

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

Thursday
October 2, 2025

City Hall & Remote
6:30 p.m.

1. CALL TO ORDER:

The meeting was called to order by Chair Wan at 6:31 p.m.

ROLL CALL

COMMISSIONERS PRESENT: Ken Wan (Chair), Andy Dupertuis (online), Gabby Lacson, Kurt Lutterman (Vice Chair), Michael Margolis (online), Mary Theisen

COUNCIL LIAISON: Conrad Lee

COMMISSIONERS ABSENT: Ann Hajnosz (excused)

OTHERS PRESENT: Lucy Liu, Director; Joe Harbour, Deputy Director; Scott Edwards, Deputy Director; Matt Thurber, Assistant Director; Lorissa Warren, Senior Administrative Assistant; Matt Hobson, Fiscal Manager; and Laurie Hugdahl, Minutes Taker

2. APPROVAL OF THE AGENDA

Motion made by Commissioner Lutterman, seconded by Commissioner Lacson, to approve the agenda. The agenda was approved unanimously (6-0).

3. ORAL AND WRITTEN COMMUNICATION

Alex Tsimerman, 14150 NE 20th Street, Bellevue, WA, expressed concern about rules regarding city trespasses.

Ashi Mishra, Bellevue Youth Link Adult Board Member, invited the ESC to annual youth link gumbo night happening on October 22 from 6 to 8 p.m. at Crossroads Community Center.

4. COMMUNICATION FROM CITY COUNCIL, COMMUNITY COUNCIL, BOARDS AND COMMISSIONS

Councilmember Lee thanked the Commission for their dedication and service to the community. The Council is looking forward to a great rest of the year and the year coming up. He commended the excellent management of the Utilities Department.

5. STAFF REPORTS

Deputy Director Joe Harbour spoke regarding upcoming trainings.

6. APPROVAL OF MINUTES

A) September 4, 2025 Minutes

Motion made by Commissioner Lutterman, seconded by Commissioner Theisen, to approve the 9/4/2025 minutes as presented. Upon a voice vote, the motion passed unanimously (6-0)

7. UNFINISHED BUSINESS

None

8. NEW BUSINESS

A) Environmental Services Commission Proposed Bylaws Update

Deputy Director Harbour made the presentation regarding updates to the bylaws. He reviewed background on updates to the Bellevue City Council Rules of Decorum regarding exclusionary period and appeals process. They have also sought to provide opportunities for broader community participation in council advisory boards and commissions. He summarized changes to the ESC bylaws relating to membership, decorum, and other non-substantive changes.

Commissioner Lutterman asked for clarification about if this pertains to any commission or just the ESC in paragraph 6. Staff will follow up. Commissioner Lutterman referred to Article 2H and pointed out an indenting inconsistency.

Motion made by Commissioner Lutterman, seconded by Commissioner Lacson, to bring this to the next ESC meeting for approval. Motion passed unanimously.

B) Sewer Cost-of-Service Analysis

Asst. Director Matt Thurber introduced the information briefing on the 2025 Sewer Cost-of-Service Study (COSA). They reviewed some background on COSAs and revenue requirements.

Fiscal Manager Matt Hobson discussed the methodology based on a three-step analysis outlined in the AWWA M1Manual: Principles of Water Rates, Fees, and Charges.

- Step 1: Define and Allocate Test Revenue Requirement to Functions of Service (customer, flow, treatment, and all other);
- Step 2: Identify Cost Components (customer, flow, treatment, and all other)
- Step 3: Customer Class Allocation; Cost Equity Analysis

Questions/Answers:

Commissioner Lutterman asked if actions were taken after the 2019 analysis. Fiscal Manager Hobson replied they were not. The 2019 COSA was the first in many years. Now they have another data point to have more information.

Commissioner Dupertuis commended the process and presentation.

Commissioner Margolis thanked staff for the work and asked why multifamily is subsidizing the other classes. Fiscal Manager Hobson explained it was unintentional, and they will present options to correct this. He explained that the high-cost recovery rate for multi-family customer class is driven by the class's unique rate structure. He reviewed the existing rate structure and how it doesn't align with the actual wastewater flow per dwelling unit.

Policy Actions:

- Should the City adjust future rate increases to improve cost equity among classes? Should they be phased?
- Should rate structures be adjusted to improve cost equity within classes; improve revenue stability; better align with unit costs; and/or mitigate rate impacts to the extent possible?

The staff recommendation is that sewer rates should be adjusted over the next 5 to 10 years to improve cost equity between classes. Fiscal Manager Hobson reviewed details about the phasing options.

1. 5-year plan from 2027-2031 (recommended)
2. 3-year plan from 2027-2029 (alterative)

Commissioner Lutterman asked about having a longer timeframe. Fiscal Manager Hobson noted they did look at 7-year numbers and can share

those with the ESC as well. Asst. Director Thurber added that as the phase in plan is extended beyond 5 years the rate increases for each class are not significantly reduced.

Commissioner Theisen thanked staff for the information and analysis. She agreed with looking at the length of time to potentially be less abrupt.

Commissioner Lacson asked about doing outreach to single-family customers on the two options. Asst. Director Thurber noted that part of the outreach would be through the City Council and public outreach that is done with budget. They can look into this.

Chair Wan asked if state law requires equity within a certain timeframe. Fiscal Manager Hobson thought it was mainly important to show that progress is being made but deferred to the City Attorney's opinion on this. Asst. Director Thurber noted it is not clearly spelled out in state law.

Chair Wan noted that a longer timeframe would provide less of a rate spike which is consistent with city financial policies related to gradual rate increases. Fiscal Manager Hobson concurred. This is why staff prefers the 5-year plan over the 3-year plan.

Chair Wan asked if the rates shown are just the sewer component or the entire bill. Staff replied it is just the sewer component. Chair Wan requested to see the entire bill for perspective.

9. REVIEW OF COMMISSION AND COUNCIL CALENDARS

Deputy Director Harbour reviewed the calendars.

Chair Wan asked if the Solid Waste Program Update Memo from Republic will also include an update on the timeline for looking at a new contract. Deputy Director Harbor indicated he would check on this.

10. ADJOURNMENT

Motion made by Commissioner Lutterman, seconded by Commissioner Theisen, to adjourn the meeting. The motion passed unanimously (6-0).

The meeting was adjourned at 7:52 p.m.