

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



Thursday
January 8, 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, Mary Theisen

COUNCIL LIAISON: None

COMMISSIONERS ABSENT: None

OTHERS PRESENT: Lucy Liu, Director; Joe Harbour, Deputy Director, Scott Edwards, Deputy Director, Matt Hobson, Fiscal Manager; Jacob Edwards-King, Business Services Manager; Jaclyn Knoth, Utilities Asset Manager, Lorissa Warren, Senior Administrative Assistant; Laurie Hugdahl, Minutes Taker

2. APPROVAL OF THE AGENDA

Motion made by Commissioner Hajnosz, seconded by Commissioner Thiesen, to approve the agenda. The agenda was approved unanimously (6-0).¹

3. ORAL AND WRITTEN COMMUNICATION

None

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

None.

5. STAFF REPORTS

¹ Commissioner Dupertuis arrived at 6:32 p.m.

Deputy Director Joe Harbour reported that the new mayor and deputy mayor are in the process of assigning members to boards and commissions, including the ESC.

Deputy Director Scott Edwards reported on the Utility Rate Summit last November and its outcomes.

6. APPROVAL OF MINUTES

A) NOVEMBER 6, 2025 MINUTES

Motion made by Commissioner Theisen, seconded by Commissioner Lutterman, to approve the 11/6/25 minutes as presented. Upon a voice vote, the motion passed unanimously (7-0)

B) DECEMBER 4, 2025 MINUTES

Motion made by Commissioner Theisen, seconded by Commissioner Margolis, to approve the 12/4/25 minutes as presented. Upon a voice vote, the motion passed unanimously (7-0)

7. UNFINISHED BUSINESS

None

8. NEW BUSINESS

a) Sewer Cost-of-Service Analysis (COSA) and Proposed Rate Design

Deputy Director Scott Edwards introduced the presentation, noting the COSA with Proposed Rate Design represents one of multiple initiatives coming forward this year to address utility bill affordability. Fiscal Manager Matt Hobson reviewed background and draft study results. He discussed rate design goals and guiding principles for the proposals:

- Simplify existing structure to make it more understandable to customers.
- Improve alignment to city financial policies, particularly with how Utilities passes through wholesale sewer treatment costs to customers.
- Provide customers with greater control over their bills.
- Mitigate unfavorable bill impacts to the extent possible.

Proposals were summarized and evaluated according to the guiding principles:

1. Uniform Volumetric Rate for Single-Family Residential Customers
- 2a. Align the Multi-Family Residential rate structure to align with the Single-Family Residential Rate Structure
- 2b. Phase-in-new Multi-Family Residential rate structure over five-year COSA phase-in period.
3. Align Non-Residential minimum charge with King County treatment rate.

The proposed 2027 Rate Design was summarized. Single-family, multi-family, and non-residential bill impacts were reviewed. Staff requested direction from the ESC regarding recommending all three rate design proposals to City Council as part of the Sewer Utility Cost-of-Service Analysis.

Motion made by Commissioner Lutterman, seconded by Commissioner Hajnosz, to recommend the three rate design proposals to City Council as presented.

Commissioner Margolis asked how this would be communicated to the ratepayers. Mr. Hobson explained after being adopted as part of the 2027-2028 rate ordinance there would be a series of brochures and flyers sent out to the public. Deputy Director Edwards emphasized that the department maintains a robust communications strategy and implementation plan involving bill inserts, City website, and social media. In addition, Utilities will develop speaking points for our call center preparing staff to communicate with members of the public who contact the City.

Commissioner Hajnosz thanked staff for doing such a thorough customer bill impact analysis. Deputy Director Edwards recognized Matt Hobson for his exceptional work.

Commissioner Theisen thanked staff for the presentation. She noted that because of the cost analysis, items 2a and b are necessary; the only real consideration was the implementation time. Commissioners Dupertuis and Lacson also thanked staff for the presentation.

Commissioner Margolis asked how the emphasis on middle housing might shift the makeup of different types of customers. Mr. Hobson explained it would require long-term evaluation, but state law allows the creation of a new customer class, if needed. Staff will do another cost-of-service study in 2031 and evaluate cost recovery rates annually until then to make sure cost recovery levels are progressing as planned.

