



City of Bellevue

450 110th Avenue NE
Bellevue, WA 98004

Meeting Agenda - Final Environmental Services Commission

Thursday, July 2, 2026

6:30 PM

Room 1E-113

The City of Bellevue Environmental Services Commission meeting for July 2, 2026, will be conducted in a hybrid manner with both in-person and virtual options. To speak at the meeting, you may attend:

- In-person
- By calling (253) 215-8782 and entering Webinar ID: 817 8054 7747; or
- www.zoom.us and entering Webinar ID: 817 8054 7747, Password: 040346

<https://cityofbellevue.zoom.us/j/81780547747>

1. Call to Order and Roll Call

2. Approval of the Agenda

3. Oral and Written Communications

The total time for oral communications is 30-minutes. Speakers will be allowed up to three minutes to speak; and a maximum of three persons are permitted to speak to each side of any one topic.

Members of the public may address written comments to: Environmental Services Commission, c/o Bellevue Utilities Department, PO Box 90012, Bellevue, WA 98009-9012 or by email to esc@bellevuewa.gov with the subject line "Written Communications – July 2, 2026". Written comments will be shared with the Commissioners.

The form to sign-up to speak during Oral Communications will be available at 12:00 p.m. on the day of the meeting. To be added to the speaker list for oral communications, you may sign-up in person using the QR code posted inside the meeting room or online using this link:

<https://bellevuewa.gov/esc-oral-communications>

4. Communication from City Council, Community Council, Boards and Commissions

5. Staff Reports

6. Approval of Minutes

- a) [26-441](#) June 4, 2026 Minutes

7. Unfinished Business**8. New Business**

- a) [26-442](#) Utilities 2027-2028 Budget and Rates Recommendation

9. Review of Commission Calendar

- a) [26-443](#) Calendars

10. Adjournment

(Meeting adjournment may be extended by majority vote.)

For alternate formats, interpreters, or reasonable modification requests please phone at least 48 hours in advance 425-452-6800 (voice) or email esc@bellevuewa.gov. For complaints regarding modifications, contact the City of Bellevue ADA, Title VI, and Equal Opportunity Officer at ADATitleVI@bellevuewa.gov.

Rules of decorum for public communication and conduct at meetings were adopted by the City Council in Ordinance 6752. Copies of this ordinance can be found on the city's website, and are also available from the City Clerk's Office.

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

Thursday
June 4, 2026

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), Michael Margolis

COUNCIL LIAISON: None

COMMISSIONERS ABSENT: Mary Theisen (excused)

OTHERS PRESENT: Lucy Liu, Director; Joe Harbour, Deputy Director; Scott Edwards, Deputy Director; Dave Baisch, Assistant Director; Matt Hobson, Fiscal Manager; Chad Beck, Assistant Director; Lorissa Warren, Senior Administrative Assistant; Andrew Williams, Senior Administrative Assistant

2. APPROVAL OF THE AGENDA

Motion made by Commissioner Lutterman, seconded by Commissioner Hajnosz, 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 rules for speakers.

Henry Hi, Bellevue resident, AP government high school student, commended the City for cutting municipal emissions by 52%. He expressed concern that 90.5% of households he surveyed within his AP government student body were completely unaware of Bellevue's 95% emission reduction goal. 90.5% of households surveyed do not use the City's free climate challenge tracking platform. These results show a stark gap between city policy and community reality. Barriers appear to be a lack of information and overall convenience. He urged the

Commission to allocate utility budget resources toward grassroots youth outreach and school district partnerships.

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

None.

5. STAFF REPORTS

Director Lucy Liu gave an update on the Utility bill assistance program expansion briefing. Last Tuesday Utility staff briefed Council on the topic, and Chair Wan presented the Commission's recommendation and insights. Council directed staff to include the Commission's recommendation into the Utilities Budget to be presented to Council for consideration in the fall. Council deeply appreciates the Commission's work and time spent on this topic. She also thanked the Commission on behalf of staff and ratepayers. Chair Wan reiterated that almost all councilmembers expressed appreciation to the Commission and commissioners for the time spent studying and working with staff on the various options.

