

Utilities Budget Proposals

Presentation to Environmental Services Commission

Nav Otal, Director

Linda De Boldt, Assistant Director, Engineering

Joe Harbour, Assistant Director, O&M

Andy Baker, Fiscal Manager, RMCS

June 2, 2022



City of Bellevue

Agenda

Detailed budget review by proposal

- 2023-2029 Capital budget proposals
- 2023-2024 Operating budget proposals



Direction Needed from Commission

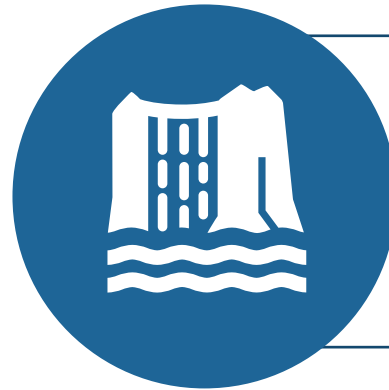
- No action required at this time.
- Staff will present an updated Rates Forecast on June 16.
- Staff will be seeking the Commission's budget proposal recommendation to the City Manager on July 7.



Budget Informed By



**Council
Strategic
Direction**



**Asset
Management**



**Council
Adopted
Policies**



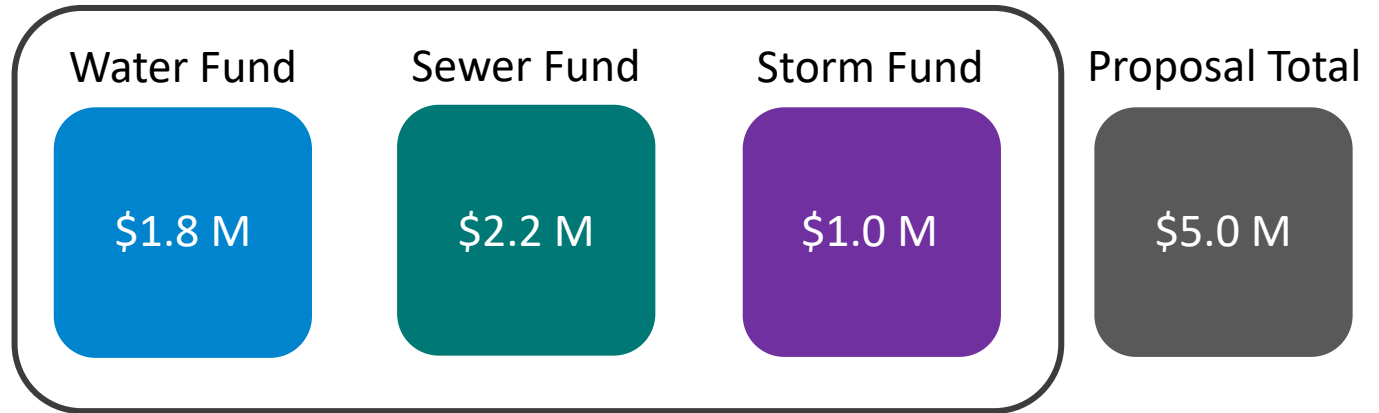
**Service
Levels**



Budget Introduction

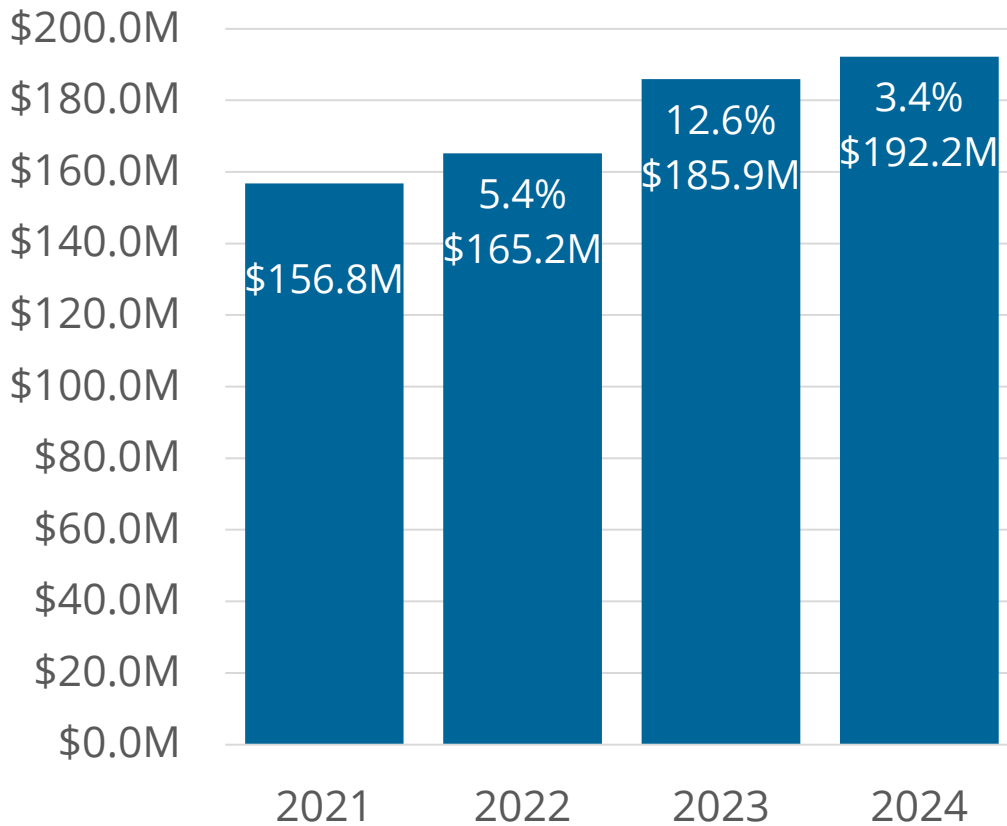
Example of 2023-2024 proposal:

Customer Service
& Billing Proposal



Budget Overview

2023



Inflationary Pressure: 5%

- Operating and Capital

Aging Infrastructure: 4.3%

- Continuing to build rate capacity for R&R

Local Operations: 0.5%

- Monthly Billing
- Increased transaction costs with new customer portal
- Personnel adds for O&M and planning

