

Utilities Operating Budget Proposals

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Presentation to Environmental Services Commission

June 20, 2024



Agenda

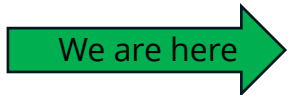
Detailed review of the 2025-2026 Operating Budget,
by proposal

Information

- No action by the Commission at this time.
- Staff will be seeking the Commission's budget proposal recommendation to the City Manager on July 11.

ESC 2025-2026 Budget Review Calendar

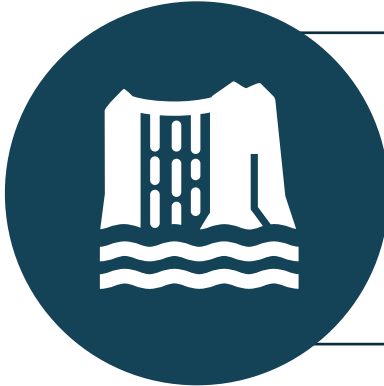
Date	Topic
January 4	<ul style="list-style-type: none"> Asset Renewal Forecast Update
February 1	<ul style="list-style-type: none"> Utilities Financial Policies
April 4	<ul style="list-style-type: none"> 2023 Financial Performance Review of Preliminary 2025-2034 CIP
May 2	<ul style="list-style-type: none"> Operations and Maintenance/CIP Tour
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Budget Informed By



**Council
Strategic
Direction**



**Asset
Management**



**City
Financial
Policies**

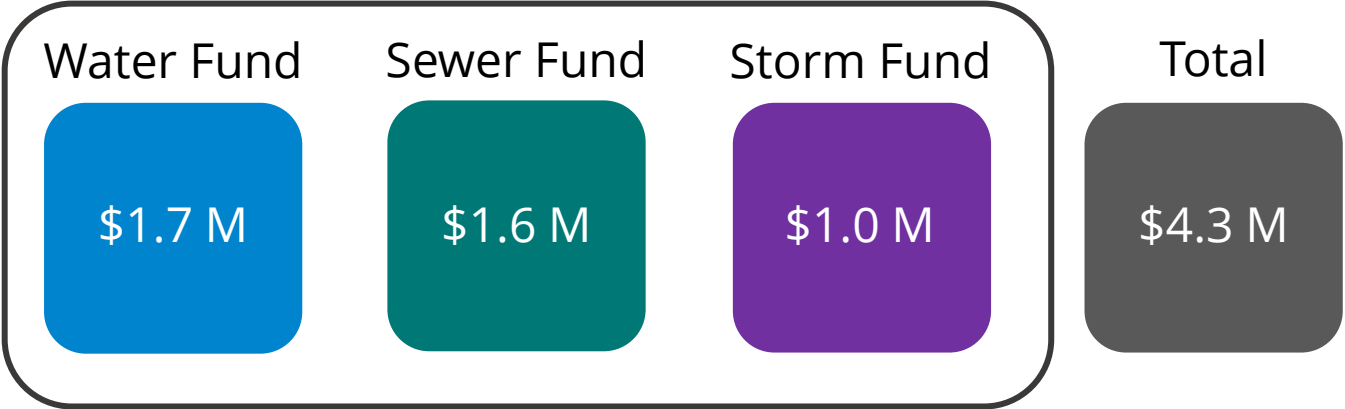


**Service
Levels**

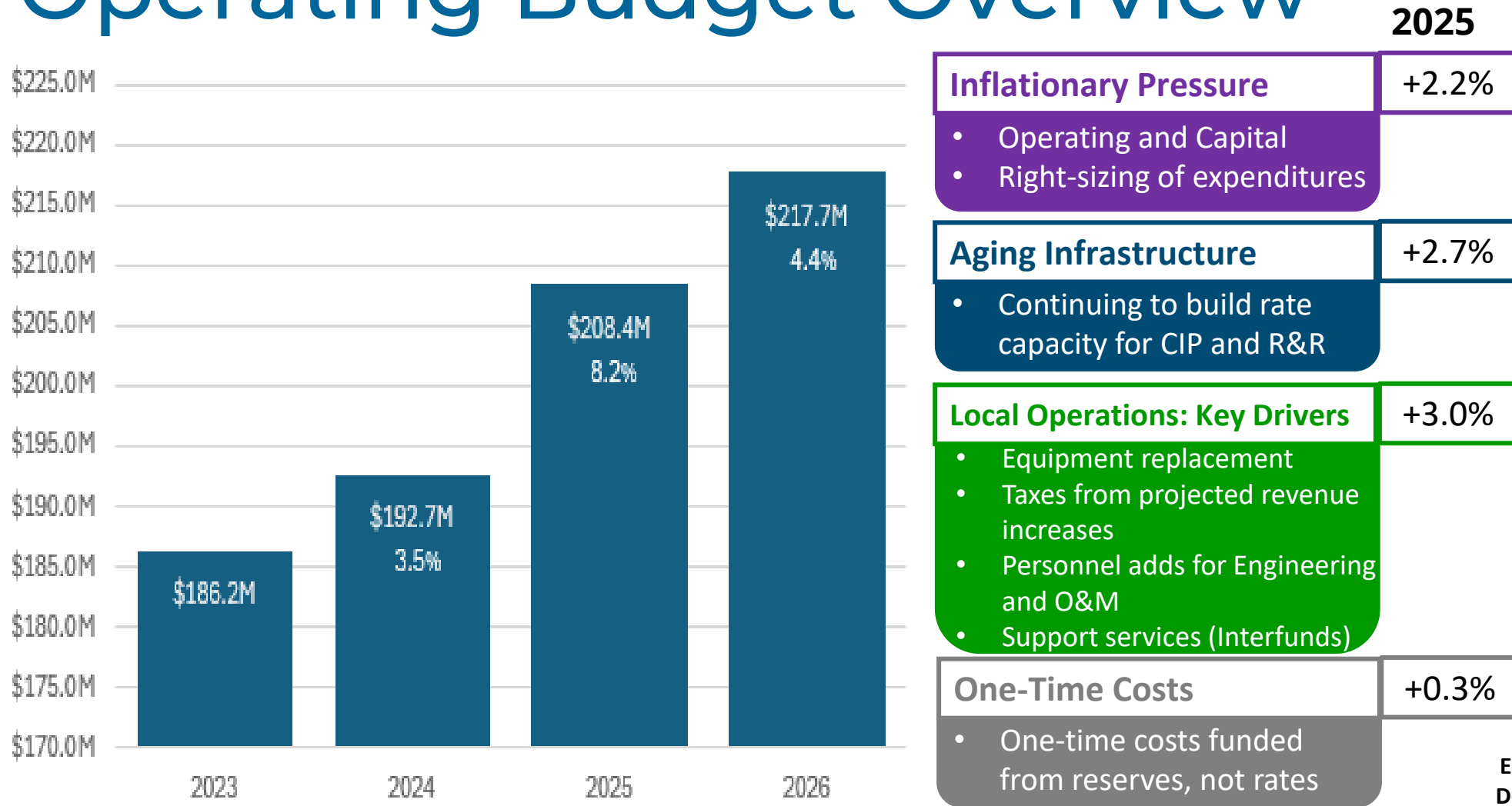
Budget Introduction

Example of 2025-2026 proposal:

Customer-Facing
Service Programs



Operating Budget Overview



Excludes operating reserves
Dollars presented in millions



2025-2026 Operating Budget Highlights



2025-2026 Utilities Budget

Total Operating Budget: \$426.1M

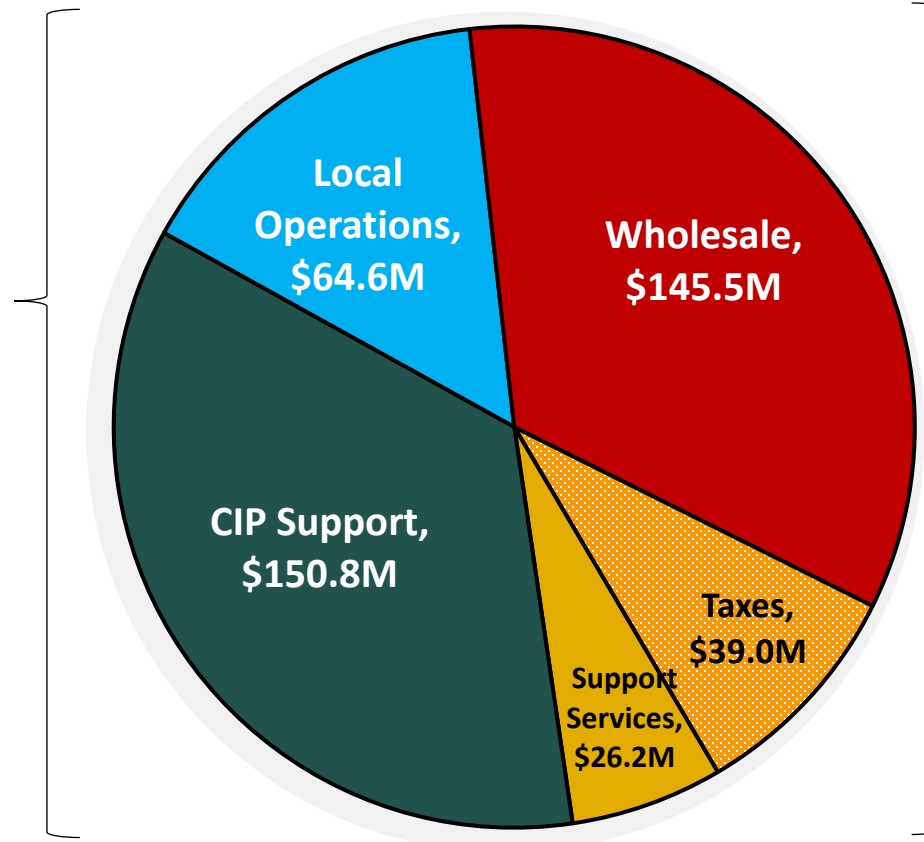
Internal Drivers – 51%

Local Operations – 15%

- Operations & Maintenance
- Customer Service & Outreach
- Engineering
- System Planning
- Development Services
- Support Systems/Assets
- Management
- Regulatory

