19 meeting.

¹ Commissioner Morin arrived at 6:34 p.m.

² Commissioner Howe arrived at 6:59 p.m.

5. REPORTS AND SUMMARIES

- ESC Calendar/Council Calendar

Asst. Director Bucich reviewed the ESC Calendar and Council Calendar. There were no comments or questions.

6. NEW BUSINESS

- Utilities Budget Proposals
Lucy Liu, Assistant Director – Resource Management & Customer Service
Martin Chaw, Fiscal Manager – Resource Management & Customer Service
Paul Bucich, Assistant Director – Engineering
Joe Harbour, Assistant Director – Operations & Maintenance
Tony Marcum, Operations Manager – Operations & Maintenance

Commissioner Morin arrived at 6:34 p.m.

Director Otal explained that the ESC staff has already reviewed the capital delivery and capital-associated operating proposals. Tonight staff will review the remaining 27 operating proposals that have been submitted to the Results Teams for this biennium. Staff will be looking for the ESC's input on these proposals. Either tonight or at the June 19 meeting, staff is seeking the ESC to provide recommendations to be forwarded to the Results Teams.

Preliminary rates will be reviewed on July 18. There are two operating proposals that the Commission will not see until the end of the process. The first is the General Fund Support Functions. This is the cost Utilities pays to the General Fund for support services. The second one is the Operating Reserves which is the net effect of all the other proposals. They will be part of the preliminary rates the ESC will review later on in July. The Commission will also review proposed budget notebooks with rate proposals in October.

Director Otal explained that the presentation would present the budget in a series of pie charts. The total operating budget is about \$251 Million. It includes staffing of 171.6 FTE/LTE's. Capital related operating proposals total \$70.5 Million. She explained that the presentation would review the Wholesale (\$107.8M), Taxes (\$23.9M), and Local Operations (\$48.9M) components. Director Otal then reviewed the Financial Obligations category which includes expenditures governed by legal and contractual obligations and payments to outside entities such as CWA for water supply, King County for wastewater treatment disposal, and state and local taxes and franchise fees. These costs make up more than half of the Utilities budget at \$131.7M with 0.5 FTE/LTE's.

Asst. Director Paul Bucich reviewed the Utilities Development Services proposals. He stated that a budget of \$3.5 Million and 14.9 FTE/LTE's are associated with four different proposals through Development Services. Development Services supports city-wide economic development and state and federal regulatory compliance. Significant initiatives in 2015-16 include:

- Two (2) East Link Inspectors
- Continued compliance within dynamic regulatory environment
- Continued support of development in environment of economic and construction growth.

Asst. Director Bucich explained that the Engineering - System Planning group supports overall planning of Utility infrastructure. They do the 75-year asset management plan, Wastewater system plan, Water system plan, Surface Water system plan, and CIP proposals. The budget for these proposals is \$3.5 Million with 10.1 FTE/LTE's. Some significant initiatives in 2015-16 include the condition assessment of surface water infrastructure, the Condition assessment of sanitary force mains, and the acceleration of the lakeline assessment and strategic replacement plan development.

Chair Helland asked which development costs weren't eligible to be recovered. Asst. Director Bucich noted that the City doesn't charge for information delivery. Additionally, policy implementation efforts are not cost recoverable. This is a policy decision by the Council and is applied across all departments.

Assistant Director Joe Harbour explained that Water Operations and Maintenance has the responsibility for ensuring that residents and businesses receive clean and safe drinking water 24 hours a day. On average they deliver about 17 million gallons per day of water to homes and businesses through an infrastructure of about 620 miles of water mains using 25 reservoirs. Staff regularly tests and calibrates water meters to ensure usage is accurately recorded. One of the significant challenges facing O&M Water is the aging infrastructure because system failures occur more frequently with age. The proposals include mains and service line repairs; distribution system preventive maintenance; pump station, PRV and reservoir maintenance; meter repairs and replacement; service installation and upgrade. The total of the proposals is \$8.5 Million with 24.9 FTE/LTE's. There are no significant proposed changes in services in 2015-16.

Commissioner Wang wondered whether the word "drinking" is really needed in the text. Mr. Harbour said the reason he separates it is because they also have Surface Water proposals. Director Otal noted that this really refers to potable water. Assistant Director Bucich explained that the term is used for the benefit of the public for the sake of clarification.

