

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

Thursday
April 4, 2024

City Hall & Remote
6:30 p.m.

1. CALL TO ORDER:

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

ROLL CALL

COMMISSIONERS PRESENT: Vanja Knezevic (Chair), Ken Wan (Vice Chair)¹, Andy Dupertuis, Gabby Lacson, Kurt Lutterman

COMMISSIONERS ATTENDING REMOTELY: Ann Hajnosz

COUNCIL LIAISON: None

COMMISSIONERS ABSENT: Michael Margolis (excused)

OTHERS PRESENT: Lucy Liu, Director; Linda De Boldt, Utility Engineering Assistant Director; Joe Harbour, Deputy Director; Scott Edwards, Deputy Director; Birol Shaha, Utilities CIP Portfolio Manager; Cheri Brignon, Sr. Administrative Assistant; Lorissa Warren, Administrative Assistant; Andrew Williams, Sr. Administrative Assistant; 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 (5-0).

3. ORAL AND WRITTEN COMMUNICATION

Chair Knezevic read a statement regarding oral communications.

Alex Tsimerman, 14150 NE 20th Street, Bellevue, WA, referred to a city document and claimed it was a fraud and illegal.

¹ Vice Chair Wan arrived at 6:37 p.m.

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

None.

5. STAFF REPORTS

Deputy Director Joe Harbour introduced Scott Edwards, the new Utilities Deputy Director. He also pointed out that there were now management briefs on the agenda.

6. APPROVAL OF MINUTES

A) March 7, 2024 MINUTES

Motion made by Commissioner Lutterman, seconded by Commissioner Lacson, to approve the 3/7/24 minutes with the following corrections:

- **The meeting was chaired by Vice Chair Wan, not Chair Knezevic.**
- **Final vote count at adjournment should be 6-0, not 7-0.**

Upon a roll call vote, the motion passed unanimously (6-0).

7. UNFINISHED BUSINESS

None

8. NEW BUSINESS

a) Solid Waste Management Brief - There were no comments regarding this item.

b) 2023 Financial Performance Management Brief – There were no comments regarding this item.

c) 2025-2034 Proposed CIP
Asst. Director Linda De Boldt
Birol Shaha, Utilities CIP Portfolio Manager

Asst. Director Linda De Boldt introduced this item and reviewed roles of staff, the ESC, and the City Council. She gave an overview of the Utilities CIP. Utilities CIP Portfolio Manager Birol Shaha reviewed the CIP Budget development process including public outreach.

The proposed Utilities Capital Investment Plan (CIP) 2025-2034 (\$537M) includes:

- Water Fund: 15 programs, \$328M
- Sewer Fund: 10 programs, \$124M
- Storm/Surface Water Fund: 9 programs, \$85M

Major CIP change drivers include the addition of new projects; increased construction costs due to contractor labor shortages and higher material prices; and project delays due to permit and easement acquisition challenges. He reviewed the difference in budget between the previous budget's CIP (2023-2029) (\$317M) and the proposed CIP budget (2025-2034) (\$537M). He also discussed the difference by areas of investment between the two budgets.

Commissioner Lutterman asked about the main driver for the increase. Asst. Director De Boldt responded that it was primarily the additional three years which added more projects, and the construction cost increases due to the economy (labor and material costs). Commissioner Lutterman asked about challenges with the easements that were referred to. Asst. Director De Boldt explained there are cases where they need to obtain easements for new projects and procuring these easements has taken longer than anticipated, which adds to project costs.

Commissioner Dupertuis had several comments/questions:

- He referred to the CIP Budget Development Process slide (slide 7) and said he thought it would be interesting to display the quantification of the constrained plan versus the optimum plan using some consistent unit of measure.
- He also wondered about the budget planning tool capabilities. What was Andy Baker referring to when he said there were complex analyses that they would like to do that were somewhat limited by the toolset?
- He referred to slide 12, CIP by Fund pie charts, and suggested overlaying some of the talking points onto the slide such as supply chain uncertainty for clarification. This could be beneficial for those looking at the presentation without the benefit of the talking points.

Vice Chair Wan referred to slide 13, CIP by Area of Investment, and asked if there is guidance within the department or City Council that directs proportions to be spent in certain categories. He expressed concern about the reduction in spending for Environmental Preservation. Asst. Director De Boldt explained it is driven by work that they need to do. The focus on Renewal and Replacement of Aging Infrastructure is going to be

a priority for the foreseeable future. Even though the Environmental Preservation portion of the pie has gotten smaller right now, she expects it will get bigger once they finish and adopt the Watershed Management Plan. That planning process is going to drive projects that will make that slice of the pie get bigger. Commissioner Lutterman noted that this reflects the fact that the three program areas are competing against each other. Deputy Director Harbour stressed that they also complement each other.