CIP Support – 36%

- Transfers to CIP / R&R
- CIP Delivery & Asset Management



External Drivers – 49%

Wholesale Costs – 34%

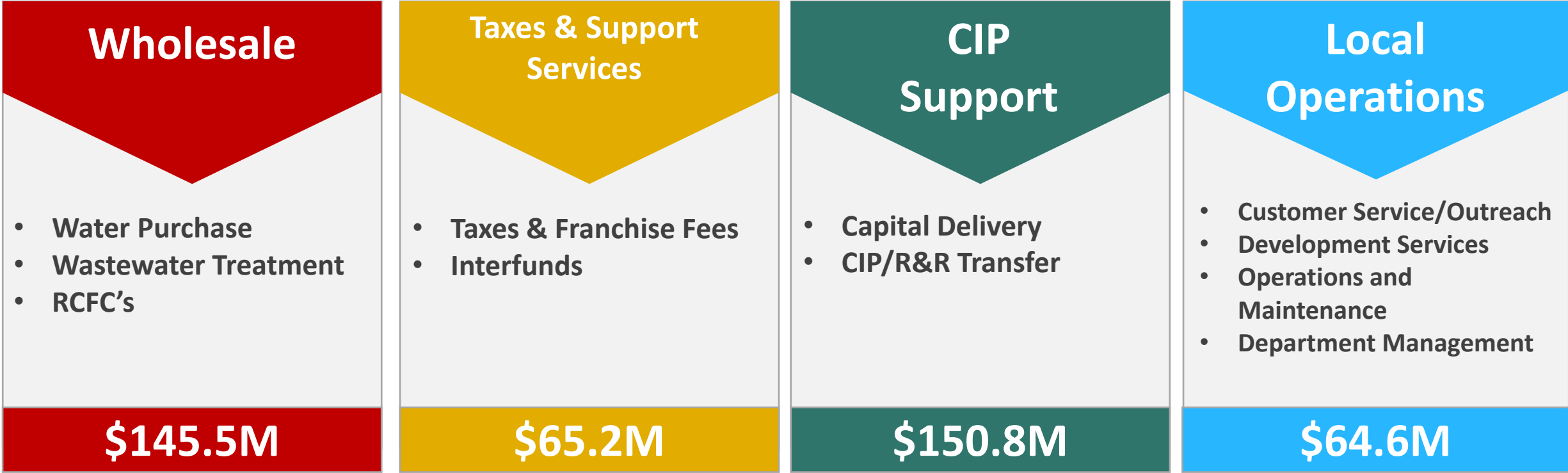
- Drinking water supply
- RCFC Payments
- Wastewater Treatment

Taxes & Support Svcs – 15%

- Taxes
- Interfunds

Excludes operating reserves
Dollars presented in millions

Budget by Proposal Type



2025-2026 BUDGET: \$426.1M

Excludes operating reserves
Dollars presented in millions



Wholesale Costs, Taxes, Support Services

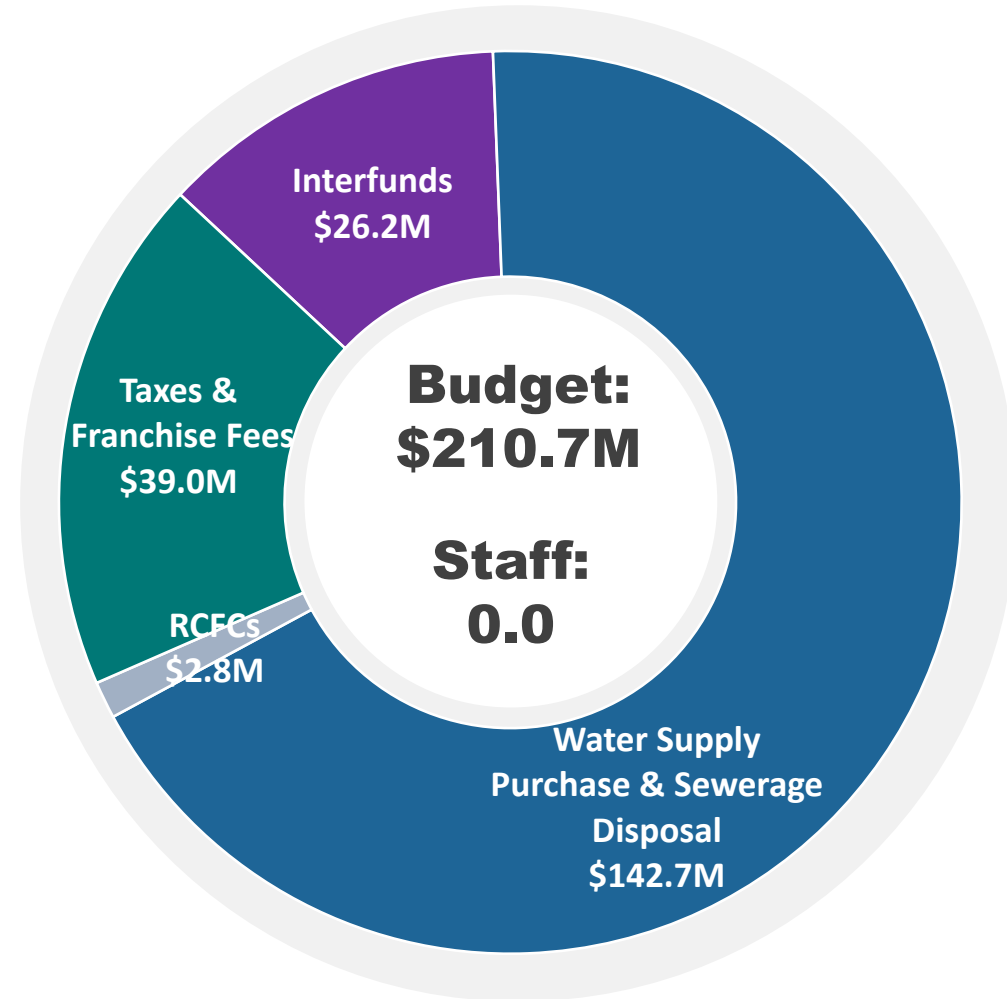
Overview

Contractual & Legal Obligations:

- Water supply contract with Cascade Water Alliance
- Wastewater contract with King County
- State & local taxes/franchise fees
- Support services - rent, IT, HR, etc.

Key Changes from Last Budget:

- Water supply cost increases
- Wastewater treatment cost increases
- Anticipated support services from the General Fund



Local Operations – Overview

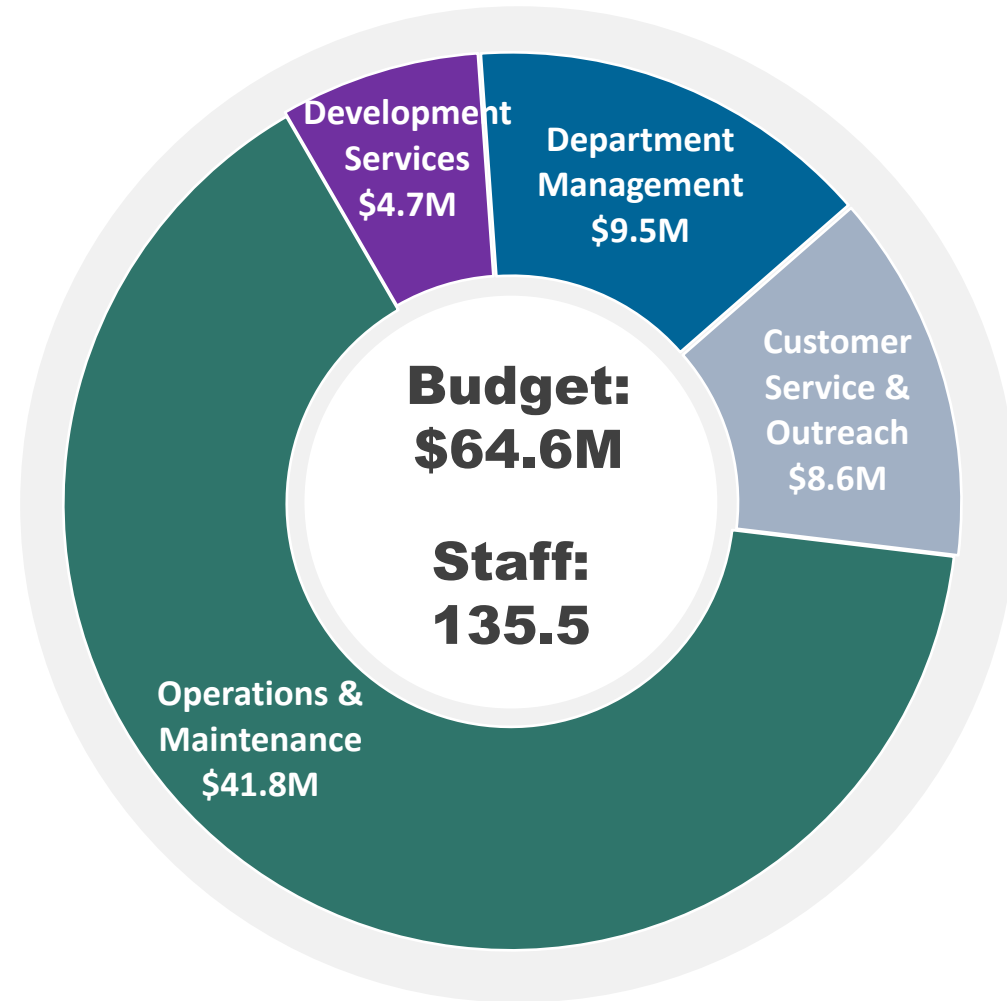
Overview

Bellevue's Utility Systems:

- 1,600+ miles of pipe
- 24 reservoirs
- 69 pump stations
- 72 pressure zones
- 20,000 public storm drains
- 14,000 maintenance holes

Local Operational Activities:

- Department Management
- Customer Service/Outreach
- Engineering Development Services
- Operations and Maintenance
 - Water System
 - Sewer System
 - Storm System
 - Water Quality



Department Management & Support

\$9.5M Total Budget, 16 Staff

Overview

Utilities Leadership & Support:

Director's Office

- Strategic planning
- Policy implementation
- Stewardship of resources

Systems Management

- Hardware & software maintenance
- Major system planning, implementation, and support

Fiscal Management

- Budgeting, monitoring, and forecasting
- Rate design

Key Changes from Last Budget:

- Rising cost of software licenses and interlocal contractual obligations
- LTE GIS support
- Periodic Sewer and Storm cost of service studies

Mission

Deliver high quality, reliable drinking water, wastewater, storm and surface water, and solid waste services in a manner that is environmentally responsible and cost competitive.