6. APPROVAL OF MINUTES

A) MAY 7, 2026 MINUTES

Motion made by Commissioner Lutterman, seconded by Commissioner Margolis, to approve the 5/7/26 minutes as presented. The motion passed unanimously (6-0).

7. UNFINISHED BUSINESS

None

8. NEW BUSINESS

A) Election of ESC Chair and Vice Chair

Commissioner Lutterman nominated Commissioner Wan for Chair. There were no other nominations. Upon a roll call vote, Chair Wan was unanimously elected as Chair.

Commissioner Lacson nominated Commissioner Lutterman for Vice Chair. There were no other nominations. Upon a roll call vote, Commissioner Lutterman was unanimously elected as Vice Chair.

B) Utilities 2027-2028 Operating Budget and 2027-2032 CIP Budget Proposals

Director Liu introduced the Utilities budget team, commented on the importance of the ESC's role in the budget process, gave an overview of the budget proposal development process, and reviewed the agenda for the topic.

Deputy Director Scott Edwards introduced the 2027-2028 Operating Budget Proposals:

- Wholesale, Taxes, Franchise Fees, and Support Services
- Local Operations:
 - Operations and Maintenance
 - Engineering Development Services
 - Customer Service/Outreach
 - Departmental Management and Support
- CIP Support

He gave an overview of the Operating Budget and compared the proposed budget to the current budget. The 2027 proposed budget is 10.6% higher and the 2028 proposed budget is an additional 8.2% higher than the 2026 adopted budget due to new budget investments; taxes and cost inflation; wholesale water supply cost increases; wholesale sewer treatment cost increases; CIP/R&R Transfer related to address aging infrastructure; and base compensation adjustments and changes to indirect support costs.

Highlights of the 2027-2028 Operating Budget were reviewed:

- Wholesale – water purchase, wastewater treatment, RCFC's: \$174.9M/Staff 0.0 FTE
- Taxes and Support Services – taxes and franchise fees, interfunds: \$84.4M/Staff 0.0 FTE
- CIP Support – capital delivery, CIP/R&R Transfer: \$179.4M
- Local Operations – customer service/outreach, development services, Operations and Maintenance, department management: \$73.1M/Staff 148.8 FTE
- Total: \$511.8M

Budget proposals for each category were reviewed by staff in detail along with key changes.

Commission Questions/Comments:

Commissioner Hajnosz asked how they arrived at the interfund number. Fiscal Manager Matt Hobson spoke to the components of this number including indirect

labor support, facilities maintenance, information technology, and general insurance liability premiums and how these fees are assessed.

Commissioner Hajnosz asked why they intend to hire two LTEs as opposed to FTEs for the expansion of the utility bill assistance program. Deputy Director Edwards explained they are still evaluating that based on Council's action this week. He noted that the original budget proposal was established based on the original recommendation of the ESC but does include funding sufficient to provide flexibility should staff decide to change it to FTEs.

Commissioner Lacson asked about the maximum terms of LTEs. Mr. Hobson replied that the maximum is five years, but three years is standard.

Chair Wan referred to customer-facing service programs and asked why the City is still doing 20,000 meter reads monthly with the implementation of AMI. Mr. Hobson explained that the meters still have to be read; it's just handled differently with AMI.

Commissioner Hajnosz asked about projections for electricity cost increases. Asst. Director Beck noted that they saw a 30% increase over the past biennium, and they are projecting a 15% increase in the 2027-2028 years.

Assistant Director Dave Baisch reviewed 2027-2032 CIP Budget as it relates to the CIP support elements of the operating budget proposals. He highlighted program cost updates that have resulted in a reduction of the budget by \$19.1M from what was presented in April.