Water Fund: Provide a reliable supply of safe, secure high-quality drinking water that meets all the community's water needs in an environmentally responsible manner.

Asst. Director De Boldt reviewed the 2025-2034 Proposed Water CIP of \$327.68M. She explained that the key drivers for the changes proposed for 2025-2034 Water CIP budget as compared to adopted 2023-2029 Water CIP include the following:

- Watermain Replacement program cost increases for watermain replacement program.
- West Operating Area Storage: was design only, now design and construction.
- Reservoir Program: Kirkland South reservoir now proposed as new, larger reservoir.
- Pump Station Program: Added construction funding for Clyde Hill PS and Somerset 2 PS project.
- Schedule delays extended some project work into the latter half of 2025-2031 (previously '22-24 now '25-27).

Asst. Director De Boldt highlighted several programs that have either no budget change or minor budget changes. She discussed the programs that have the most significant budget impacts:

- W-16: Water Main Replacement
- W-67: Pressure Reducing Valves (PRV) Rehab
- W-85: Reservoir Rehab/Replacement
- W-91: Water Pump Station Rehab
- W-103: West Operating Area Storage
- W-110: Water Supply Inlet Rehab
- W-111: Operations and Maintenance Yard
- W-119: Groundwater Well Improvements

Commissioner Lacson noted a discrepancy in the 2025-2034 total from the last column on slide 15 and the agenda packet. She also asked about the four projects didn't require additional funding. Asst. Director De Boldt explained those projects had funding from the current adopted budget so additional funding wasn't needed. They would be using carryover funds.

Commissioner Dupertuis commented on the challenge and complexity of comparing one timeline to the next. He wondered if they could come up with a comparison per year or some relevant way of showing proposed budgets are on track to meet the risk thresholds and the associated costs. Asst. Director De Boldt suggested in the future they could show a linkage between the CIP program and risks of failure. She noted that the CIP is partly driven by the asset management risk model. It makes sense to think about it that way. The 10-year proposed CIP is proposing projects that are keeping the City on track to stay in alignment of that risk map.

Sewer Fund: Provide a reliable wastewater system that ensures public health and safety and protects the environment.

Mr. Shaha reviewed the 2025-2034 Proposed Sewer CIP (\$124.01M). Key drivers for Wastewater changes:

- New pump station and force main construction projects.
- Increased funding for sewer pipeline repair and replacement.
- Updated cost estimate for Operation and Maintenance facility.
- Increased funding for Lakeline Program.

Commissioner Dupertuis commented on news reports about security risks to water utilities in particular. He urged them to do whatever is necessary to make sure the protection portion is well funded.

Mr. Shaha highlighted several programs that have either no budget change or minor budget changes. He discussed programs with the most significant budget impacts to the Sewer Fund:

- S-16: Sewer Pump Station Improvements
- S-24: Sewer Pipeline Repair and Replacement
- S-66: Sewer Pipeline Replacement (proposed to be combined with S-24)
- S-58: Lake Washington Lake Lines Program
- S-111: Operations and Maintenance Facility
- S-117: Septic Systems Sewer Extensions

Storm and Surface Water Fund: Provide a storm and surface water system that controls damage from storms, protects surface water quality, supports fish and wildlife habitat, and protects the environment.

Mr. Shaha reviewed the 2025-2034 Proposed Storm and Surface Water CIP (\$85.44M). Key drivers for changes in the Stormwater Fund include:

- Scope and budget increase for infrastructure rehabilitation program (D-64).

- Increased funding for Fish Passage program (D-81).
- Scope reduction in Stream Channel Modification program (D-86).
- Large flood reduction projects (D-114 Factoria project) will be completed.
- Non-urgent projects pushed back due to resource constraints.

Mr. Shaha explained that several programs have either no budget change or minor budget changes. The programs with the most significant budget impacts to the Storm and Surface Water Fund include the following:

- D-64: Conveyance Infrastructure Rehabilitation
- D-81: Fish Passage Improvement
- D-86: Stream Channel Modification
- D-94: Flood Control Program
- D-109: Storm Water Quality Retrofit Program

Asst. Director De Boldt concluded the presentation, reviewed the Proposed CIP Budget schedule, and invited questions and comments.

Vice Chair Wan asked how the open houses are being advertised. Asst. De Boldt explained they are working with the Utilities Public Information Officer to use postcards, social media outlets, the website, and other methods.

Deputy Director Harbour thanked staff for their hard work on this. The ESC concurred.

9. REVIEW OF COMMISSION AND COUNCIL CALENDARS

Deputy Director Harbour reviewed the calendars as contained in the packet.

10. ADJOURNMENT

Motion made by Chair Knezevic, seconded by Commissioner Lutterman, to adjourn the meeting. Upon a roll call vote, the motion passed unanimously (6-0).

The meeting was adjourned at 8:08 p.m.