Mr. Harbour explained that the Operations and Maintenance – Sewer function supports management of sewer services through 680 miles of sewer mains and laterals in the right-of-way; and pump stations. Staff uses closed circuit TV to assess condition of piping and continually maintain the system to prevent blockages and failures. A major challenge for the Sewer utility is its infrastructure. As it ages, the probability for Sewer system failures increases. The overall budget of \$7.2M includes 25.6 FTE/LTE's in the following proposals: sewer main repairs, condition assessment, preventive maintenance, and pump station maintenance. There are no significant changes in services for 2015-16.

Chair Helland asked how many overflow events the City experiences each year. Mr. Harbour replied is about one to two overflows annually, but the goal is zero.

Operations and Maintenance – Surface Water proposals total \$5.7 M with 16.6 FTE/LTE's. Surface Water is responsible for protecting the public and private properties from flooding and pollution through management and conveyance of surface water drainage. This is done by maintaining the City's network of 19,000+ storm drains, 400 miles of storm water collection and conveyance pipes, over 300 residential detention facilities and 12 regional detention facilities, as well as a variety of water quality facilities. There are approximately 80 miles of streams and 800 acres of protected wetlands in Bellevue. Surface water management is heavily regulated and requires compliance with federal and state water and environmental regulatory requirements from NPDES, the Clean Water Act, and Endangered Species Act. Proposals include repair and installation, condition assessment, and preventative maintenance. There are no significant proposed changes in services for 2015-16.

Chair Helland asked if the 10.7 FTE's for Preventive Maintenance includes the outsourced contractors. Mr. Harbour said the department has approximately a 0.5 FTE running the project to review the video assessment work the outside contractor does. Staff is looking at doing more of this work in-house and evaluating how best to do the work. Director Otal confirmed that the 10.7 FTE's represents city staffing only, not contract staffing; however, the dollars reflect the contract costs.

Commissioner Howe arrived at 6:59 p.m.

Vice Chair Swenson asked about the ongoing maintenance of detention/retention ponds. Asst. Director Bucich stated that the cost recovery is already included in the utility rates. Director Otal added that the exception would be private systems, which are maintained by the property owners or the homeowners association. There are more private systems than public systems. Asst. Director Bucich commented that Bellevue does not inspect

private systems. Other jurisdictions provide inspection for a fee, but Bellevue has not proposed that. Vice Chair Swenson asked if there is a way to mitigate the costs over time in some other manner. He referred to creative uses of wetland areas that he has observed in other spaces. Asst. Director Bucich commented that the City could encourage multi-use of the facilities. The City could also stop accepting them into public ownership, but this has its own issues. He commented that LID development keeps more of the water on the properties. In the long-term there could be fewer and fewer ponds being dedicated to the City of Bellevue.

Commissioner Wang asked if the condition assessment is a new proposal this year. Mr. Harbour replied that it is not new. The City has been doing condition assessment, but it has been very slow.

Operations and Maintenance Manager Tony Marcum discussed Regulatory Proposals which relate to compliance with federal and state regulations related to monitoring of water supply and drinking water safety, inspection and code enforcement of private systems, regulation of fats, oils, and grease (FOG) program, protection of underground utility infrastructure, and compliance with dynamic regulatory environment. Supporting this responsibility is the City's broad network of infrastructure which must be protected through accurate records. The Regulatory Proposals total \$3.7 million and 12.2 FTE's/LTE's and include resources to meet strict water quality regulatory compliance mandates and ensure safe water for our citizens; private utility systems maintenance; utility locates, and citywide NPDES management.

Chair Helland asked how the City is keeping up with the service demands. Mr. Marcum noted that staff has a response time well within the 48 hours for utility locates; there is no backlog. Through a lot of process improvements, staff is doing very well in this area. Director Otal added that last year there was a bit of a backlog on some of the NPDES-related pond cleaning, but the permit has allowed the City to produce a plan to meet those requirements within a period of time. The City is meeting requirements for review, and some additional staffing is being added as the development needs increase.