One-Time Costs: 2.8%

- One-time costs funded from reserves, not rates

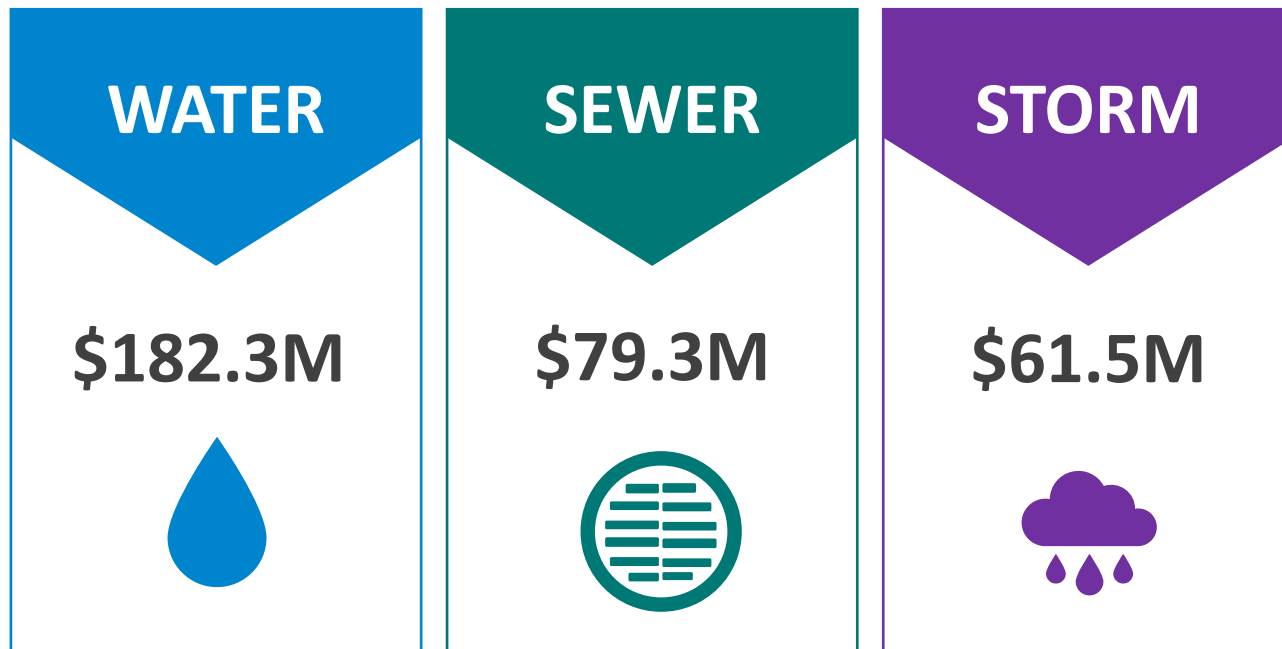




2023-2029 CIP Budget Highlights



March 3rd: CIP Budget by Fund



TOTAL CIP BUDGET: \$323.1M

Reviewed in detail with Commission on March 3



Changes from March

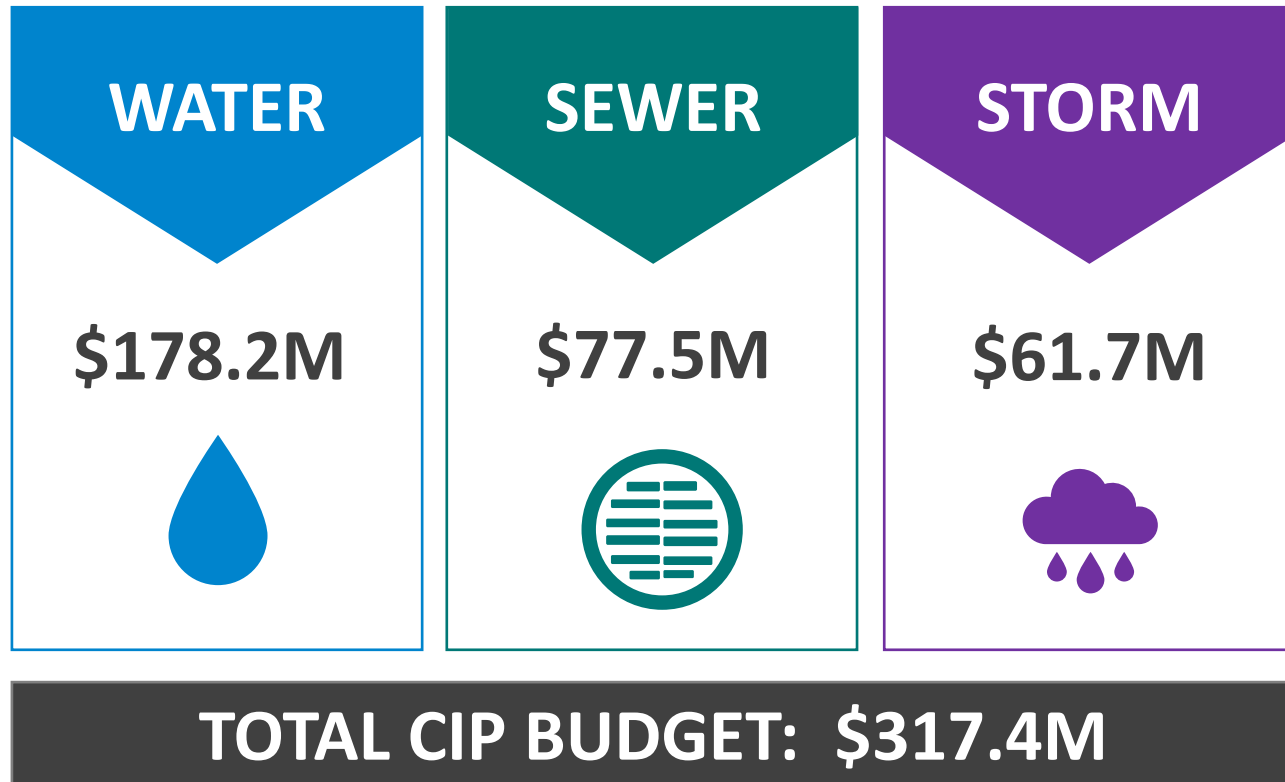
Fund	March	June	Difference
Water	\$182.3 M	\$178.2 M	-\$4.1 M
Sewer	\$79.3 M	\$77.5 M	-\$1.8 M
Storm	\$61.5 M	\$61.7 M	+\$0.2 M
Total	\$323.1 M	\$317.4M	-\$5.7 M

Program Updates:

1. Watermain Program
2. Reservoir Program
3. Minor Water Capital Program
4. Sewer System Trunk Rehab. Program
5. Project & Portfolio Management System



Proposed CIP Budget by Fund



Water Fund

WATER

\$178.2M



Key Cost Drivers:

- WSDOH Regulations (water quality, water pressure, etc.)
- Proactive service reliability programs
- Complex and critical infrastructure



Sewer Fund

SEWER

\$77.5M



Key Cost Drivers:

- Proactive service reliability programs
- LW Lake Lines Management Plan
- Sewer Main Extension program



Storm and Surface Water Fund

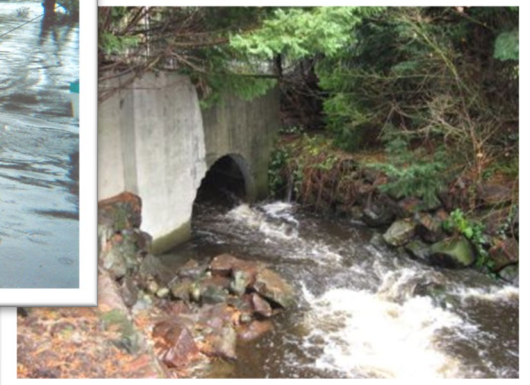
STORM

\$61.7M

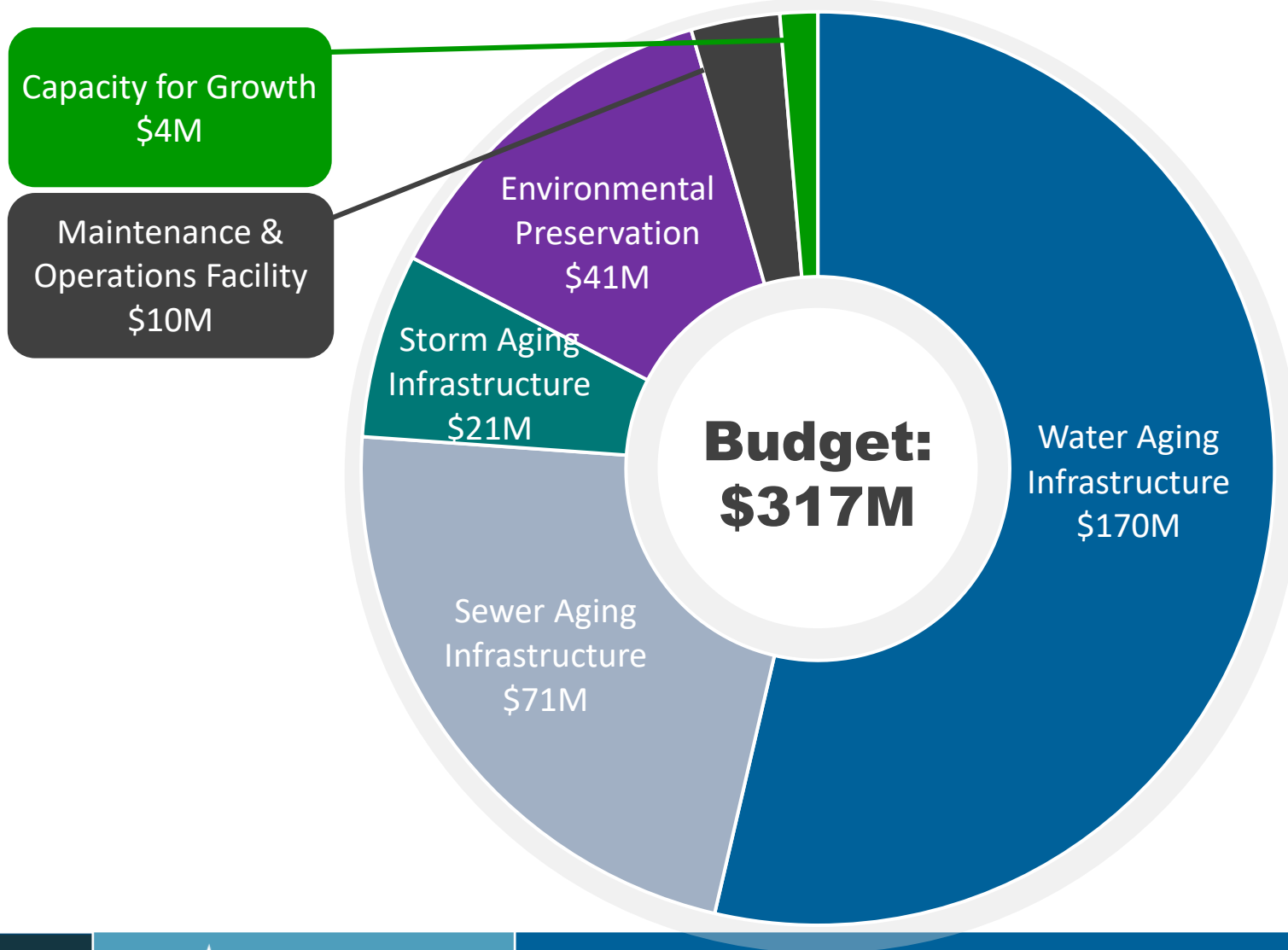


Key Cost Drivers:

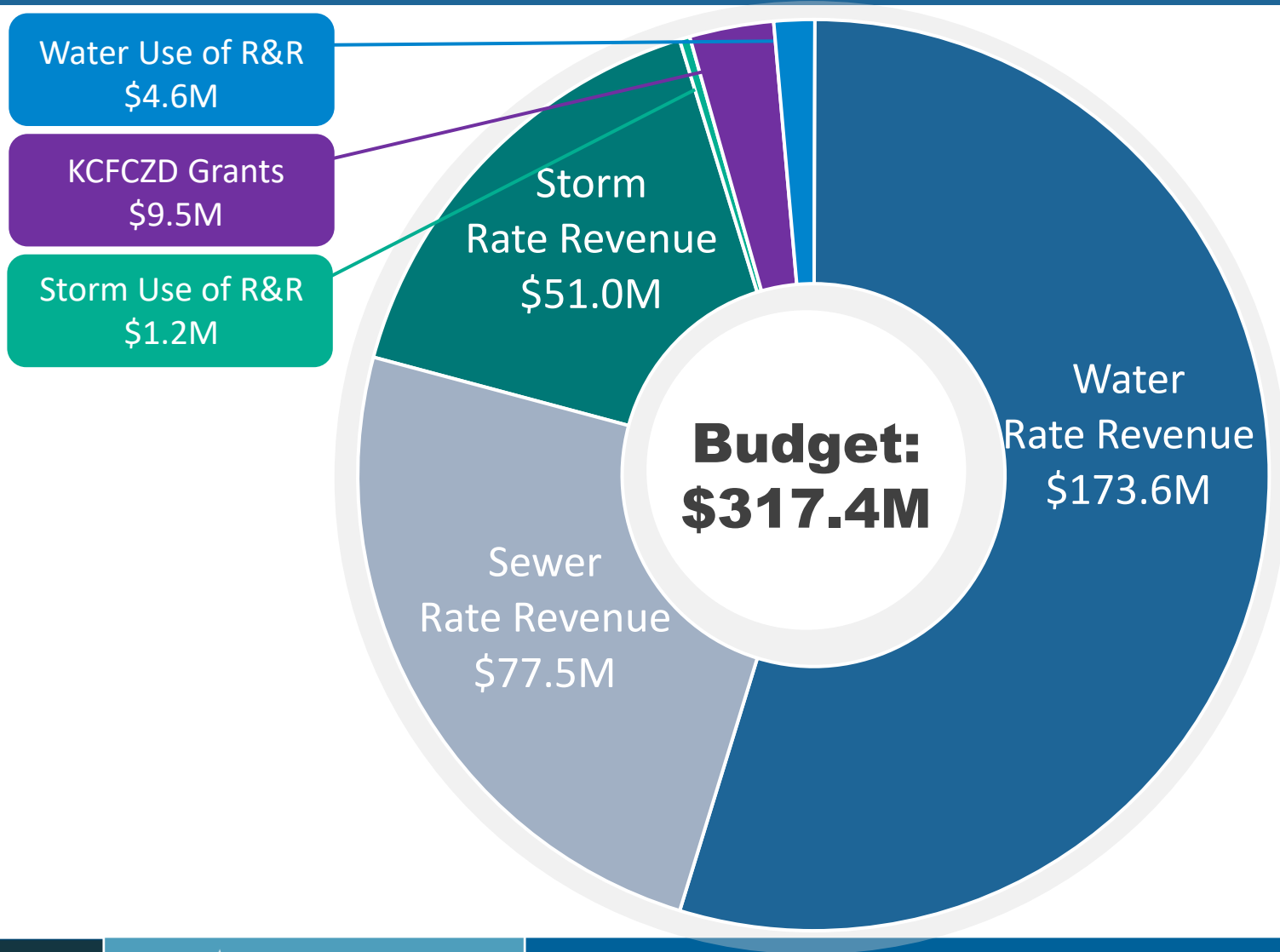
- Proactive service reliability programs
- State Department of Ecology regulations
 - NPDES Permit
- Built and Natural Environments