He discussed the updated proposed CIP budget by Fund:

- Water: \$270.5M
- Sewer: 104M
- Storm \$84M
- Total: \$458.5M

Key drivers for Water include the watermain replacement program, Meydenbauer South reservoir, increase in investment in the reservoir program, and early starts and acceleration of projects. Key drivers for Sewer include new pump station projects, increased funding for sewer pipe repair and replacement program, Lake Washington Lake Lines Implementation Plan, and expanded early action projects. Key drivers for Storm include increased funding for the storm pipe repair and rehabilitation program, cost increase of Kelsey Creek Culvert project, cost incurred for emergency projects, and other new projects. Proposed Utilities staffing changes were also reviewed.

Commissioner Hajnosz asked about previous years' projections versus actual implementation. Staff reviewed previous years' expenditure rates versus budgeted

amounts and reasons for some of the discrepancies. Cumulatively, the CIP accomplishment rate over the past five years (2021-2025) has been 91%, and this seems to be trending upward.

Staff summarized key overall takeaways:

- 2027-2028 Proposed Operating Budget: \$511.8M
- 50% attributable to external drivers (wholesale costs)
- 35% investing in aging infrastructure (CIP/R&R)
- 15% committed to local operations
- Aligned with Council direction and City financial policy

Sustaining Existing Services and New Investments:

- On-time meter reading and customer billing
- Maintain existing customer account service levels
- Continued investment in asset management planning and record management
- Expanded bill assistance based on Commission recommendation

Next steps were reviewed.

Chair Wan asked for clarification about the budget for the lake line program. Staff explained it will be capital intensive and very long program. The six-year budget just starts to show some of the design. Chair Wan requested a comparison showing the increase in the budget compared to previous years' increases. Fiscal Manager Matt Hobson indicated staff could provide that but noted that the increase in expenditures over the next two years will be higher than it has been historically. This is almost exclusively due to the increases in wholesale costs. He added that instead of annual planning, King County Metro is talking about adopting a two-year rate schedule with an added "soft" third year. This will help provide more rate predictability for member agencies and help to avoid sharp spikes. The main cost driver for King County Metro ties to their capital program in response to combined sewer overflow projects along Elliott Bay. Later this year, the County will be facilitating a second regional rate affordability summit. Staff will provide more information as it is available.

Staff will be bringing back the corresponding rate forecast that is consistent with these budget proposals in two weeks. What additional information would commissioners like to see?

Commissioner Margolis reiterated a previous request to see what the bimonthly bills would look like on a monthly basis. He would also like to see how this will be communicated to ratepayers.

Commissioner Dupertuis commented that they need to rise above this and provide a rate forecast that overcomes the uncertainty.

Chair Wan said he would like to see the rate increase compared to the previous five years.

9. REVIEW OF COMMISSION AND COUNCIL CALENDARS

Deputy Director Harbour expressed appreciation to the ESC for the extra work and reviewed the calendars.

10. ADJOURNMENT

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

The meeting was adjourned at 8:09 p.m.

DRAFT



DATE: July 2, 2026

TO: Environmental Services Commission

FROM: Lucy Liu, Utilities Director
Scott Edwards, Utilities Deputy Director
Matt Hobson, Utilities Fiscal Manager

SUBJECT: **Utilities 2027-2028 Budget and Rates Recommendation**

ACTION REQUIRED

Staff is seeking the Commission's recommendation to the City Manager on the Utilities Department 2027-2028 operating budget and rates, and the 2027-2032 capital investment program (CIP) budget.

BACKGROUND / ANALYSIS

This is a continuation of a series of briefings to facilitate the Commission's review of the Utilities Department 2027-2028 proposed operating budget and rates, and 2027-2032 CIP.

Commission previously reviewed:

- January: Utilities Asset Renewal Forecast;
- February: Utilities Financial Policies;
- April: Utilities 2025 Financial Performance Results and Preliminary 2027-2032 CIP Plan;
- May: 2027-2032 Early Outlook Rate Forecast
- June: 2027-2028 Operating and Capital Budget Proposals; 2027-2032 Revised Rate Forecast

On July 2, staff will review the following with the Commission:

- Answer the Commission's questions concerning the 2027-2028 operating budget and rates, and 2027-2032 CIP.
- Seek the Commission's recommendation to the City Manager regarding the budget and rates.