Mr. Marcum reviewed the new request related to Mobile Workforce. This proposal would enable staff to use mobile devices with real time access to Maximo to record and edit their work orders while in the field and transmit the information back to the Bellevue Service Center. Anticipated savings include elimination of duplicative data entry and lowered printing costs with an estimated savings of 2,000+ hours by 2016.

Commissioner Howe asked why Bellevue is just now considering this proposal. Director Otal explained that the City has been intentionally slow about utilizing new technology. There are three areas where Bellevue is

behind the curve in technology. One area is mobile workforce. The other is the conversion from CAD to GIS. The third area is automated metering infrastructure (AMI).

Commissioner Cowan asked if tests have been done with this out in the field in Bellevue. Mr. Marcum said that the City is piloting a number of tablets out in the field right now. Mr. Harbour explained how this will also provide better customer service in the field.

Chair Helland asked about the breakdown of costs. Mr. Marcum reviewed these. Chair Helland asked if there would be any opportunity for integration with police and fire. Director Otal explained that Maximo is a different system than what the police and fire departments use. Mr. Harbour explained that staff would have backups in the event that there are any glitches in the system.

Lucy Liu stated she would be reviewing proposals representing central functions. These functions are either customer facing or provide overall support to the department. The first grouping of these proposals is for customer service and outreach types of functions. This includes six proposals for direct customer-facing functions. The proposed funding for this grouping of proposals is \$8.3 Million and 20.7 FTE's/LTE's. The requested funding would provide for the Utilities Rate Relief program, solid waste management, environmental outreach and education, and Utilities customer service and billing.

Asst. Director Liu gave an update on local programs that are provided for environmental outreach and education. Chair Helland asked if the 0.6 FTE represents a reduction in the proposal. Asst. Director Liu explained that it is the same level of staffing that they have now. That number reflects the cuts made in the last biennium.

Commissioner Morin asked if the City plans to keep tabs on the education efforts made by Cascade and schools. Asst. Director Liu said staff will continue to monitor the offerings by Cascade. If staff feels the efforts are not at a level that will achieve desired conservation outcomes, they may take action. Chair Helland proposed that that the City set a higher bar. He recommended a standard of no reduction in educational offerings.

Commissioner Cowan noted that they are talking about education of 1st through 4th graders. The results of the education efforts won't be visible until those students are adults. Asst. Director Liu stated that staff monitors the educational offerings, and there has not been a reduction with the exception of the City not paying for buses for field trips to the Cedar River Watershed.

The second grouping of central functions consists of systems and assets that enable the department to provide all the different services it provides. These

functions are represented in four proposals totaling \$6.3 Million with a staffing of 14.0 FTE/LTE's. The four proposals include telemetry and security systems, asset replacement, fiscal management, and computer and systems support. Department-wide functions include remote monitoring of system information and management of system resources, systematic replacement of utility vehicles and equipment, support of daily financial operations and reporting of financial condition, and maintenance of billing system, work management and other hardware and software systems.

Chair Helland asked about the availability of rate reduction. Asst. Director Liu reviewed the requirements. Chair Helland asked how these policies are evaluated and reviewed. Asst. Director Liu stated that the policies are looked at periodically. She said they were reviewed within the last few years. Chair Helland asked that this topic be brought back to another meeting.

Director Otal reviewed the Department Management and Support proposal for \$1.4 Million and 4.0 FTE/LTE's. This proposal provides for workforce management of 172 proposed FTE/LTE's and cross-departmental collaboration and innovation. Department leadership sets strategic direction, provides policy guidance, ensures industry best practices, and leads department-wide innovation and process improvement initiatives.

Director Otal explained that the Results Teams are finalizing their independent review. This would be an ideal time to forward any recommendations to them. She reviewed options available to the Commission.

Commissioner Morin referred to the Rate Relief Program and asked if it makes sense to collaborate with the Human Services Commission in Bellevue to see if they have any interest or perspective on the program. Director Otal concurred. She indicated staff would bring back the topic for review to determine if it is at the appropriate level of funding.

There was consensus to draft a letter from the ESC to the Results Team of support stating that the ESC concurs with staff proposals for the budget and that Chair Helland would sign the letters.

Motion made by Commissioner Swenson, seconded by Commissioner Howe, to have staff draft a letter to the Results Team and that Chair Helland be authorized to review, sign, and submit the letter to the Results Team. Motion passed unanimously (6-0).