CIP Budget by Proposal



CIP Funding Strategy





2023-2024 Operating Budget Highlights



2023-2024 Utilities Budget

\$378.1M Total Budget

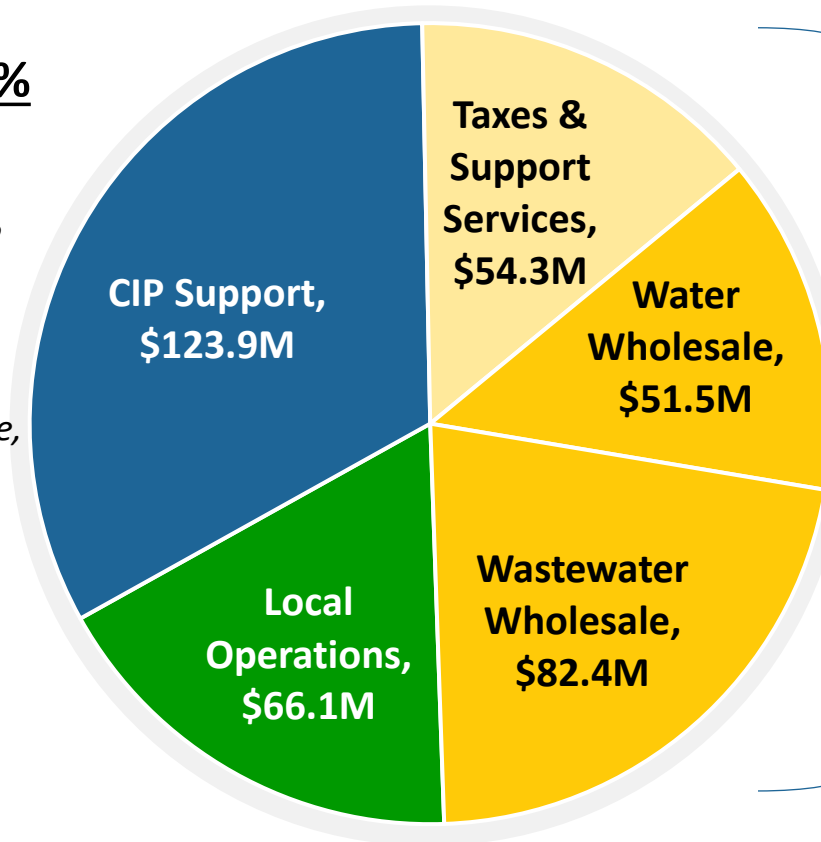
Internal Drivers – 50%

CIP Support – 33%

- Transfers to CIP / R&R, CIP Design and Management

Local Operations – 17%

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



External Drivers – 50%

Taxes & Support Svc – 14%

- Interfunds and taxes

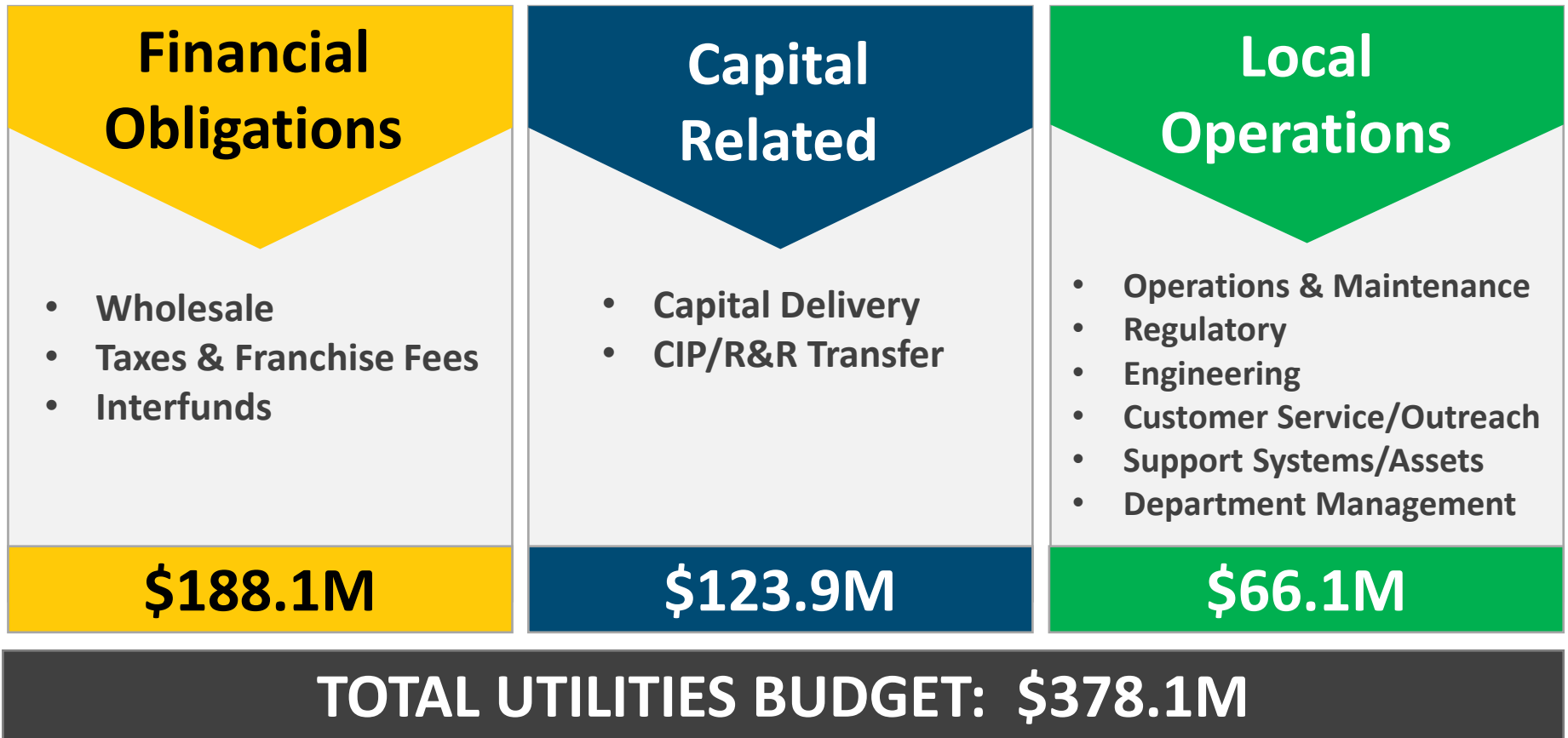
Wholesale – 36%

- Drinking water supply, RCFC Payments, Wastewater Treatment

Excludes operating reserves
Dollars presented in millions



Budget by Proposal Type



Financial Obligations Proposals

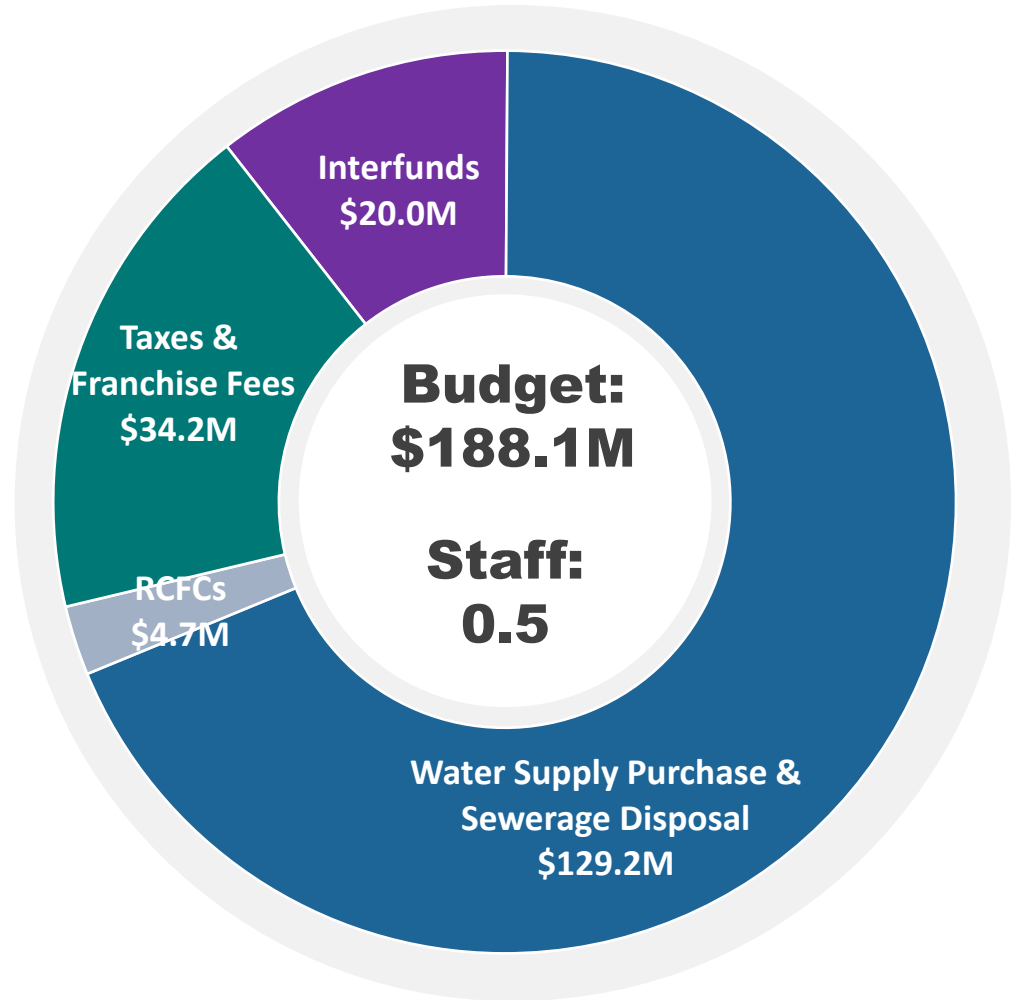
Overview

Contractual & Legal Obligations:

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

Major Changes from Last Budget:

- King County costs increases
- Cascade cost increases



Capital Related Proposals

Overview

System Infrastructure

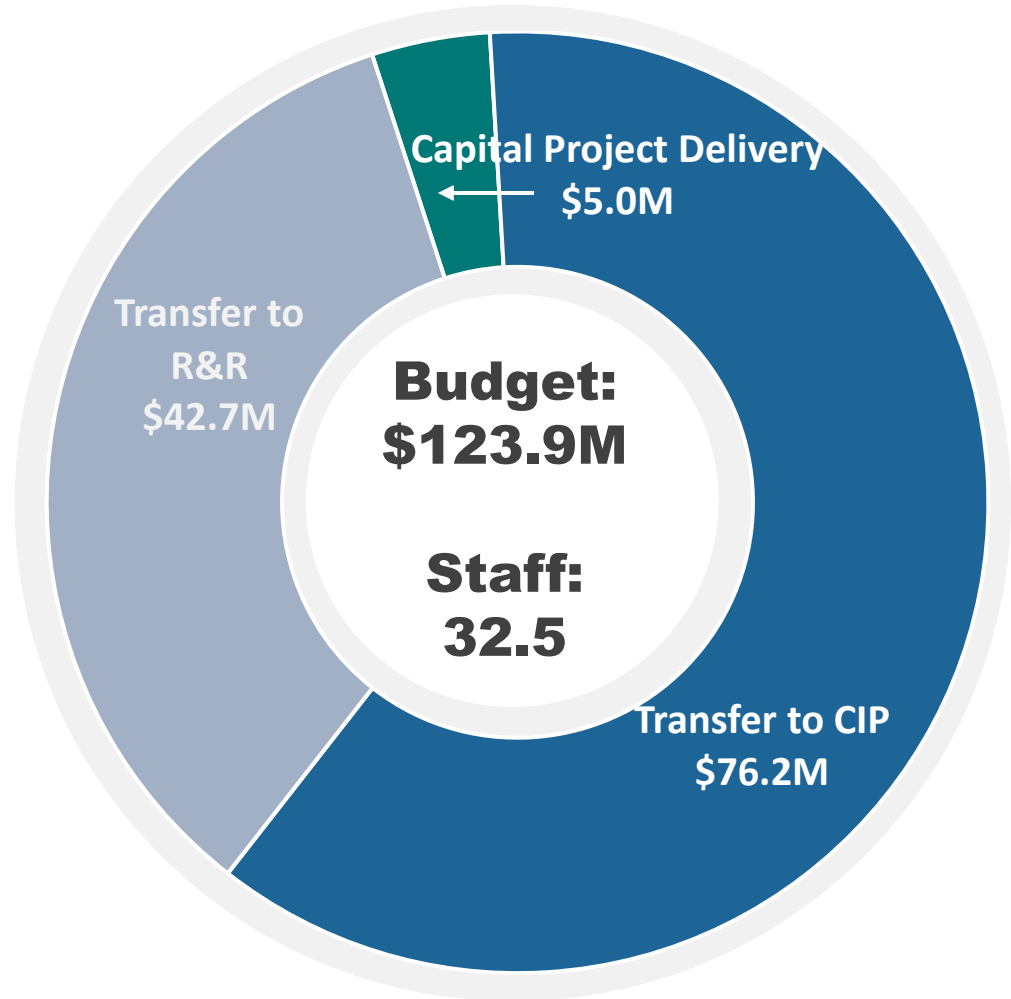
- \$3.5B System Infrastructure
- 1,600 miles of pipes
- 24 water reservoirs
- 69 pump stations
- 19 miles of submerged sewer lakelines

Funding for:

- 2023-2024 CIP projects
- Future CIP projects
- CIP staff

Major Changes from Last Budget:

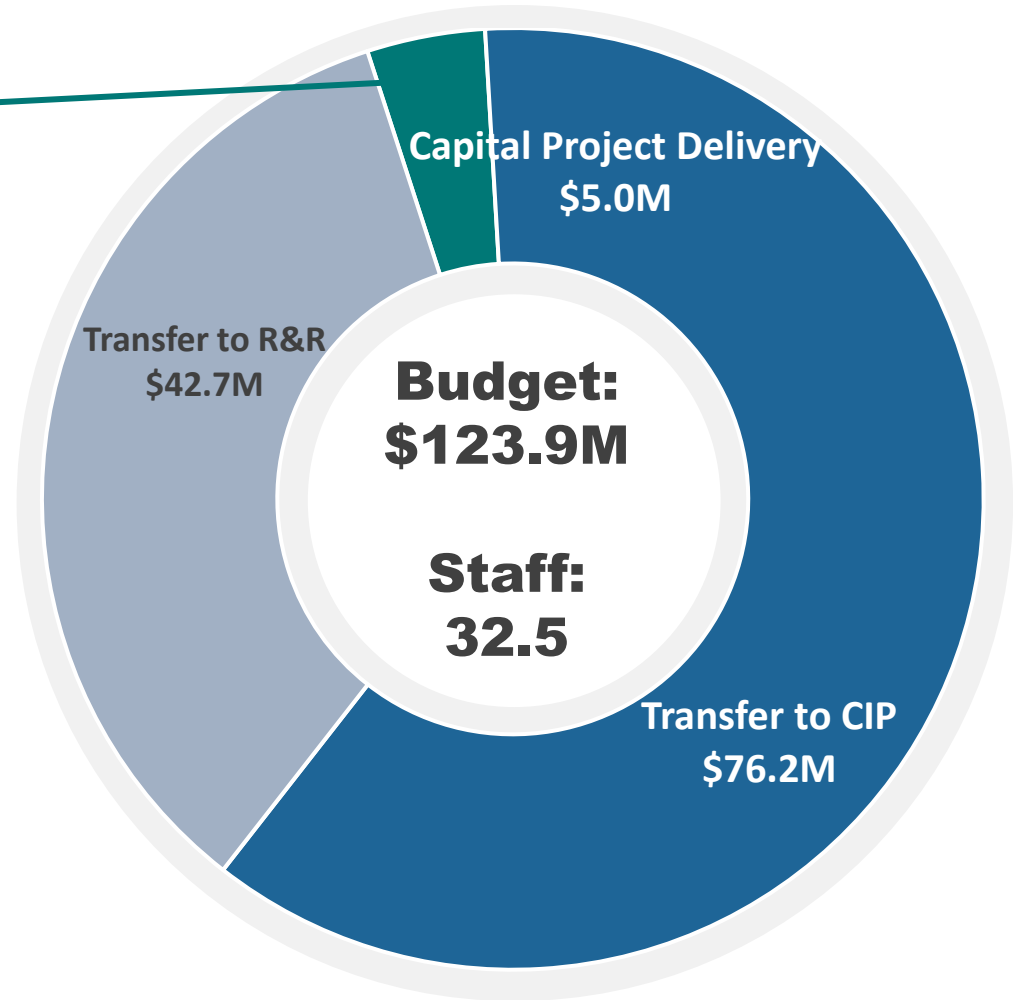
- Addition of 2 FTEs for Capital Project Delivery
- Building rate capacity for R&R