Vision

Our customers enjoy livable communities and a healthy and sustainable environment through high quality utility services.

Customer Service / Outreach

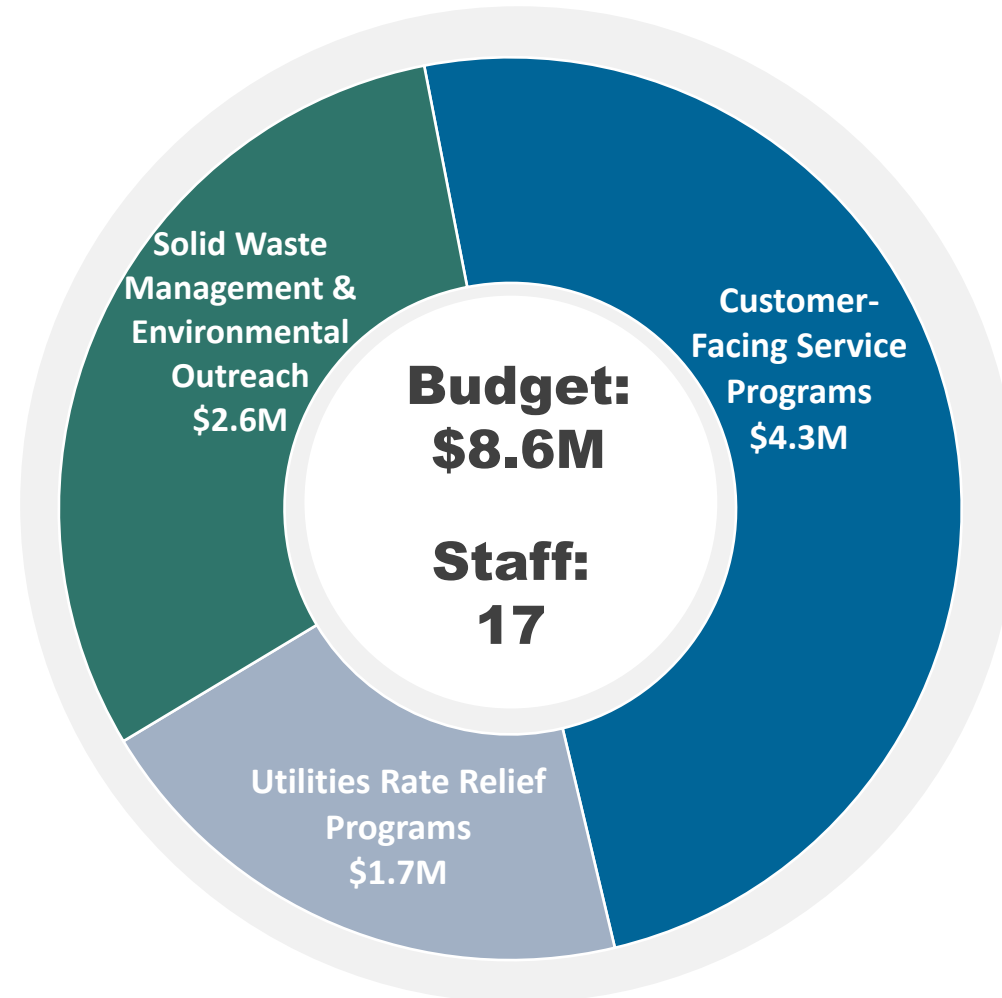
Overview

Customer/Community services:

- 39,000 customer accounts
- 20,000 meter reads monthly
- 5,000 bills weekly
- 125 customer calls daily
- 4,500 move requests yearly
- Rate relief for ~ 1,000 residents
- \$35M (annual) solid waste contract

Key Changes from Last Budget:

- Reduction of Merchant Fee expenditures related to processing credit card payments for customer bills
- One-time strategic outreach effort to improve composting and recycling outcomes
- Consultant services in preparation for new Solid Waste contract



Customer Service / Outreach

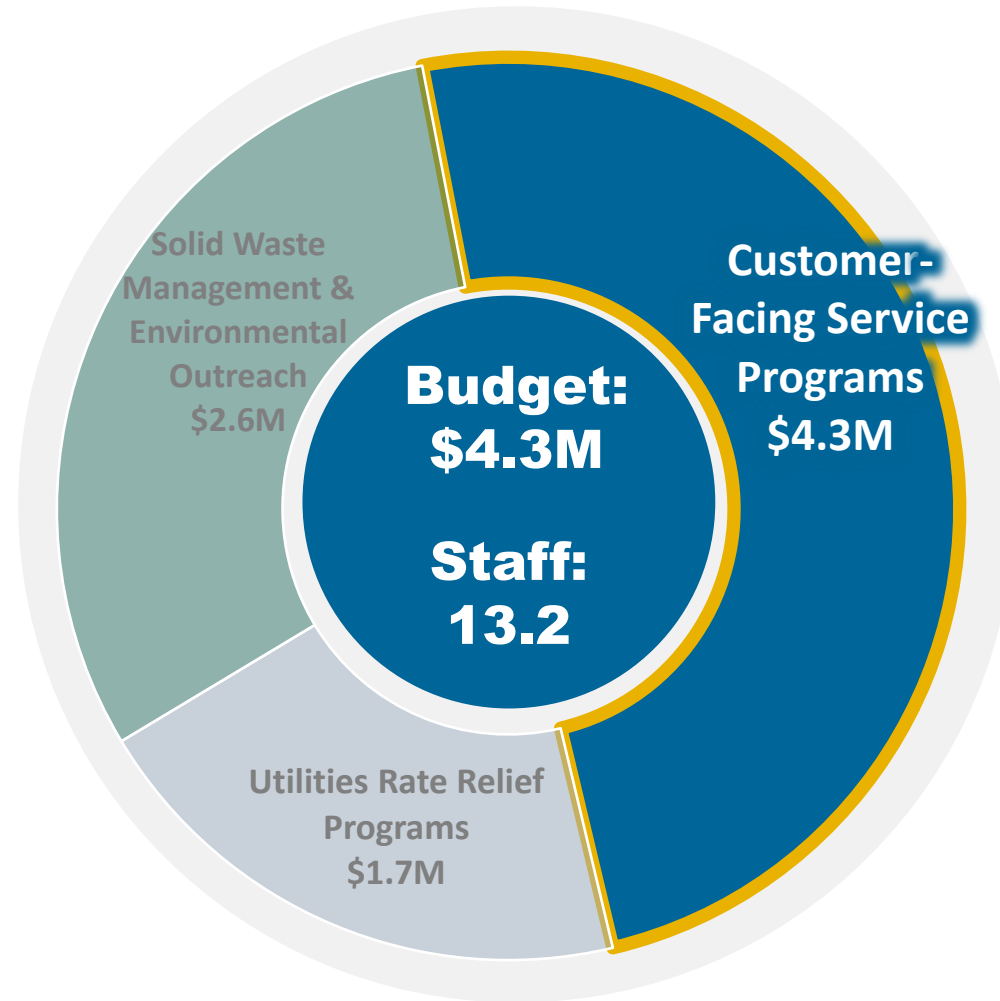
Overview

Customer-Facing Service Programs:

- 39,000 customer accounts
- 20,000 meter reads monthly
- 5,000 bills weekly
- 125 customer calls daily
- 4,500 move requests yearly
- 1,600 miles of infrastructure (Utility Locate)

Key Changes from Last Budget:

- Reduction of Merchant Fee expenditures related to processing credit card payments for customer bills



Customer Service / Outreach

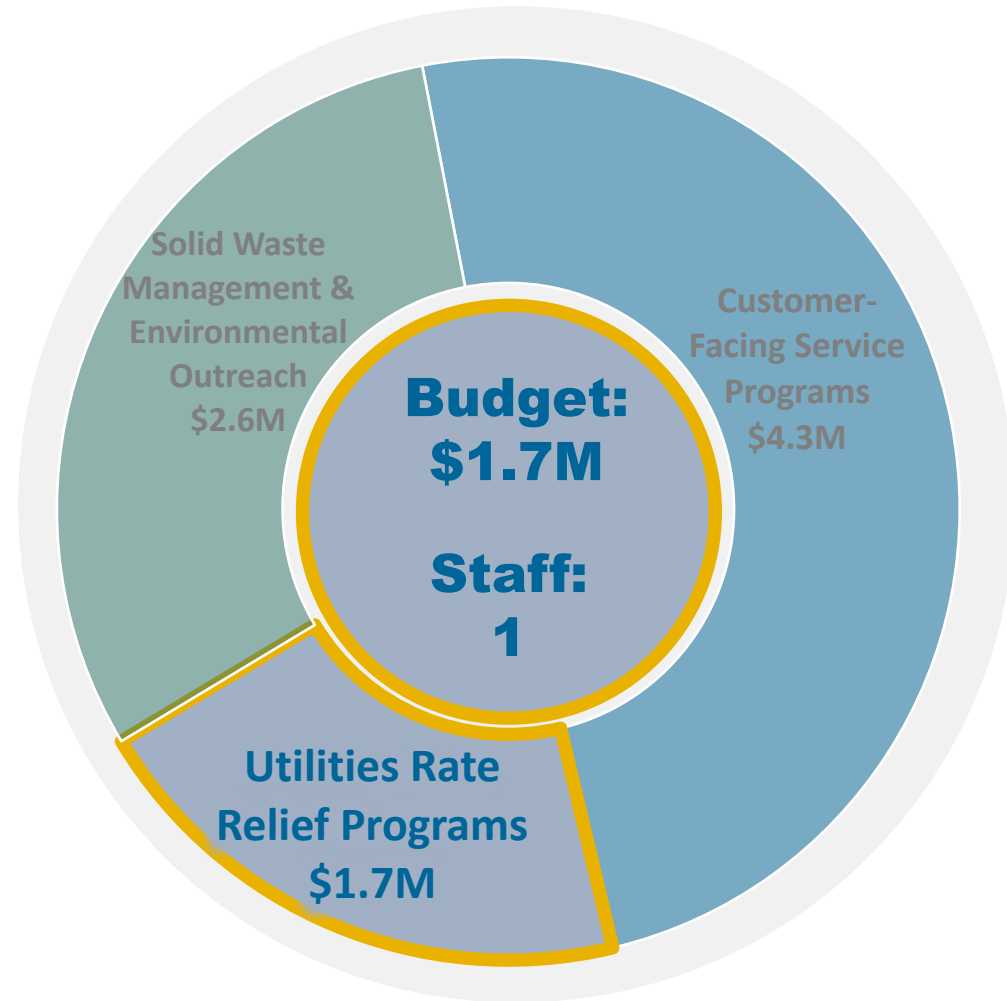
Overview

Utilities Rate Relief Programs:

- Rate relief for ~1,000 residents
- Discount and Rebate Programs
- Emergency Assistance Program
- Neighbors Helping Neighbors

Key Changes from Last Budget:

- No changes



Customer Service / Outreach

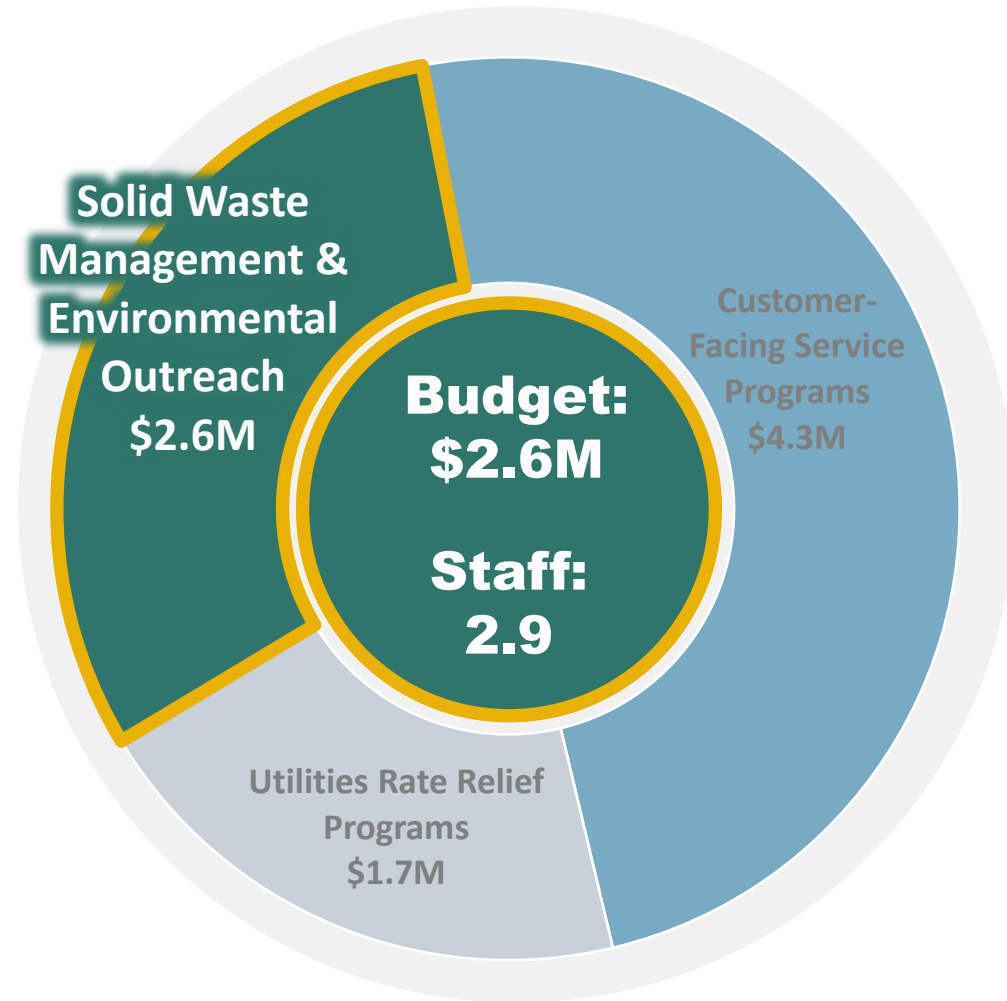
Overview

Solid Waste Management:

- Republic Solid Waste contract – \$35M
- Waste Prevention and Recycling Education
- Stormwater Pollution Outreach/Education
- Water Conservation Programs

Key Changes from Last Budget:

- One-time strategic outreach effort to improve composting and recycling outcomes
- Consultant services in preparation for new Solid Waste contract



Operations and Maintenance – Overview

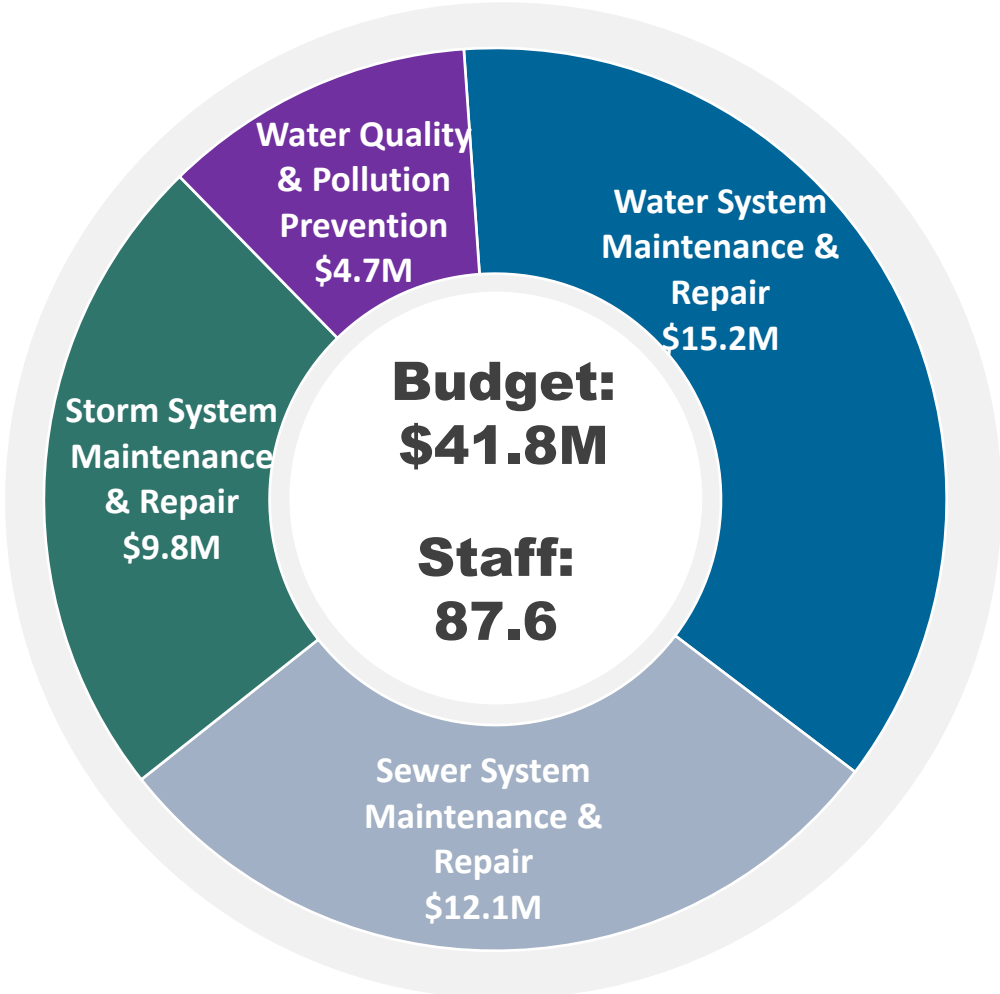
Overview

Utilities System Maintenance:

- 40,000 water connections
- 14,000 sewer maintenance holes
- 20,000 public storm drains
- 610 miles of water mains
- 640 miles of sewer pipes
- 400 miles of storm pipes
- Regulatory requirements

Primary O&M Activities:

- Preventive Maintenance
- Corrective/Reactive Maintenance
- Condition Assessment
- Asset Replacements
- System Operations
- Regulatory Compliance



Local Operations

Operations and Maintenance - Water

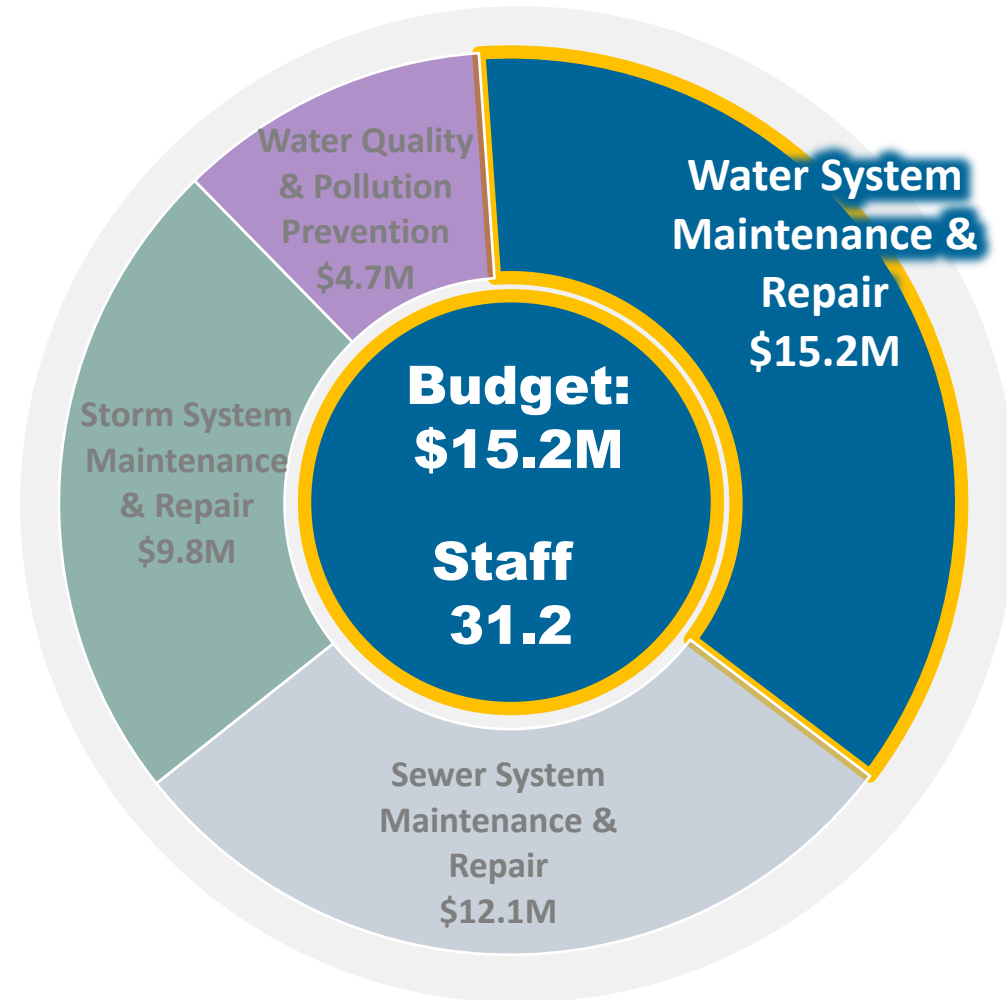
Overview

Water System Maintenance & Repair:

- Watermain & Service Line Repairs
- Preventive Maintenance (annually)
 - 50% of 5,800 fire hydrants
 - 50% of 10,000 valves
 - 20% of 24 reservoirs
- System Flushing
- Meter installations & maintenance

Key Changes from Last Budget:

- Equipment replacements (vactors, vehicles, trailers, generators, etc.)
- Rising cost of personnel as well as repair and maintenance contracts, parts, supplies, and equipment
- Transition from 10-year to 5-year leak detection cycle



Operations and Maintenance - Sewer

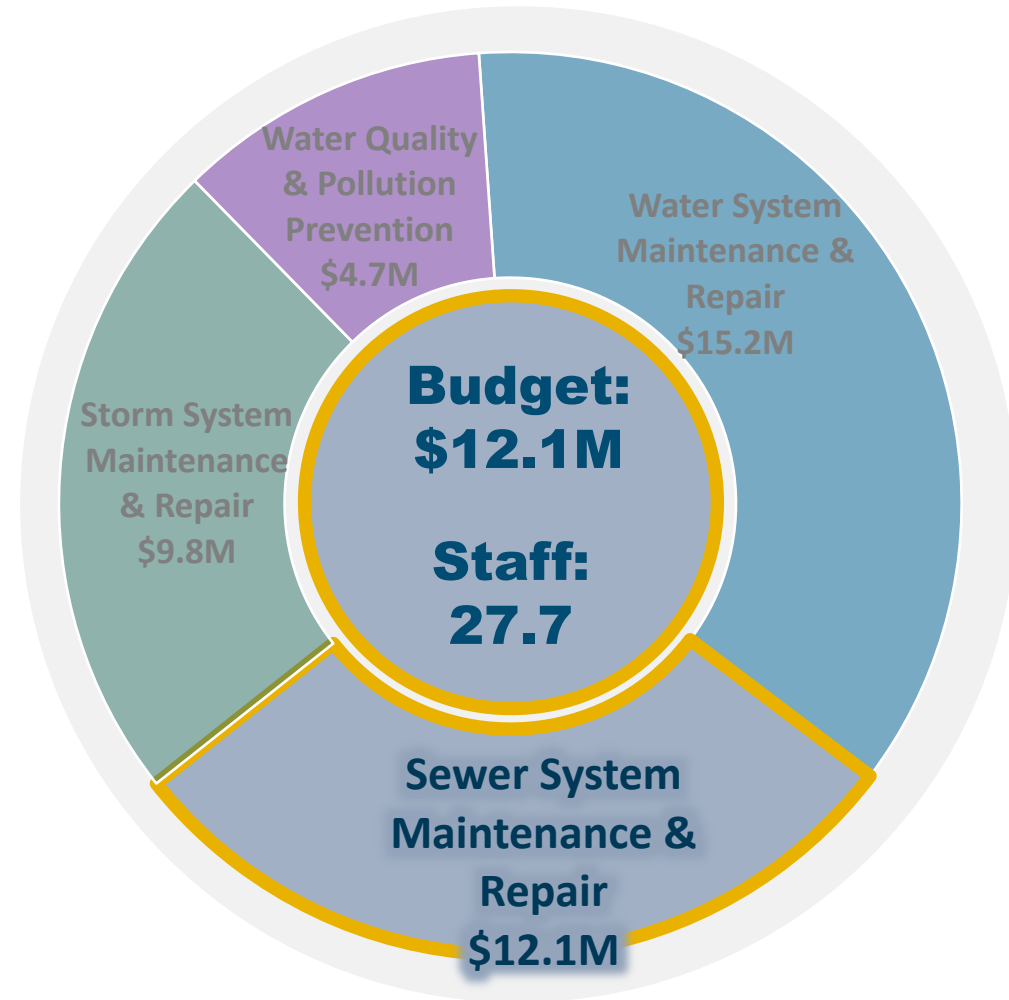
Overview

Sewer System Maintenance & Repair:

- Condition Assessment
 - Video inspect 8% of 640 mi./year
- Preventive Maintenance
 - Jet clean 20% of system /year
- Corrective Maintenance
 - 125 repairs/year of mains & laterals
- Pump Station Maintenance
 - Monthly cleaning of 47 pump stations
 - Rebuild 20+ pumps/year

Key Changes from Last Budget:

- Equipment replacements (vehicles, trailers, generators, etc.)
- Rising cost of personnel as well as repair and maintenance contracts, parts, supplies, and equipment



Local Operations Operations and Maintenance - Storm

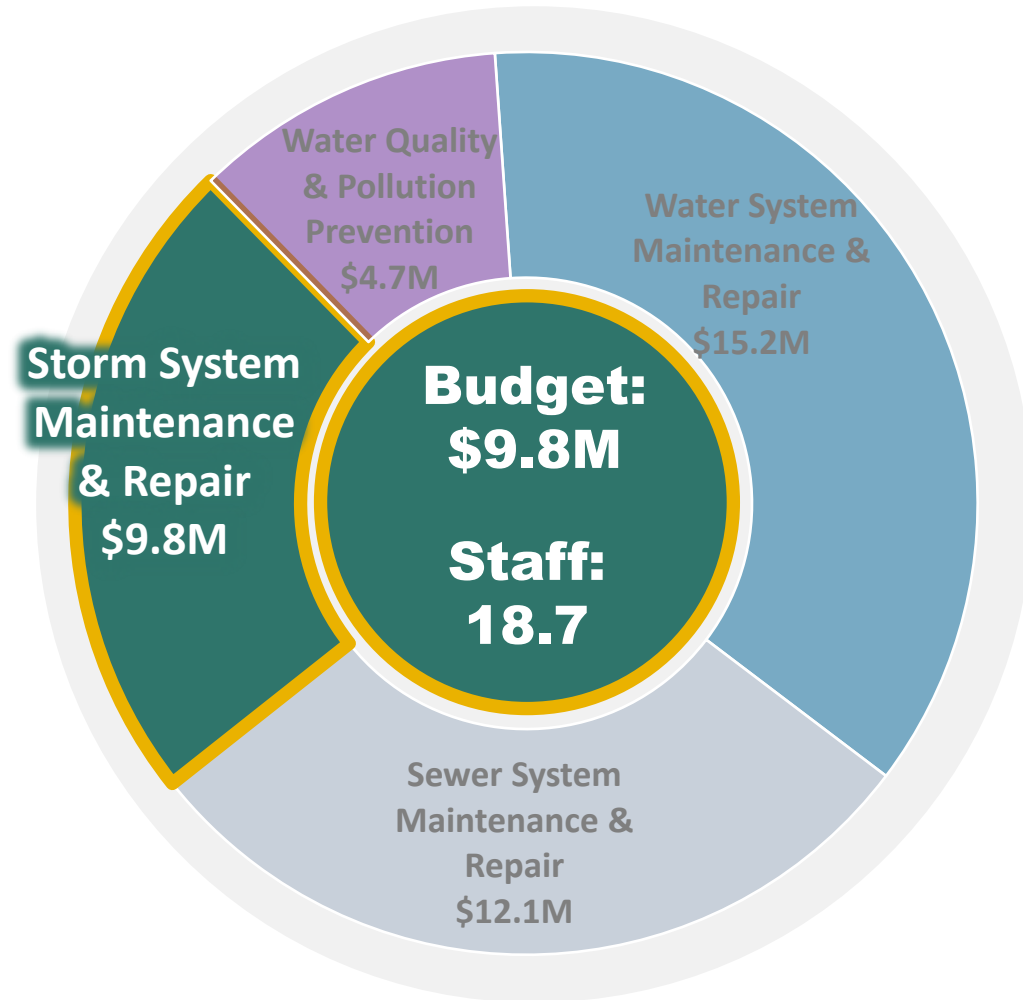
Overview

Storm System Maintenance & Repair:

- Condition Assessment
 - Video inspect 20 mi (5%) of pipes
- Preventive Maintenance
 - Inspect 14,000 drains, basins, facilities
 - Clean 2,100 structures
- Corrective Maintenance
 - Catch basin & pipe repairs

Key Changes from Last Budget:

- New Storm Lead Worker FTE to manage work order backlog
- Equipment replacements (vactors, vehicles, etc.)
- Rising cost of personnel as well as repair and maintenance contracts, parts, supplies, and equipment