Asst. Director Liu reviewed the tentative budget schedule and noted the possibility of an extra meeting on November 6 in order to hold a public hearing on the proposed budget.

7. COMMISSIONS REPORT

Commissioner Cowan stated he has enjoyed the past four years on the Commission. He thanked everyone for the experience.

Vice Chair Swenson referred to the recent tragedy with the landslide in Oso and asked what Bellevue is doing with regard to slide risk analysis. Asst. Director Bucich replied that there is nothing happening within Utilities related to this, but he noted that Bellevue's infrastructure is not typically in areas with steep slopes. Bellevue is situated on a fairly stable land mass.

8. DIRECTOR'S OFFICE REPORT

Asst. Director Bucich invited everyone to enjoy cake to honor Commissioner Cowan. Director Otal extended staff's appreciation of Commissioner Cowan's services on the Environmental Services Commission. Council also appreciates his service. She noted that there will be interviews held tomorrow for the vacant commission position. There are four applicants to be considered.

9. CONTINUED ORAL COMMUNICATIONS

None

10. ADJOURNMENT

The meeting was adjourned at 8:15 p.m.

2014

Tentative Environmental Services Commission Calendar

June 14						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
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15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

June

- 19** Asset Mgmt. Annual Update (Bill Heubach)
 Wastewater Claims (Joe Harbour/Tony Marcum)
 Water System Plan: Introduce Project & Review system analysis criteria & methods (Doug Lane)

December

- 18** Water System Plan: Deliver Draft Plan (Doug Lane)

December 14						
S	M	T	W	T	F	S
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July

- 17** CIP Tour focused on proposed investments (Scott Taylor/Regan Sidie/Pam Maloney)
 Preliminary Financial Forecast (Lucy Liu/Martin Chaw)
 Water System Plan: Policy Review Started (Doug Lane)
 Wholesale Policy Review (Lucy/Martin)

January 15						
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August

- 21** Recess

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September

- 18** Comprehensive Plan Update Status Briefing (Pam Maloney)
 Solid Waste Contract Performance Audit & Customer Survey Results (Susan Fife-Ferris)
 Water Rate Design (Lucy Liu/Martin Chaw)
 Water System Plan: Policy Review Continued (Doug Lane)

September 14						
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October

- 16** Review Proposed Utilities Budget (Lucy Liu/Martin Chaw)
 Water System Plan: Results of system analysis (Doug Lane)

April 15						
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November

- 20** Public Hearing on proposed Utilities Budget (Lucy Liu)
 Water System Plan: Plan Findings & Recommendations (Doug Lane)

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2014 Pending – ESC:

Status Reports on the following issue will be made when there are significant development:

- Shoreline Mgmt. Plan (Paul)
- Stormwater 101 (Paul)

Katie/2014 Calendars/Pending ESC Calendar

Updated 5/6/14

2014

Tentative Council Calendar

June 14						
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June

23 Tentative Study Session: Wastewater System Plan (Paul/Doug)

July

7 Consent: Wastewater System Plan (Paul/Doug)
 Motion to Award 147th Ln NE at NE 9th St San Sewer Replacement Contract to Kamins Construction (Paul/Regan)
 Motion to Award Construction of Overlay & Pavement Restoration 2014 project (Paul/Regan)
 Motion to Award Yarrow Creek W Trib Culvert Removal Contract Award to Award Construction (Paul/Regan)
 Res author exec of Amend #1 to PSA w/RH2 Eng for Bellefield PS (Paul/Regan)

21 Motion to Award Construction of Alcove Culvert Relining (Paul/Regan)
 Motion to Award Construction of Horizon View #3 Water Pump Station Rehabilitation (Paul/Regan)

August

4 Motion to Award Construction of Clyde Hill Res Recoat (Paul/Regan)

December 14						
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Key:

Agenda item description – **Consent:** Waste Reduction & Recycling Grant

Assistant Director's Name or designated staff that will

be available to attend Mayor's meeting

Staff Name – material content expert

2014 Pending Council

Bellevue/Redmond Consolidation of Sewer Agreements

Prof Svcs Agrmt Wagner Architects for Eastgate Yard Maintenance (Regan)

Katie/2014 Calendars/Pending Council Calendar

Updated 3/12/14



MEMORANDUM

- Action
- Discussion
- Information

June 19, 2014

SUBJECT: Asset Management Program

TO: Environmental Services Commission

FROM: Bill Heubach, Senior Utilities Engineer

Action Required at this Time

No action by the Commission is required. Staff will provide a presentation on the Utilities Asset Management Program (AMP). The presentation will summarize asset management program direction for all three utilities.