Capital Project Delivery

Capital Project Delivery

- Project management
 - Consultant contracts
 - Public engagement
 - Other agency coordination
 - Permitting and real property work
 - Design quality control
- Construction contracts, field inspection and quality control
- CIP portfolio and budget management



Local Operations Proposals Overview

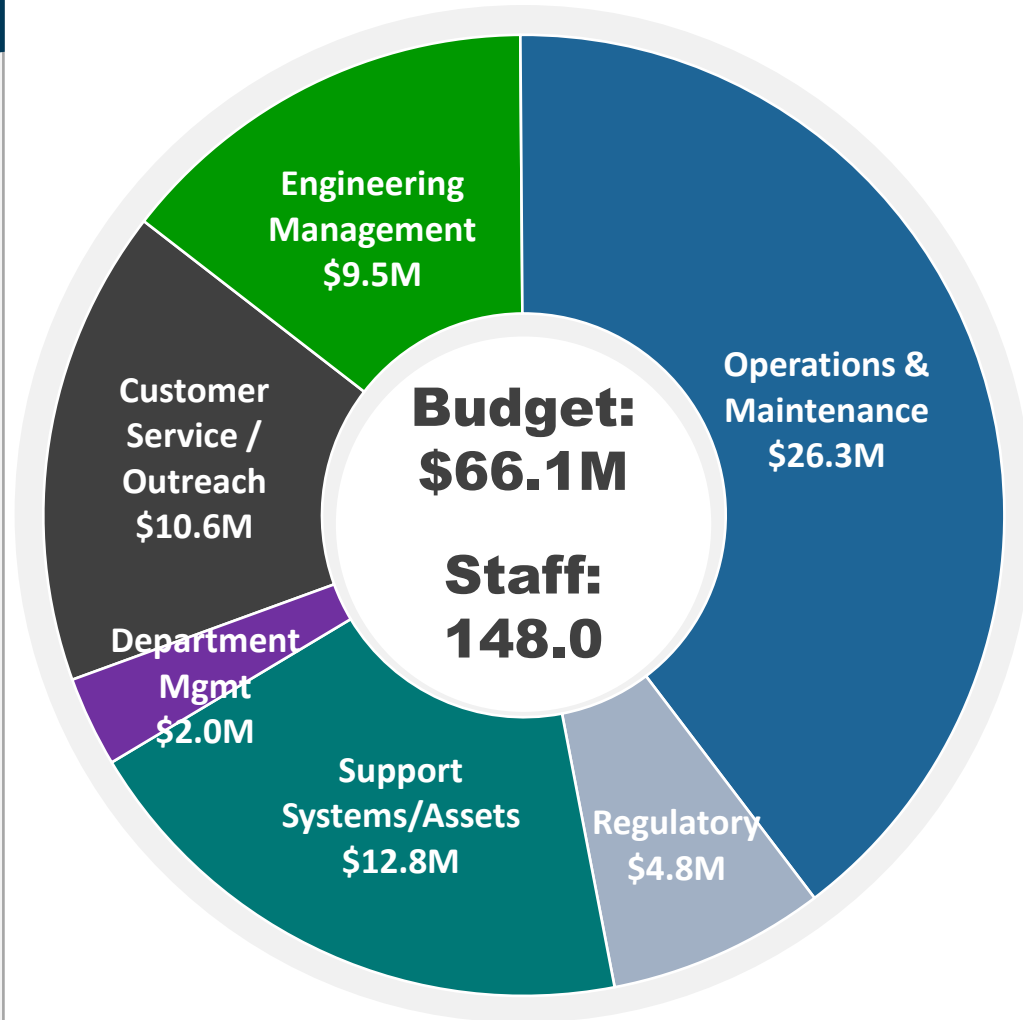
Overview

Bellevue's Utility Systems:

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

Local Operational Activities:

- System operations and controls
- Maintenance and repair services
- Emergency response
- Customer service & utility billing
- Regulatory compliance
- Financial management
- Asset management
- System capacity planning



Operations & Maintenance - Water

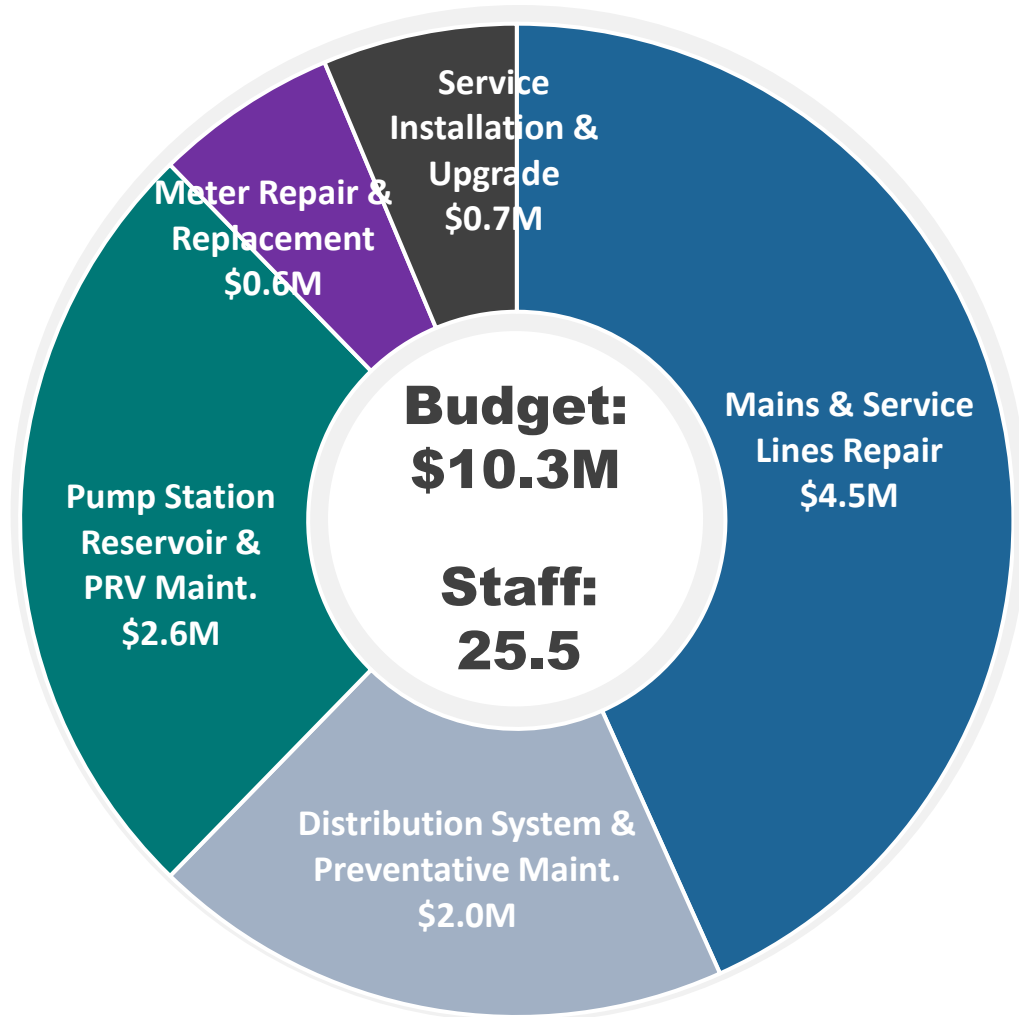
Overview

Water System Maintenance:

- 40,000 water connections
- 610 miles of water mains
- 24 reservoirs
- 22 pump stations
- 62 pressure zones
- 10,000 valves
- 5,800 fire hydrants

Major Changes from Last Budget:

- Cost Increase for Asphalt Restoration
- +1 LTE for Entry-Level Training program