Upon a roll call vote the motion passed unanimously (7-0).

b) Asset Management Program Update

Utilities Asset Manager Jaclyn Knoth gave an update on the asset management program. She gave some background on utilities infrastructure and reviewed what asset management is.

Areas of focus for 2024 and 2025 asset management program work included condition assessments, capital programming, and asset inventory & data quality. Major condition assessment projects were the Wastewater Pump Station Condition Assessments and the Culvert Condition Assessments. Upcoming condition assessment projects include developing a programmatic condition assessment approach for water mains, condition assessment of 10 sewer pump stations, targeted wet well investigations, and a large-scale effort to evaluate stormwater gravity mains via CCTV (closed circuit television) inspection.

CIP Programming & Preparation was another focus. Completed efforts included pressure reducing valve (PRV) & large commercial meter program projects; water main replacement program oversight & documentation (guide); integration of updated risk modelling into CIP prioritization, and cross departmental coordination. Upcoming efforts include the defect repair program and the development of the multi-objective culvert CIP plan.

Asset inventory and data quality completed efforts included identifying and correcting GNet video errors; wastewater pump station & reservoir asset attribute updates; wastewater pump station renewal forecast & risk update; and reservoir renewal forecast & risk update. Upcoming efforts include fully digitizing inspections and a gap analysis of asset management tools.

Commissioner Hajnosz asked about AI applications and implications. Ms. Knoth explained that Bellevue has some initiatives where AI is being tested. With regard to asset management, she thinks it would primarily be used in condition assessment technologies. Although AI might be used to support condition assessment, human validation would still be needed. Deputy Director Harbour explained the efficiencies would more likely be recognized through reduction or deferral of new hiring needs, versus reduction of existing staff.

Commissioner Hajnosz asked about any impacts from tariff increases. Ms. Knoth indicated she has not seen any impacts yet.

Ms. Knoth went on to review the Strategic Asset Management Plan and related improvement initiatives. 22 completed program improvement initiatives focused on program foundations, governance, risk assessment, and renewal and replacement (R&R) enhancements. 9 initiatives are in progress and focus on program structure, levels of service, and performance management. Upcoming priorities relate to data and technology; data governance; data quality; and standardization. She reviewed next steps.

Clarification questions and answers followed regarding upcoming challenges, acceptable risk levels, and levels of service. Deputy Director Harbour spoke to the importance of staff buy-in to make this program work. He commended Ms. Knoff for her work in regard to this.

c) Utility Bill Assistance Program Update

Business Services Manager Jacob Edwards-King gave an update on the utility bill assistance program. He gave an overview of the program which includes both long-term and short-term programs for customers.

Operational improvements included rebranding, application refinement, a new online application process, and website preapplication. Outreach efforts expanded dramatically in 2025 (3 times the previous outreach) to senior and income-based housing; schools; non-profit and community organizations; and community gatherings and events. 2026 planned enhancements include refining the renewal application process, removing new applicant blackout windows, ensuring benefit continuity, and program accessibility via the MyBellevue app.

He discussed a policy framework to consider affordability in Bellevue and the impacts of possible program expansion. Staff will come back in March with a range of policy options to consider to meet the needs of our community.

Feedback:

- Commissioner Theisen recommended looking at what neighboring agencies are doing and have found successful. Case studies would be very helpful.
- Commissioner Margolis noted that the ratio of emergency/short-term help versus long-term help is important to consider.
- Commissioner Hajnosz suggested checking with other utility providers who might be providing services to the same customers to see what their eligibility criteria is. This could be another way to improve efficiencies and increase access although differing

standards and privacy issues need to be considered.

- Commissioner Margolis asked for more information about what the goal of the assistance is.
- Commissioner Lutterman stressed that that expansion of these programs comes at the cost of the remaining ratepayers.

Deputy Director Edwards indicated staff would consider all comments and bring back options including rate impacts to the customer base.

9. REVIEW OF COMMISSION AND COUNCIL CALENDARS

Deputy Director Harbour reviewed the calendars.

10. ADJOURNMENT

Motion made by Commissioner Margolis, seconded by Commissioner Hajnosz, to adjourn the meeting. Upon a voice vote, the motion passed unanimously (7-0).

The meeting was adjourned at 8:49 p.m.