Fiscal Impact

There are no fiscal impacts associated with this informational presentation.

Policy Issues

There are no policy issues associated with this informational presentation.

Background

The Asset Management Program is the foundational work for providing information and tools to identify and select the most cost-effective asset management capital (CIP) and operating and maintenance (O&M) strategies, and for forecasting future CIP and O&M resource needs. Failures and claims data are used to help identify where CIP and O&M resources should be targeted.

Well-managed and reliable water, wastewater and stormwater utility systems are needed to support and maintain a vibrant community and attractive business environment. The fundamental goal of the asset management program is to enable management of the Utilities' infrastructure assets to meet service level goals while optimizing costs. Bellevue's AMP development is based on the US Environmental Protection Agency's asset management program model framework. This framework encompasses asset data collection, determination of asset criticality, definition of service level goals, identification and implementation of the most cost effective strategies needed to meet service level goals, and the asset renewal and replacement funding strategy.

Staff will briefly review the asset management program objectives and present a summary on the direction and status of the asset management program elements with an emphasis on water, wastewater and stormwater pipelines.



MEMORANDUM

_____ **Action**
_____ **Direction**
 X **Information**

DATE: June 19, 2014
TO: Environmental Services Commission (ESC)
FROM: Tony Marcum, Operations Manager
SUBJECT: Wastewater Claims

Action Required at this time

No Action is requested from the Commission at this time.

Fiscal Impact

None at this time.

Policy Issues

None at this time.

Background

Tonight you will hear from staff on Utilities approach to wastewater claims. Backups of the wastewater system can result in claims and can be caused by a variety of things; including but not limited to tree roots, structural failure, and fats, oils and grease (FOG). Unlike the water system, which is a closed system, the wastewater system is an "open" system meaning we have limited control on what goes into it. Despite ongoing outreach efforts, people often flush things into the system that can eventually lead to blockages and back-ups. In addition, the system is aging and tree roots can make their way into the slightest of openings. Determining responsibility for backups and resulting claims can often be a complex undertaking. Staff will discuss our current approach to wastewater claims and some of the challenges faced when making these decisions. Hard copies of the Power Point presentation will be provided to the Commission at the meeting.

Additional information will be shared with the Commission at the meeting.

Attachments:

N/A



MEMORANDUM

Action
 Discussion
 Information

June 11, 2014

To: Environmental Services Commission
From: Doug Lane, Water & Sewer Systems Senior Engineer
Subject: Water System Plan Update

Action Required at this Time

Staff will present the scope of water system analysis that is being undertaken as part of the Water System Plan update. No formal action by the Commission is required at this time, although we do encourage your questions and input for consideration as we develop the draft Water System Plan.

Background

Bellevue's 2006 Comprehensive Water Plan was adopted by Council in 2008, and approved by WA Department of Health (DOH) in 2009. An update to the Plan is underway; it is now known as the 'Water System Plan'. DOH requires that the Plan be updated every six years.

Major elements of this system plan update include:

- Review of water utility general policies;
- Review of system history, service area and assets;
- Review of water consumption and system planning criteria;
- Revised service area population forecasts;
- Complete re-build and calibration of water system hydraulic model;
- Re-evaluation of system capacity in downtown Bellevue;
- Storage Evaluation;
- Emergency Well Evaluation;
- Updated descriptions of water system asset management and operational practices; and
- Updated programmatic and capital investment recommendations for a 20-year planning horizon.

Water system policies, planning criteria, and recommended capital or operational changes as a result of system evaluation will be presented in subsequent ESC meetings throughout 2014:

- July 17: Policy Review
- September 18: Policy Recommendations
- October 16: Results of System Analysis
- November 20: Findings and Recommendations
- December 18: Deliver Draft Water System Plan for Comment

Recommendations

No recommendations are being made to ESC at this time. Staff will present results of analysis and recommendations at subsequent ESC meetings.