Operations & Maintenance - Sewer

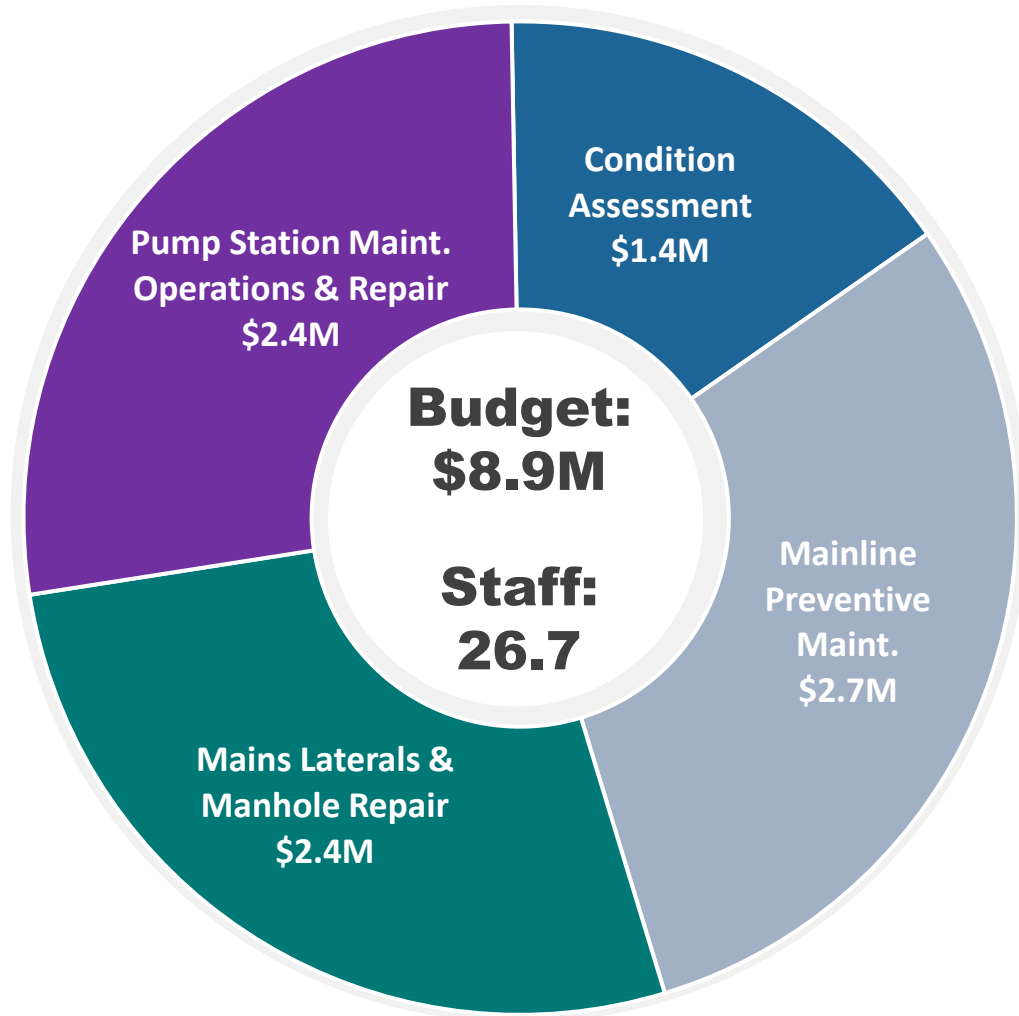
Overview

Sewer System Maintenance:

- 640 miles of pipe
- 47 pump & flush stations
- 14,000 maintenance holes
- 34 major connections to King County system
- 19 miles of submerged lakelines

Major Changes from Last Budget:

- Cost Increase for Asphalt Restoration
- +1 LTE for Entry-Level Training program



Operations & Maintenance - Storm

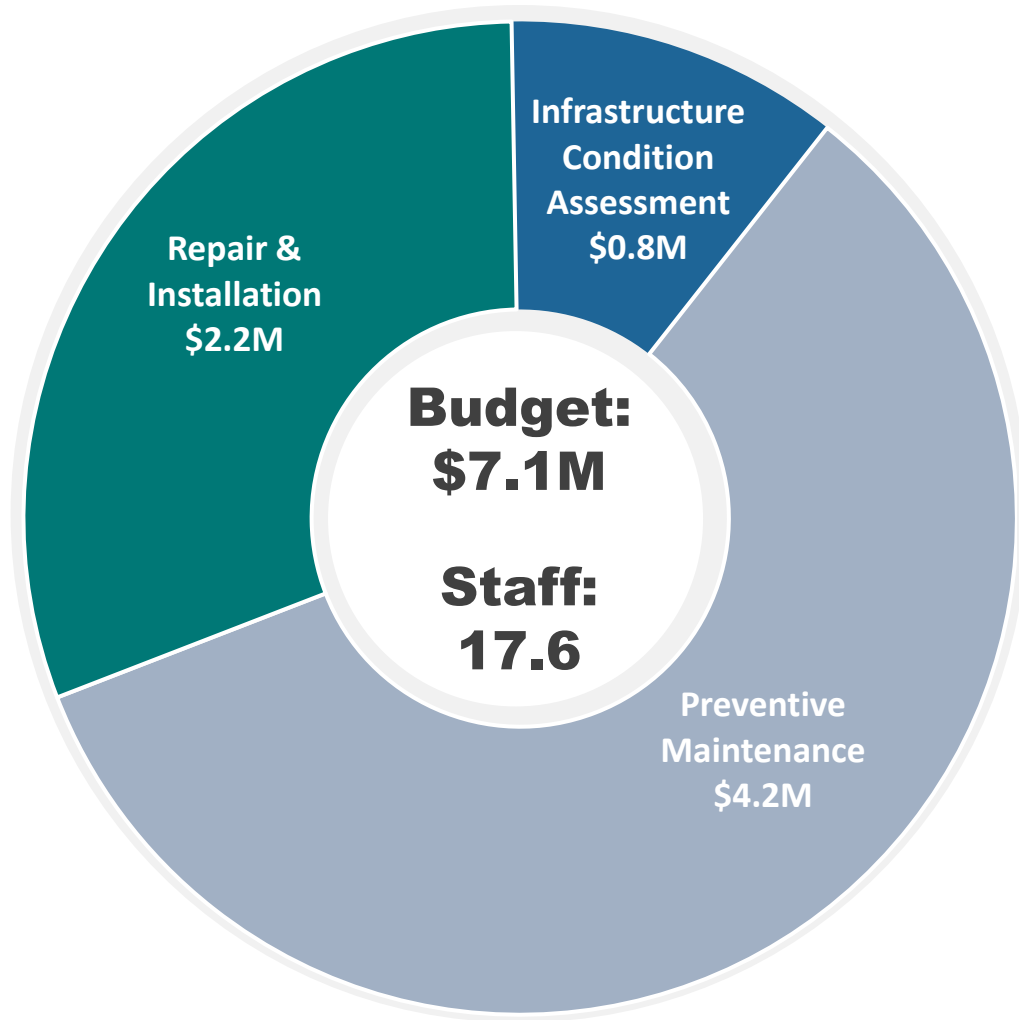
Overview

Storm System Maintenance:

- 20,000 public storm drains
- 400 miles of pipes
- 350 city-owned detention facilities
- 11 regional detention facilities
- 80 miles of open streams
- 864 acres of protected wetlands
- Regulatory Compliance (NPDES, ESA)

Major Changes from Last Budget:

- None



Regulatory

Overview

Federal and State regulations:

- Safe Drinking Water Act
- NPDES Permit
- Clean Water Act

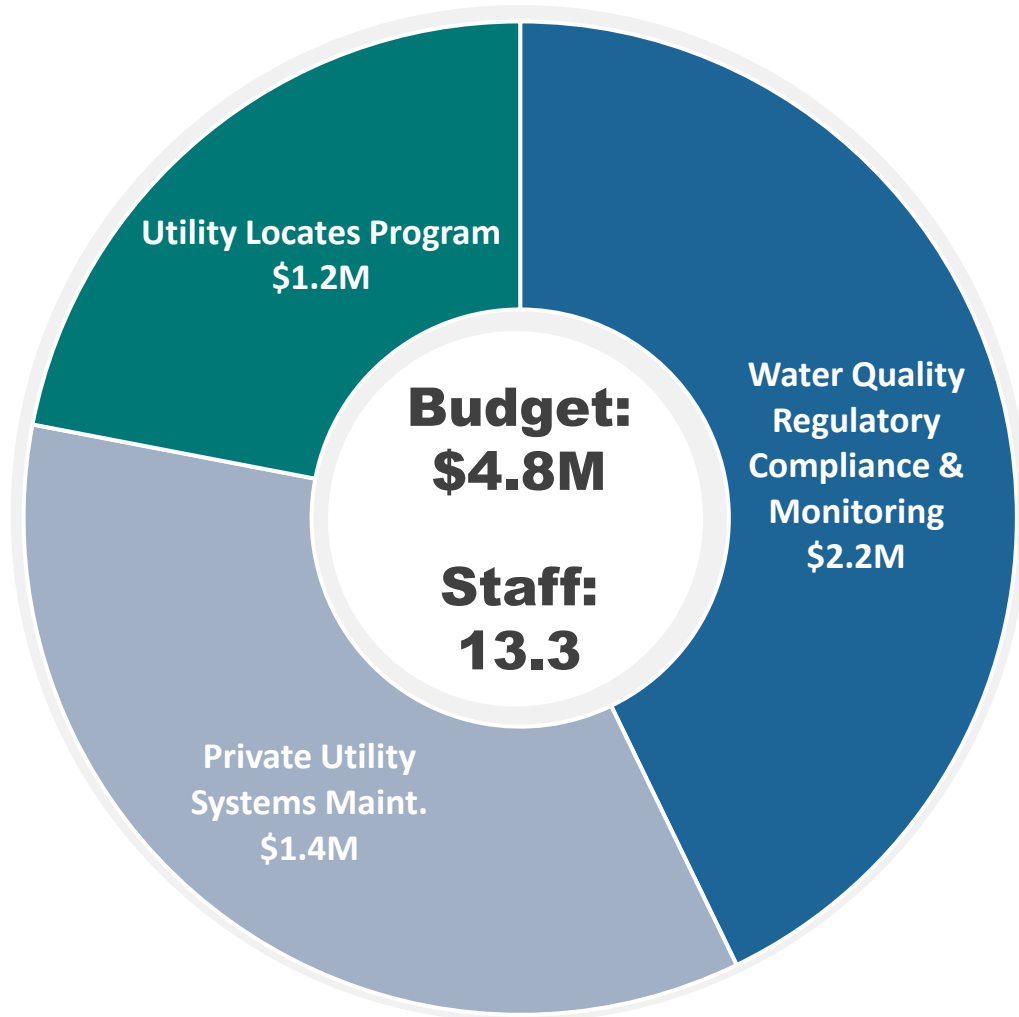
Private System Maintenance:

- Cross-Connection/Backflow
- Private Drainage Inspections
- Fats, Oils, Grease (FOG)

Utility Locates (Call 811)

Major Changes from Last Budget:

- +1 FTE for Locates program



Engineering – Development Services

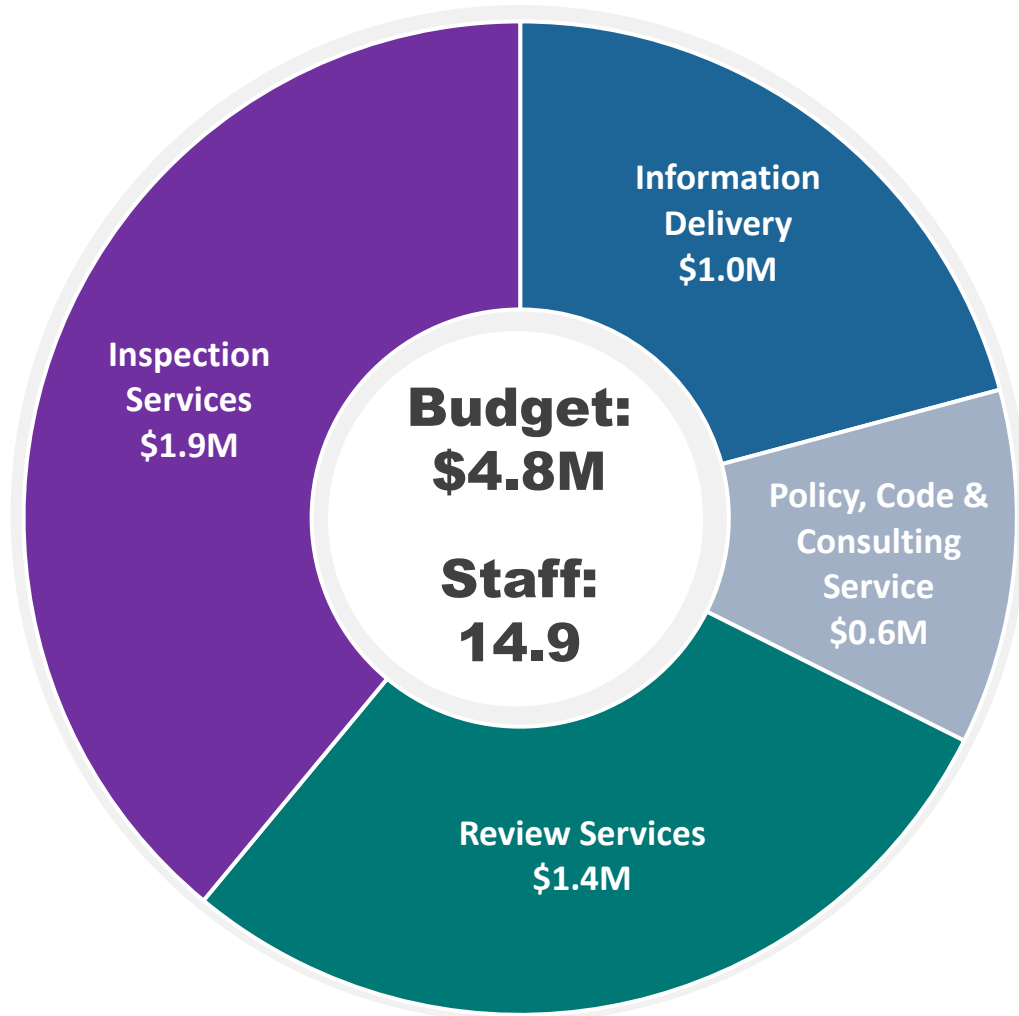
Overview

Utilities Development Services:

- Design review & construction inspection for private & public developments
- Ensure compliance with local, state and federal regulations

Major Changes from Last Budget:

- None



Engineering – System Planning

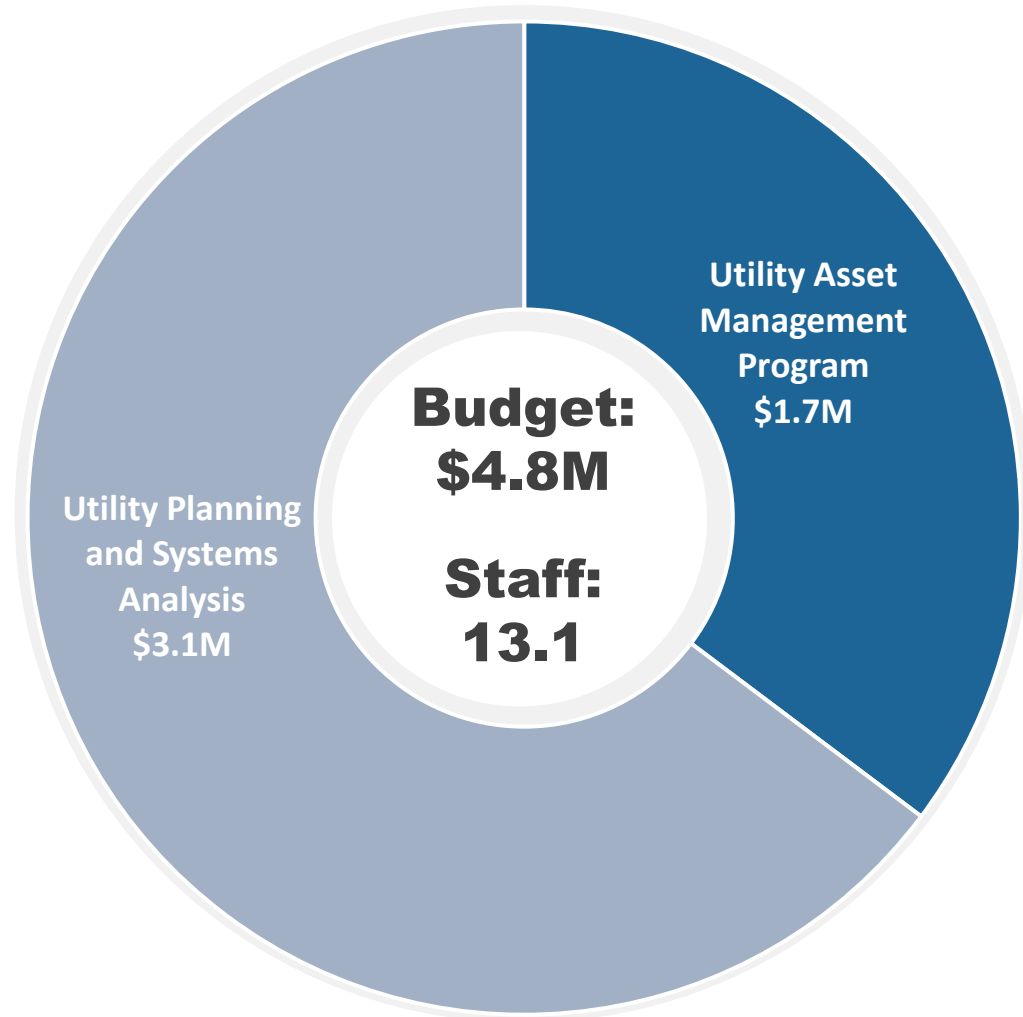
Overview

Utility System Planning for \$3.5B utility infrastructure:

- Utility System Plans
- Asset Management Planning
- Infrastructure needs assessment
- Seismic vulnerability assessment and mitigation planning
- Water Rights & Wells Master Plan
- Stormwater Strategic Initiatives
- 7 – Year CIP Development

Major Changes from Last Budget:

- Environmental Monitoring Program enhancements
- +1 FTE for asset management and system planning



