

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

Thursday
November 6, 2025

City Hall & Remote
6:30 p.m.

1. CALL TO ORDER:

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

ROLL CALL

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

COUNCIL LIAISON: None

COMMISSIONERS ABSENT: Michael Margolis (excused)

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

2. APPROVAL OF THE AGENDA

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

3. ORAL AND WRITTEN COMMUNICATION

Alex Tsimerman, 14150 NE 20th Street, Bellevue, WA, commented on fascism in Bellevue.

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

None.

5. STAFF REPORTS

Deputy Director Scott Edwards reminded the Commission about upcoming training opportunities. He also noted that Council consideration of the 2025-2026 mid-biennium budget would include an adjustment to Bellevue's 2026 sewer rate, which would account for the 2026 rate adjustment adopted by King County for increasing wastewater treatment costs.

6. APPROVAL OF MINUTES

a) OCTOBER 2, 2025 MINUTES

Motion made by Commissioner Lutterman, seconded by Commissioner Theisen, to approve the 10/2/2025 minutes as presented. Upon a voice vote, the motion passed unanimously (6-0).

7. UNFINISHED BUSINESS

None

8. NEW BUSINESS

a) Adoption of Updated Environmental Services Commission Bylaws

Deputy Director Scott Edwards made the presentation regarding updated bylaws. He summarized proposed changes to the ESC bylaws as previously discussed and pointed out some non-substantive changes to the bylaws.

Upon a voice vote, the updated bylaws were passed unanimously (6-0).

b) Sewer Utility Cost-of-Service Analysis and Rate Design Recommendations

Assistant Director Matt Thurber and Fiscal Manager Matt Hobson made a presentation regarding implementing results of the Cost-of-Service Analysis (COSA). A recap of October 2 findings and rate design recommendations were reviewed. Assistant Director Thurber highlighted the high-cost recovery rate for the multi-family customer class, which is driven by the class's unique rate structure.

Policy Questions for Consideration:

1. Should the City adjust future rate increases to improve cost equity among classes? Should they be phased?
2. Should rate structure be adjusted to:
 - Improve cost equity within classes?

- Improve revenue stability?
- Better align with unit costs?
- Mitigate rate impacts (to the extent possible)?

Mr. Hobson reviewed COSA phase-in options and the corresponding impacts to typical monthly Single Family Residential bills. Staff recommended a 5-year (2027-2031) phase-in strategy to adjust rates toward full cost recovery for the three customer classes.

Questions and answers followed regarding differences between the phase-in options and multi-family payment structure.

Commissioner Hajnosz pointed to the inequity and expressed support for moving toward a shorter phase-in timeframe in order to correct this more quickly.

Motion made by Commissioner Lutterman, seconded by Commissioner Theisen, for the staff recommended five-year phase-in period.

- Commissioner Lutterman spoke in support of five years since rates are going up already.
- Commissioner Theisen spoke in support of the five-year timeframe.
- Commissioner Hajnosz again spoke in support of three years in order to bring equity to the different classes as soon as possible.
- Commissioner Lacson spoke in support of both.

Roll call vote:

Lutterman – yea

Theisen - yea

Dupertuis- yea

Hajnosz- nay

Lacson - yea

Wan - nay

Motion passed (4-2).

Fiscal Manager Hobson discussed rate design goals, scheduling fixed and variable charges that generate sufficient revenue based on Utilities' revenue requirements and are reasonably aligned with the cost-of-service. The four key goals recommended by City staff for rate design are to simplify the existing rate structure, improve alignment to the City's financial policies, provide customers with greater control over their bills, and mitigate unfavorable bill impacts to the extent possible.

Recommendation #1: Uniform Volumetric Rate for Single-Family Residential Customers. This proposed change simplifies the existing rate structure.

Recommendation #2: Align the Multi-Family Residential rate structure to align with the Single-Family Residential Rate Structure.

Recommendation #3: Phase-in new Multi-Family Residential rate structure over the COSA phase-in period (e.g., five or seven years)

Recommendation #4: Align the Non-Residential minimum charge with King County's treatment rate.

Fiscal Manager Hobson recapped the four recommendations in light of the four key goals and requested the Commission's feedback.

Commissioner Lutterman thought all four sounded reasonable. Commissioner Hajnosz agreed and had some clarification questions about Multi-Family Residential. Other questions followed about details of the various options and how they relate to each other.

Commissioners stressed the need for significant communications with the public about upcoming rate increases. Commissioner Theisen also spoke to the need to educate the public about what is within Bellevue's control and what is outside our control. Deputy Director Edwards noted there is an upcoming regional utility rate summit. Chair Wan requested a report back in January.

Commissioner Hajnosz asked about a discussion regarding the Utility Bill Assistance program. Deputy Director Edwards indicated that would be coming soon. Commissioner Dupertuis emphasized the importance of reviewing this as soon as possible. The Commission thanked staff for their work on this difficult topic.

c) Solid Waste Program Update Management Brief

Jon Gire, Solid Waste Program Manager referred to the Solid Waste Management Brief shared in the packet with the Commission and solicited feedback and questions.

Commissioner Lutterman expressed appreciation for the good communication during the work stoppage period. Overall, there were minimal impacts. Commissioner Hajnosz concurred.

Wendy Weiker, representing Republic Services, thanked the Commission and expressed appreciation to the City for the strong working relationship.

Chair Wan was pleased with the performance results which are the best he has seen since he has been on the Commission.

Commissioner Theisen expressed appreciation for the great communication with customers, especially during inclement weather.

d) 2027-2028 Operating Budget and 2027-2032 CIP Budget Planning Overview and Calendar

Assistant Director Thurber noted that Utilities will be starting the budget planning process soon. He referred to the overview shared in packet and invited feedback.

9. REVIEW OF COMMISSION AND COUNCIL CALENDARS

Deputy Director Edwards reviewed the calendars.

10. ADJOURNMENT

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

The meeting was adjourned at 8:18 p.m.