Please forward any additional questions regarding the budget in advance of July 2, and staff will provide the Commission with responses at the meeting.

With the Commission's concurrence, staff will work with the Commission Chair to develop and submit its budget recommendation to the City Manager. The City Manager will submit her recommended budget to City Council for consideration in the fall.

The next step in the Commission's budget review process will be to hold a public hearing on Utilities budget and rates on September 3. The Commission will have an opportunity to provide a budget recommendation to City Council in mid-October. Budget adoption is anticipated in November.

2026

Environmental Services Commission Calendar *Tentative*

updated 6/12/2026

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January 8, 2026
 Sewer Cost of Service Analysis (COSA) and Proposed Rate Design
 Asset Management Program Update
 Utility Bill Assistance Program Update

February 5, 2026
 Stormwater Management Plan - Public Hearing
 Wastewater System Plan Update
 Utilities Financial Policies Review

March 5, 2026
 Solid Waste Contract Procurement
 Utilities Bill Assistance Program

April 2, 2026
 2025 Financial Performance Report (Written Brief)
 Utilities Proposed 2027-2032 CIP Plan

May 7, 2026
 Water System Plan - Draft Review
 2027-2032 Early Outlook Rates Forecast
 Proposed Changes to Utility Connection Charges
May 21, 2026
 Revised Policy Options to Expand Utility Bill Assistance Program
 Utilities CIP Site Tour

June 4, 2026
 Election of ESC Chair and Vice Chair
 Utilities 2027-2028 Operating Budget & 2027-2032 CIP Budget Proposals
June 18, 2026
 ESC Recommendation on Proposed Changes to Utility Connection Charges
 Utilities 2027-2032 Rate Forecast Update

July 2, 2026
 2027-2028 Budget Recommendation to City Manager

August 2026
 Recess

September 3, 2026
 2027-2028 Budget & Rates Update - Tentative
 2027-2028 Budget & Rates Public Hearing

September 17, 2026
 2027-2028 Budget & Rates Recommendation to Council

October 1, 2026
 2027-2028 Budget & Rates Update - Tentative

October xx, 2026
 ESC Chair Presents Recommendation to Council

November 5, 2026
 Solid Waste Performance Update
 Water System Plan Final Draft & Recommendation

December 3, 2026 Special Meeting
 ESC Roles & Responsibilities
 Commission 2026 Year in Review
 Commission 2027 Look Ahead

2026

Council Calendar

June 24, 2026

*** Council presentations are highlighted ***

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January

1/27 Water Main Replacement & PRV 2025 Ph2

February

2/24 Water Main Replacement 2026 Ph 1

2/24 2 Enatai Dr Lakeline Access

March

3/24 Solid Waste Contract Procurement

3/24 Kelsey Creek Culvert @ Lake Hills Blvd Water/Sewer Replacement

April

4/28 Preserving Equitable Sewer Rates

May

5/5 Cedar Terrace Sewer Pump Station Rehabilitation

5/12 KC Wastewater Treatment Division 2027 Sewer Rate and Capacity Charge Proposal and 20-Year Forecast

5/12 Water Main Replacement 2026 Ph 2 & PRV

5/19 Defect Repair 2025 Storm

June

6/2 Utility Bill Assistance Program Expansion

6/23 Aqua Vista Sanitary Sewer

July

7/14 Cascade Budget & Rates Proposal and Cascade Supply Program

August

8/4 Utility Connection Charges

September

9/8 Defect Repair 2025 Sewer

9/8 Stormwater Pre Cleaning and CCTV

TBD Defect Repair 2026 Storm

TBD North Sammamish Flood Improvements

TBD Overlay and Pavement Restoration 2026

October

TBD Budget and Rates Presentation

TBD Water Main Replacement 148th and NE20th

November

December

TBD Water Main Replacement 2028 Ph1

TBD Somerset 2 Pump Station & Reservoir Rehab

Jan-27 Solid Waste Contract Procurement (January Placeholder)

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