

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

Thursday
May 7, 2026

City Hall & Remote
6:30 p.m.

1. CALL TO ORDER:

The meeting was called to order by Vice Chair Lutterman at 6:30 p.m.

ROLL CALL

COMMISSIONERS PRESENT: Andy Dupertuis, Ann Hajnosz, Gabby Lacson, Kurt Lutterman (Vice Chair), Michael Margolis, Mary Theisen

COUNCIL LIAISON: None

COMMISSIONERS ABSENT: Ken Wan (Chair) - Excused

OTHERS PRESENT: Lucy Liu, Director; Joe Harbour, Deputy Director; Scott Edwards, Deputy Director; Matt Hobson, Fiscal Manager; Jim Grueber, Utilities Planning Senior Engineer; Dave Baisch, Assistant Director, Engineering; Eric LaFrance, Utilities Planning Manager; Lorissa Warren, Senior Administrative Assistant; Andrew Williams, Senior Administrative Assistant; and Laurie Hugdahl, Minutes Taker

2. APPROVAL OF THE AGENDA

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

3. ORAL AND WRITTEN COMMUNICATION

Written Communication:

Lorissa Warren read a statement from Jennifer Fisher, Executive Director at Bellevue Life Spring, requesting a reduction of utility rates for low-income residents.

Oral Communications:

Mr. Nordhorn spoke to the importance of thanking veterans in lasting, tangible ways. He recommended supporting disabled veterans by providing a 100% utility rate discount.

Alex Tsimerman, 14150 NE 20th Street, Bellevue, WA, voiced concerns about a variety of issues.

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

None.

5. STAFF REPORTS

Deputy Director Joe Harbour reported that the City Council heard the ESC recommendations around the sewer rate recommendations. He thanked the ESC for their work on that topic.

Next Monday night there will be a boards and commissions appreciation event.

6. APPROVAL OF MINUTES

A) APRIL 2, 2026 MINUTES

Motion made by Commissioner Hajnosz, seconded by Commissioner Theisen, to approve the 4/2/2026 minutes.

Commissioner Margolis referred to the bottom of page 2 and noted that \$86 should be corrected to **\$85M**.

Upon a voice vote, the motion passed unanimously as amended (6-0)

7. UNFINISHED BUSINESS

None

8. NEW BUSINESS

A) Water System Plan – Draft Review

Eric LaFrance, Utilities Planning Manager, and Jim Grueber, Utilities Planning Senior Engineer, made the presentation. Mr. LaFrance reviewed the ESC's role and project history and gave an overview of the water system plan and the Comprehensive Plan policies that provide direction. Mr. Grueber discussed system analysis results and key recommendations related to water storage, system

modeling, pipe capacities, and, and emergency water supply. He also reviewed water system functional policies. These include managerial, technical, and financial policies. No new policies are being proposed. He reviewed next steps, the proposed schedule for adoption, and community engagement.

Questions and comments:

Commissioner Hajnosz wondered how conversations with Cascade and SPU reflect changes related to preparing for climate change. Mr. LaFrance commented on discussions they have had and their intent to stay in close communication and partnership with regional providers to plan for challenging conditions.

Vice Chair Lutterman asked for more detail about community engagement with this plan. Mr. LaFrance explained how they are navigating community engagement with the three system plan updates currently in progress.

B) 2027-2032 Utilities Early Outlook Rates Forecast

Deputy Director Scott Edwards introduced this topic and noted the material does not account for the sewer equity analysis recommendations recently approved by the Commission. He also noted that King County Wastewater had recently adjusted certain projected rates in their 20-year forecast, specifically the rates for 2031, 2032, and 2046. There was no change for King County's proposed rate for 2027. King County's revised forecast will be reflected in updated budget materials provided for the Commission's review going forward.

Fiscal Manager Matt Hobson summarized the ESC's role and responsibilities in the budget review and recommendation process. He discussed rate-related financial policies, the annual utility ratemaking process, and key rate drivers (both internal and external). Staff responded to questions related to increased wholesale sewer treatment costs and how to achieve gradual and uniform increases.

Commissioner Dupertuis emphasized the need to get ahead of this and provide predictability in rate increases for customers. Mr. Hobson continued to discuss capital investment strategies for each utility and how they translate to rate drivers. Commissioner Dupertuis suggested comparing the capital investments for each utility to wholesale costs as a way to explain and defend rate increases.

Early Outlook Rates Forecast:

The early outlook rate forecast includes a refined rate revenue and connection charge forecast based on recent customer billing data; updated and higher interest earnings forecast for cash balances, managing anticipated cost inflation within the base budget, and increases to the budget to support new investments and expected limited cost increases.

Mr. Hobson reviewed the early outlook rate forecast for each utility including rate drivers. There was some discussion around costs related to staffing, and the importance of the workforce, employee training and retention. The typical single-family residential combined monthly bill was reviewed.

Commissioner Dupertuis recommended showing this as bimonthly payments. Commissioner Hajnosz spoke to the importance of renewal and replacement and urged staff not to sacrifice because of high wholesale costs. Commissioner Theisen expressed concern about affordability with these increases.

Mr. Hobson reviewed plans for budget and rates community outreach. Finally, he outlined the anticipated budget schedule and next steps.

C) Proposed Changes to Utility Connection Charges

Asst. Director Engineering Dave Baisch and Fiscal Manager Matt Hobson reviewed this item. Staff is seeking the Commission's feedback on possible amendments to city municipal code related to utility connection charges. They reviewed connection charges background information and three proposed changes:

1. Retire the use of Direct Facility Connection Charges (DFCCs); Recovery of CIP expansion projects costs via Capital Recovery Charges (CRCs)
2. Simplify water and sewer CRCs based on meter size
3. Pay connection charges once upfront, not over ten years.

Mr. Hobson reviewed fiscal impacts of the proposed changes. Mr. Baisch reviewed community outreach, feedback, and next steps.

Discussion:

Commissioner Dupertuis recommended not focusing too much on comparisons with other cities; rather, they should focus on the value received from Bellevue.

Commissioner Margolis asked if this would effectively shift the cost of the connection charge from the customer to the developer. Mr. Baisch acknowledged that in most cases it would, except when the homeowner is moving from septic to sewer. Commissioner Margolis wondered about impacts this would have on developers. Mr. Hobson was not sure but noted that it would change the way charges are assessed to align with neighboring municipalities. Mr. Baisch thought this would help spur development by the elimination of the DFCCs. There was general discussion about the benefits of this.

Commissioner Hajnosz was supportive of the changes in terms of being consistent with what developers expect across the region. She asked for more information about CRCs. Staff responded with more detail.

Vice Chair Lutterman agreed with developers' preference for having the option of paying the fees later in the process. Staff will continue to evaluate this.

9. REVIEW OF COMMISSION AND COUNCIL CALENDARS

Deputy Director Harbour reviewed the calendars.

10. ADJOURNMENT

Motion made by Commissioner Theisen, seconded by Commissioner Margolis, to adjourn the meeting. Upon a voice vote, the motion passed unanimously (6-0).

The meeting was adjourned at 8:43 p.m.