Operations and Maint. – Water Quality

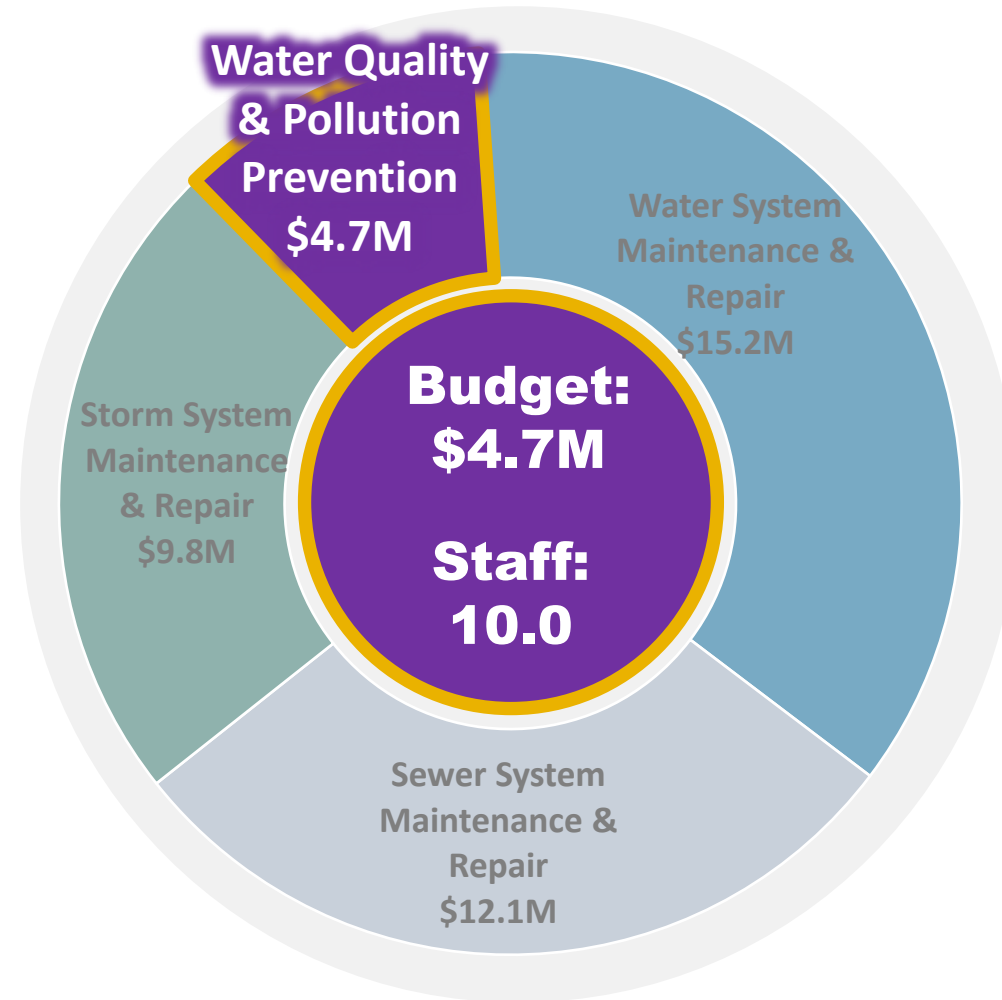
Overview

Water Quality & Pollution Prevention:

- Safe Drinking Water Act
 - Water Quality Testing & Reporting
- Safe Water Act & NPDES Permit
 - Illicit Discharge Prevention/Response
 - Source Control
- Private Utility Systems
 - Cross-Connection/Backflow
 - Private Drainage Inspections
 - Fats, Oils, Grease (FOG)

Key Changes from Last Budget:

- New part-time WQ Intern for outreach initiatives
- Increases in personnel costs



Engineering Dev. Services – Overview

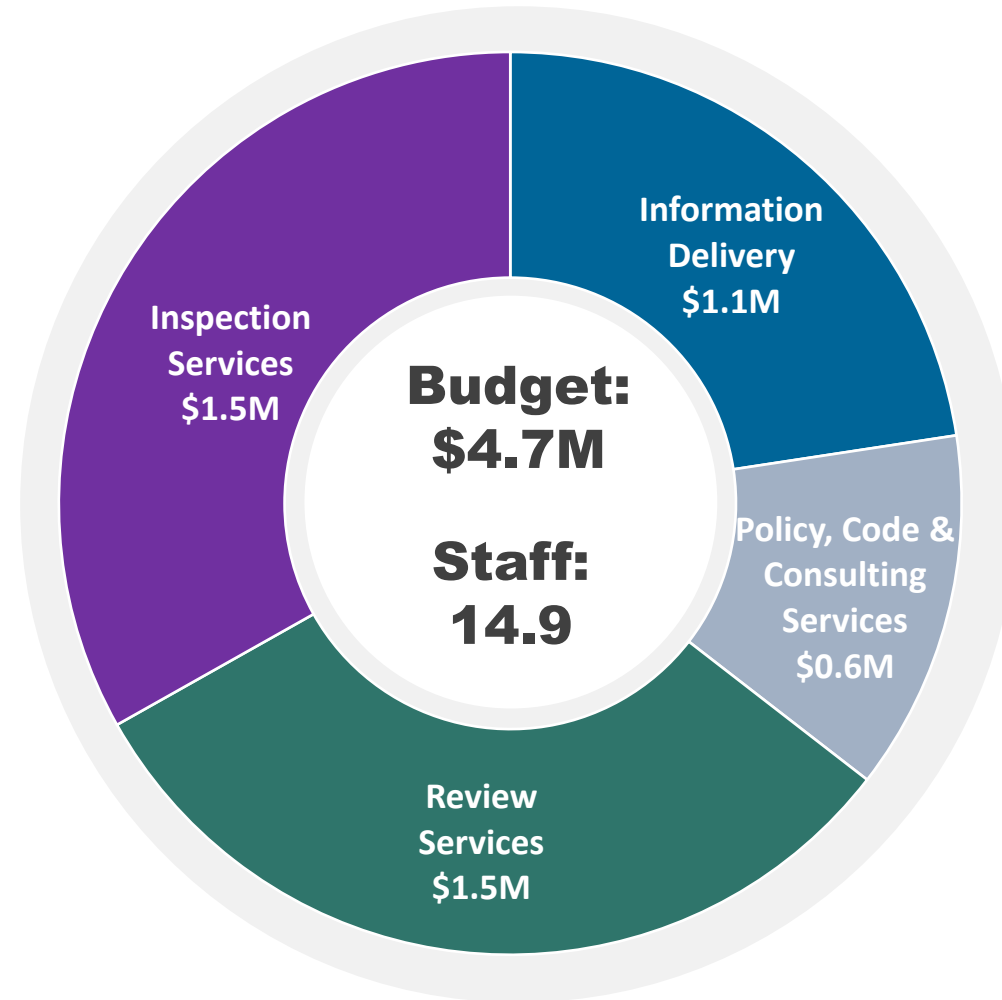
Overview

Utilities Development Services:

- Design review & construction inspection for private & public development projects
- Ensure compliance with local, state and federal regulations
- Ensure water, sewer, and storm infrastructure meets Bellevue’s engineering standards

Key Changes from Last Budget:

- No major changes



Local Operations Engineering Development Services

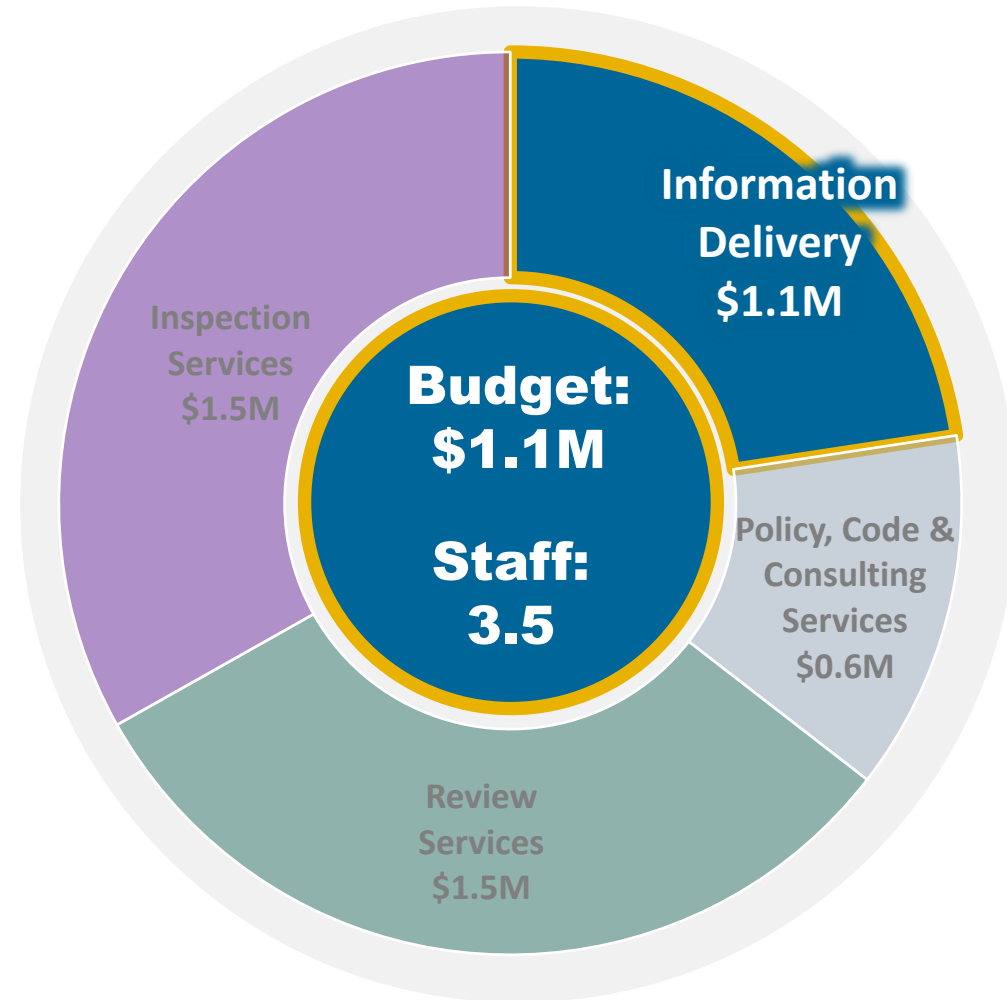
Overview

Information Delivery Proposal:

- Property and project information
- Codes and standards
- Plan review and inspection procedures
- Development records
- Permit processes
- Timelines and fees

Key Changes from Last Budget:

- No major changes



Local Operations Engineering Development Services

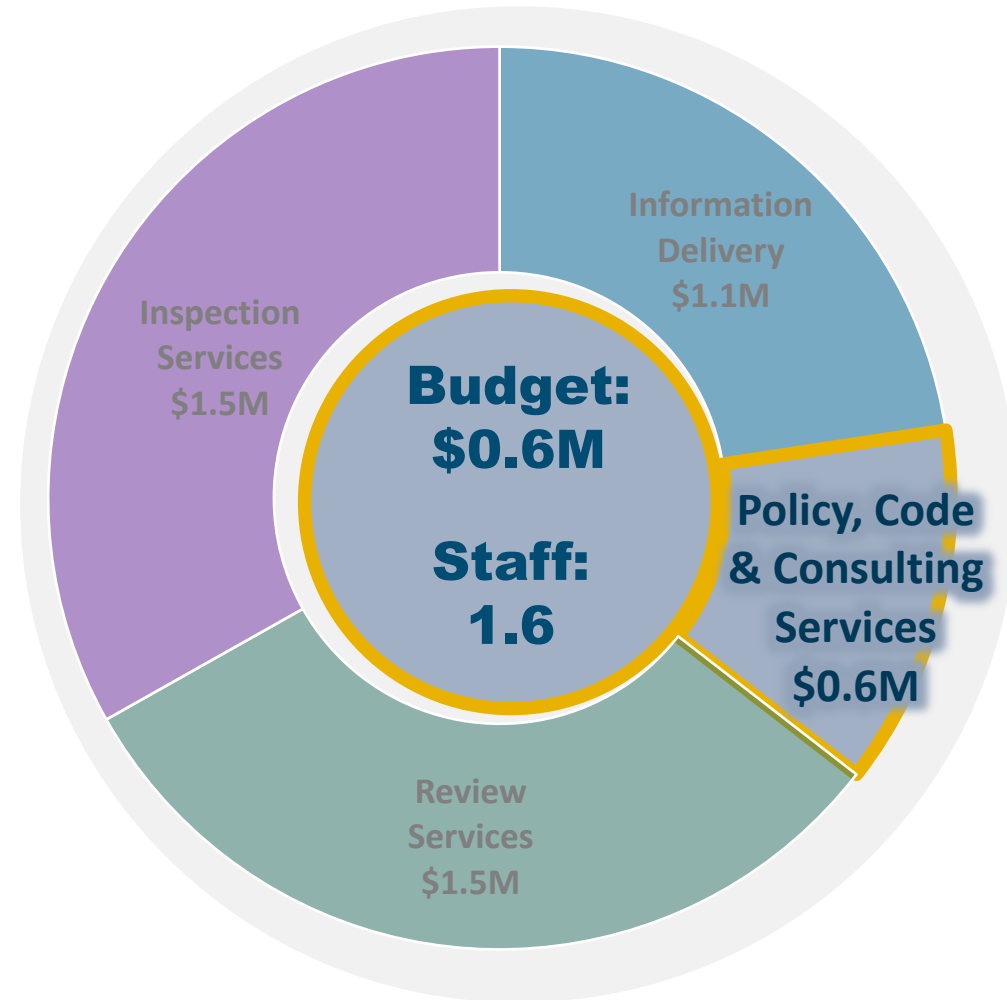
Overview

Policy, Code, and Consulting Services

- City code development and amendments
- Implementation of new state and federal policies and regulations
- Updates to engineering standards and procedures

Key Changes from Last Budget:

- No major changes



Local Operations Engineering Development Services

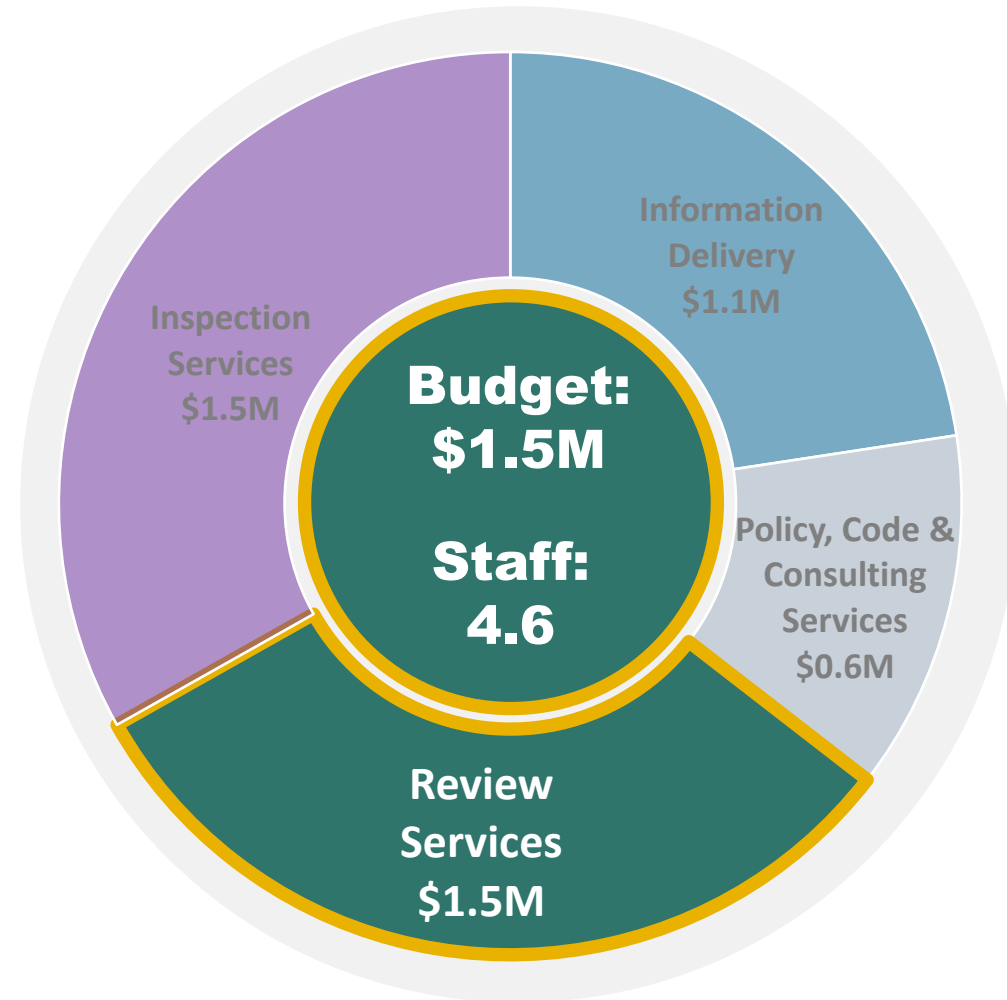
Overview

Review Services

- Engineering plan review of development designs for water, sewer, and stormwater infrastructure
- Application of city, state, and federal codes and engineering standards
- Provide customer service to developers and their consultants

Key Changes from Last Budget:

- No major change



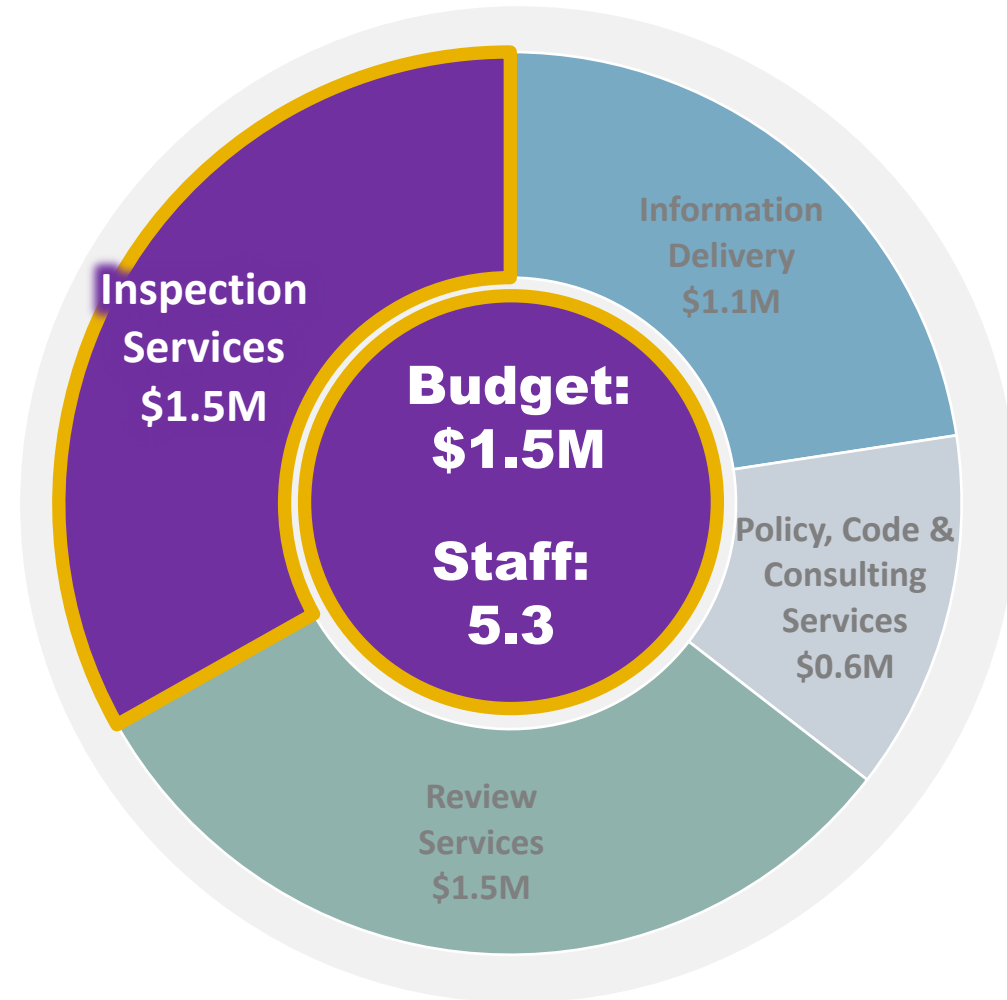
Local Operations Engineering Development Services

Overview

Inspection Services
Construction inspection to ensure water, sewer, and stormwater infrastructure is built with quality by development contractors

Key Changes from Last Budget:

- No major change



Local Operations CIP Support

Overview

System Infrastructure:

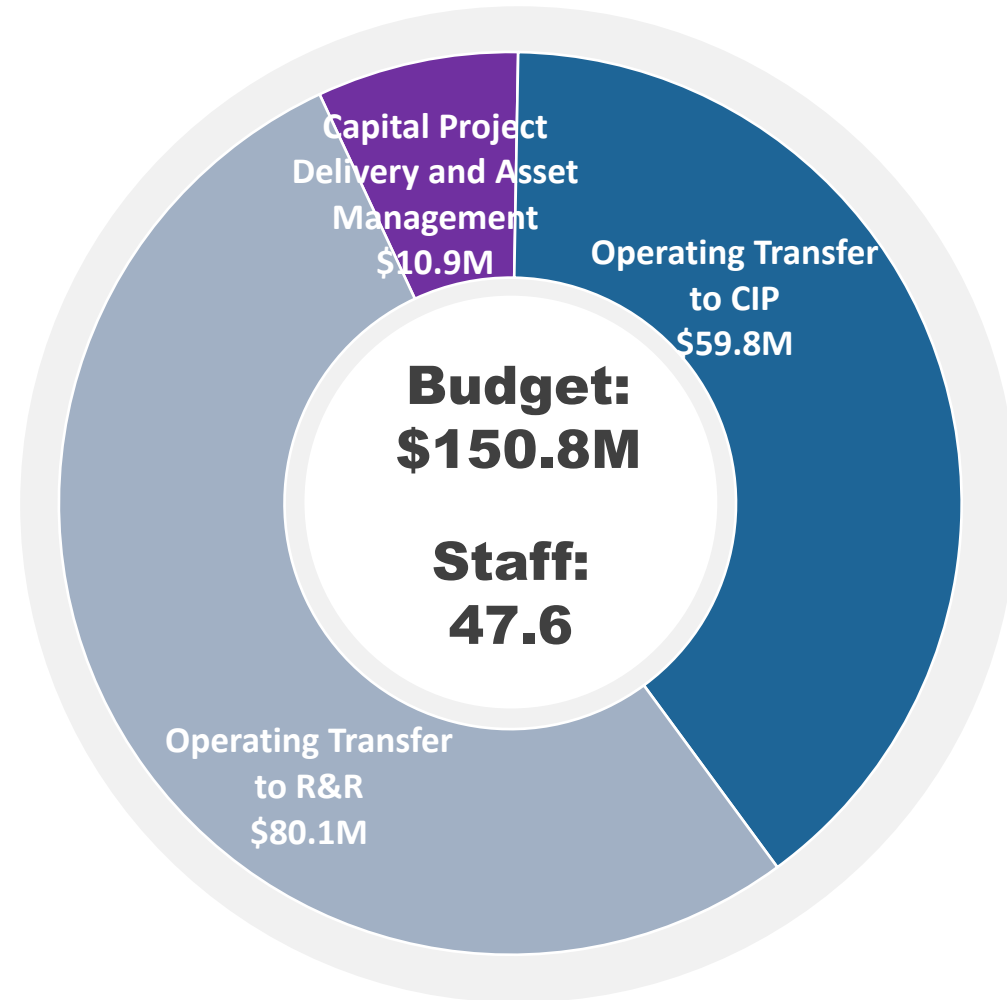
- \$10B System Infrastructure
- 1,600 miles of pipes
- 24 water reservoirs
- 69 pump stations
- 19 miles of submerged sewer lake lines

Funding for:

- 2025-2026 CIP Projects
- Future CIP Projects via R&R
- CIP Staff and Service Contracts

Key Changes from Last Budget:

- Addition of 3 FTEs for CIP Delivery
- 1 LTE to FTE conversion for CIP Delivery
- Building rate capacity for R&R



CIP Support Capital Project Delivery & Asset Mgmt.

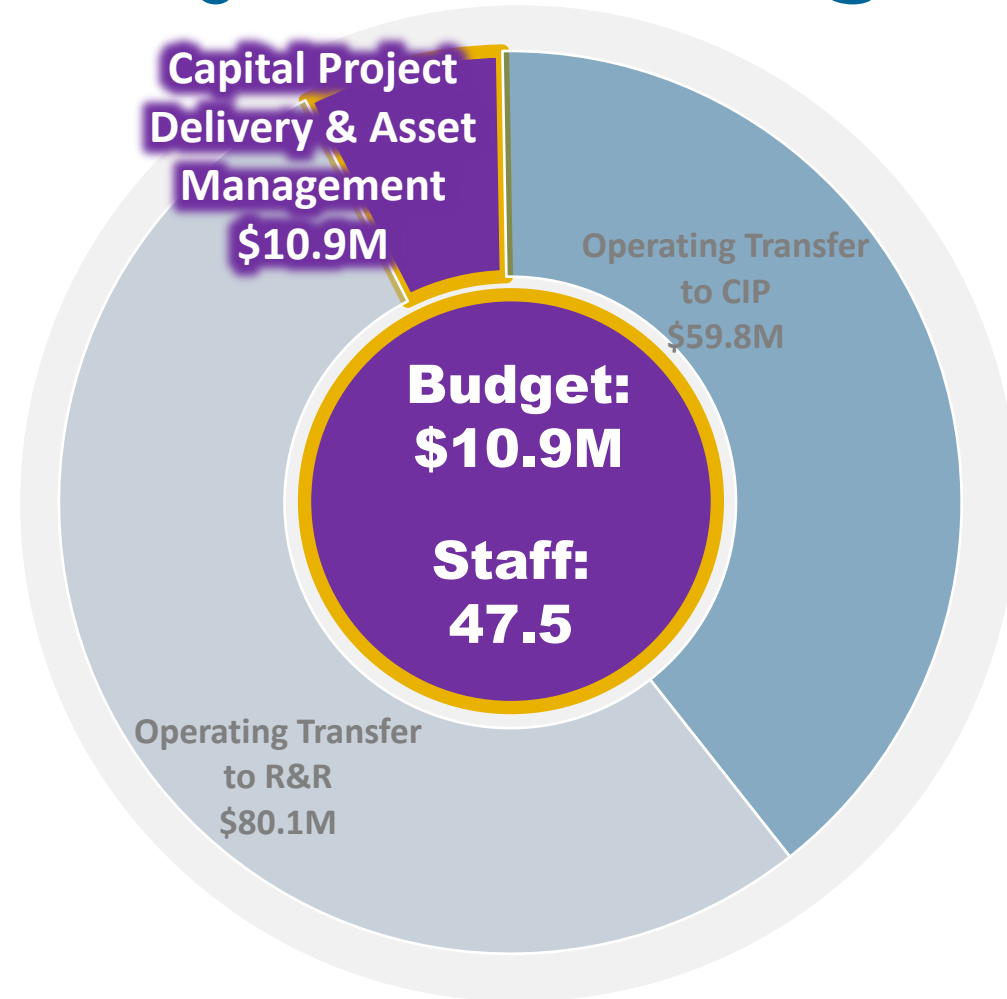
Overview

Funding for:

- Utility Systems Planning
- Asset Management
- CIP Project and Program Delivery:
 - Project planning
 - Design consultant management
 - Public engagement and outreach
 - Permitting and real property work
 - Field inspection and construction contract management
- CIP portfolio and budget management

Key Changes from Last Budget:

- Addition of 3 FTEs for CIP Delivery
- 1 LTE to FTE conversion for CIP Delivery



Proposed Utilities Staff Changes

		FTEs	LTEs	Total
2024 Amended:		174	6	180
Reductions:	Engineering Tech (GIS Analyst)	0	-1	-1
Subtotal		0	-1	-1
LTE Conversions:	Construction Inspector	0	-1	-1
	Construction Inspector	1	0	1
Subtotal		1	-1	0
Additions:	Senior Engineer (Planning)	1	0	1
	Senior Engineer (Design)	1	0	1
	Senior Engineer (CIP Delivery)	1	0	1
	Lead Worker (Storm)	1	0	1
Subtotal		4	0	4
2025-2026 Proposed:		179	4	183



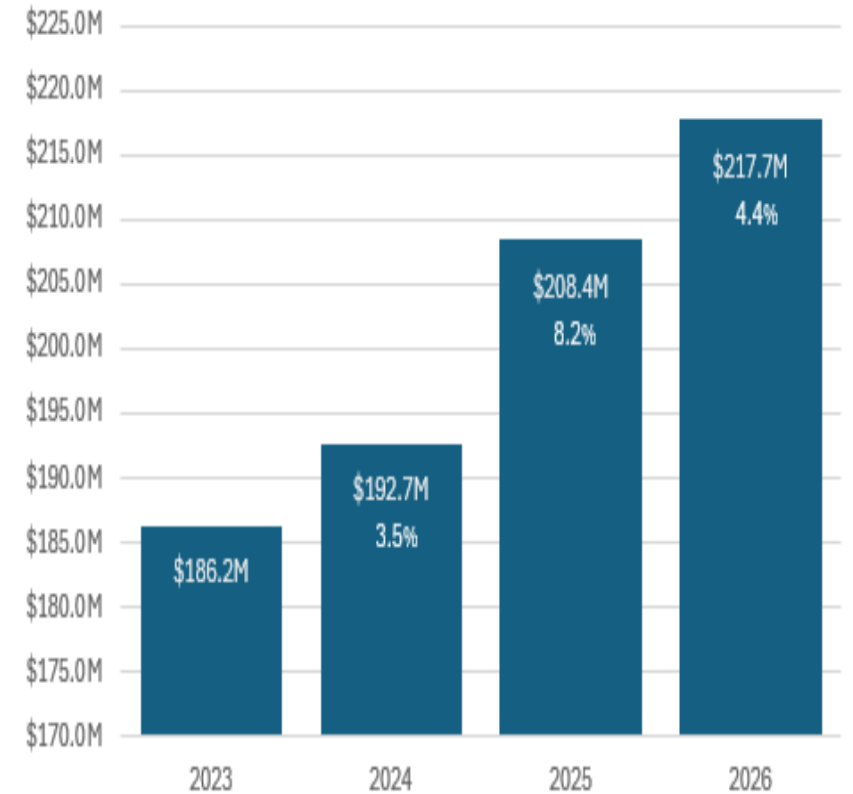
Key Takeaways

2025 – 2026 Operating Budget \$426.1M

- 49% attributable to External Drivers (Wholesale Costs)
- 36% investing in aging infrastructure (10-Year CIP and long-term R&R)
- 15% committed to Local Operations
- Aligned with Council Direction and City Financial Policy
- Promotes regulatory compliance and business sustainability

Maintains Existing Services, with Strategic Enhancements

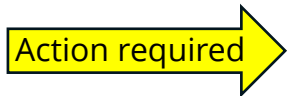
- Aging and obsolete equipment replacement
- Staffing to support CIP delivery, an increased storm workload, and GIS services
- Solid Waste contract competitive solicitation
- Solid Waste and Water Quality outreach
- Process improvements to drive service enhancements
- Utility billing practices promote service equity



Excludes operating reserves
Dollars presented in millions

ESC 2025-2026 Budget Review Calendar

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