Customer Service & Outreach

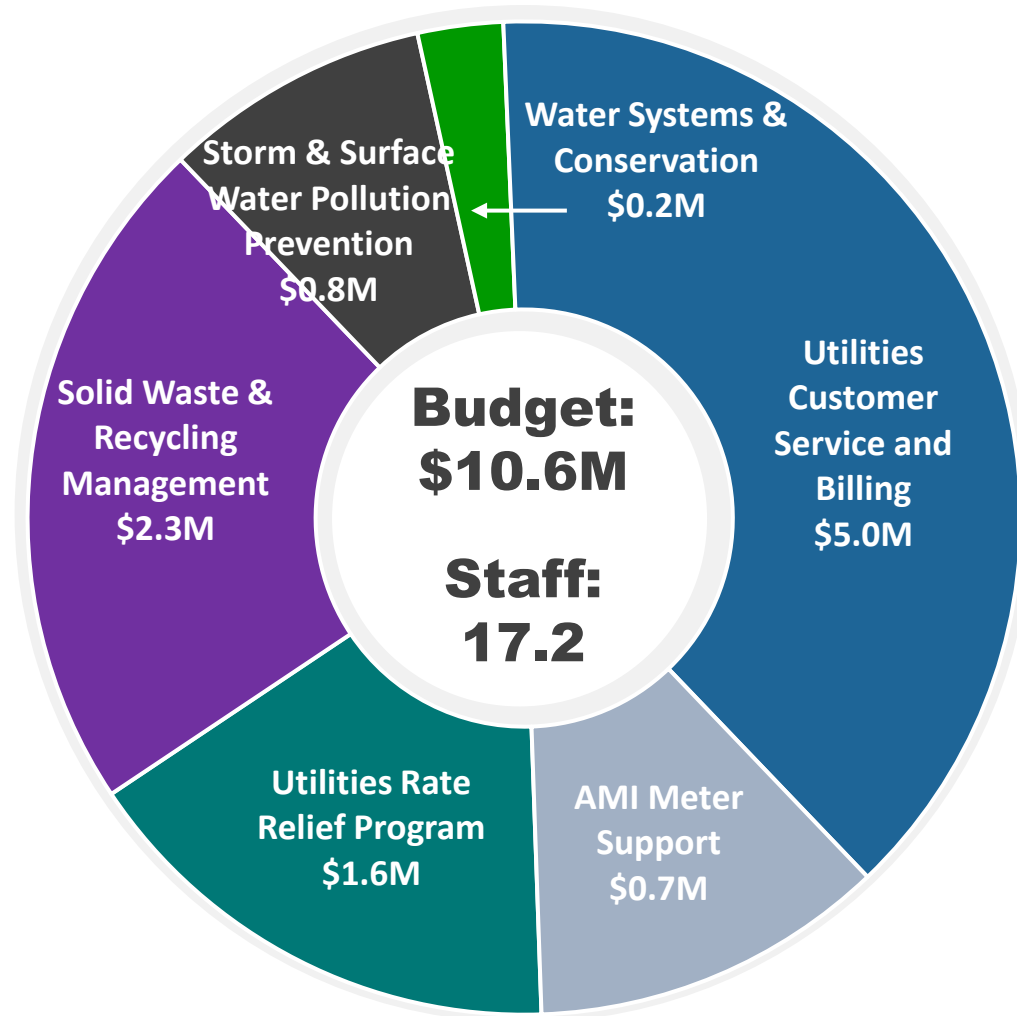
Overview

Customer/Community services:

- 38,000 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
- \$27M solid waste contract

Major Changes from Last Budget:

- Payment processing fee increases
- Monthly billing
- Reduction of 1 FTE & 1 LTE Meter Reader due to AMI rollout



Support Systems / Assets

Overview

Systems Management:

- SCADA
- Advanced Metering Infrastructure (AMI)
- Customer Information System (CIS)
- Maximo
- GIS

Asset Purchases:

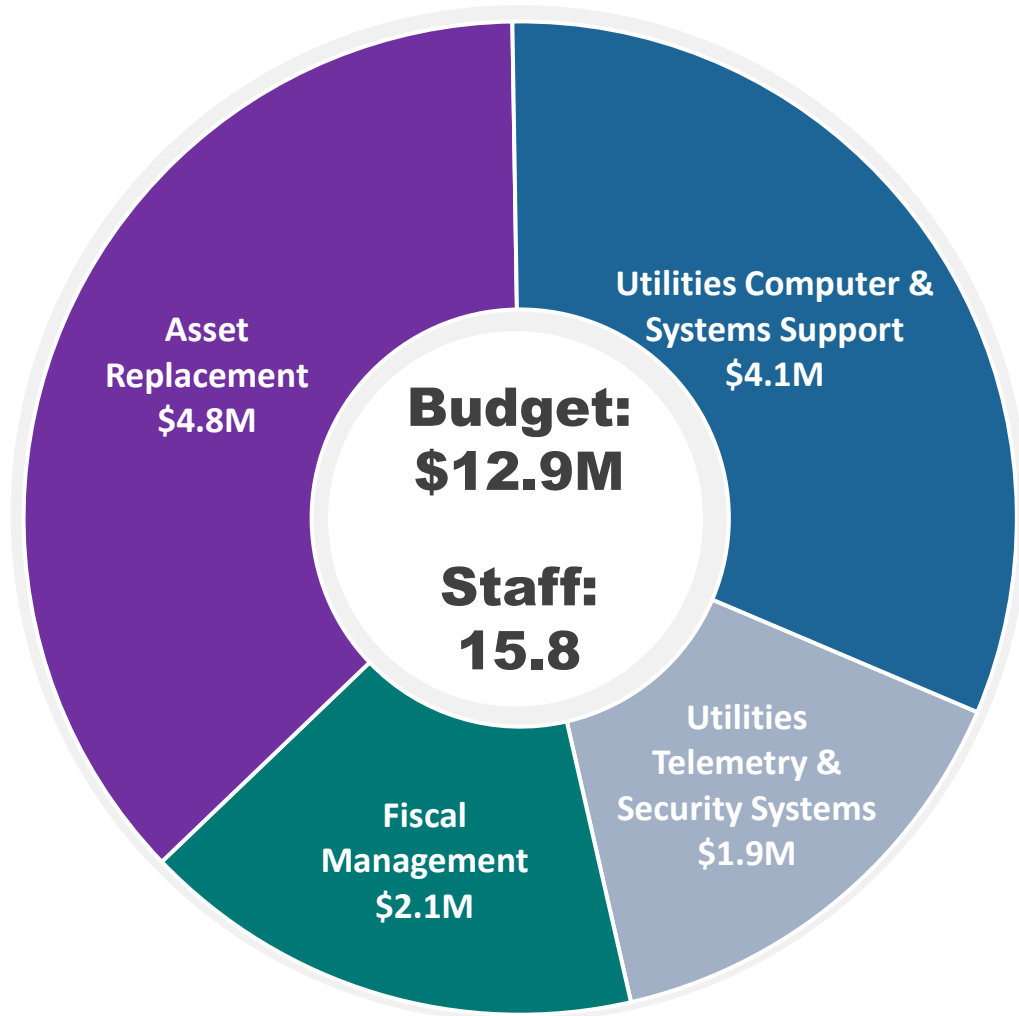
- Vehicles, Equipment, & Major Software

Fiscal Management:

- Rate design
- Financial forecasting
- Budget development/monitoring

Major Changes from Last Budget:

- New Customer Information and Billing System
- AMI SaaS
- +2 LTEs supporting GIS updates
- 31 vehicle/equipment replacements



Department Management

\$2.0M Total Budget, 4.0 Staff

Overview

Departmental Leadership:

- Strategic Planning
- Policy Implementation
- Industry Best Practices
- Stewardship of Resources
- Innovation & Process Improvements
- Workforce Development
- Regional Collaboration

Major Changes from Last Budget:

- None

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.



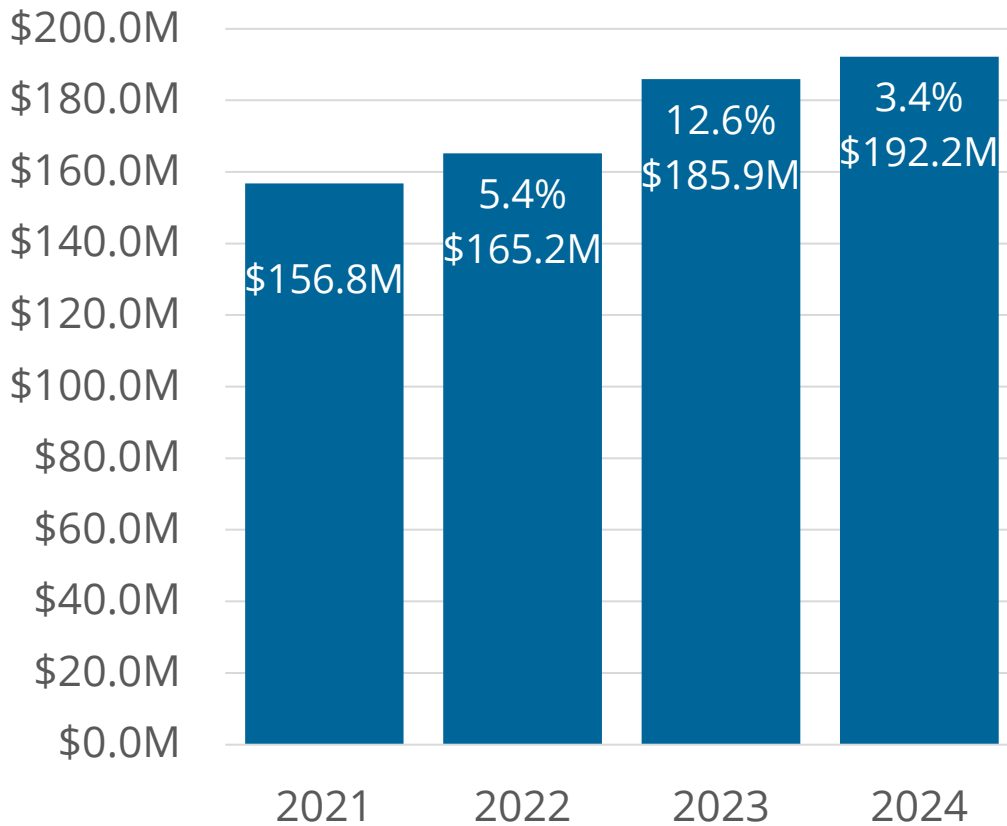
Proposed Utilities Staff Changes

	FTEs	LTEs	Total
Authorized – 2022:	172	6	180
Reductions: Meter Reader (AMI)	(1)	(1)	(2)
Billing Account Representative (AMI)	-	(2)	(2)
GIS Analyst (AMI)	-	(1)	(1)
Subtotal:	(1)	(4)	(5)
New: Permit Compliance Monitoring Tech	1	-	1
Project Design & Mgmt Engineer	1	-	1
O&M Utility Locator	1	-	1
Planning & Asset Management Engineer	1	-	1
O&M Entry-Level Trainee Program	-	2	2
Redline Engineering Tech	-	1	1
GIS Analyst	-	1	1
Subtotal:	4	4	8
Requested – 2023/24:	175	6	181



Budget Overview

2023



Inflationary Pressure: 5%

- Operating and Capital

Aging Infrastructure: 4.3%

- Continuing to build rate capacity for R&R

Local Operations: 0.5%

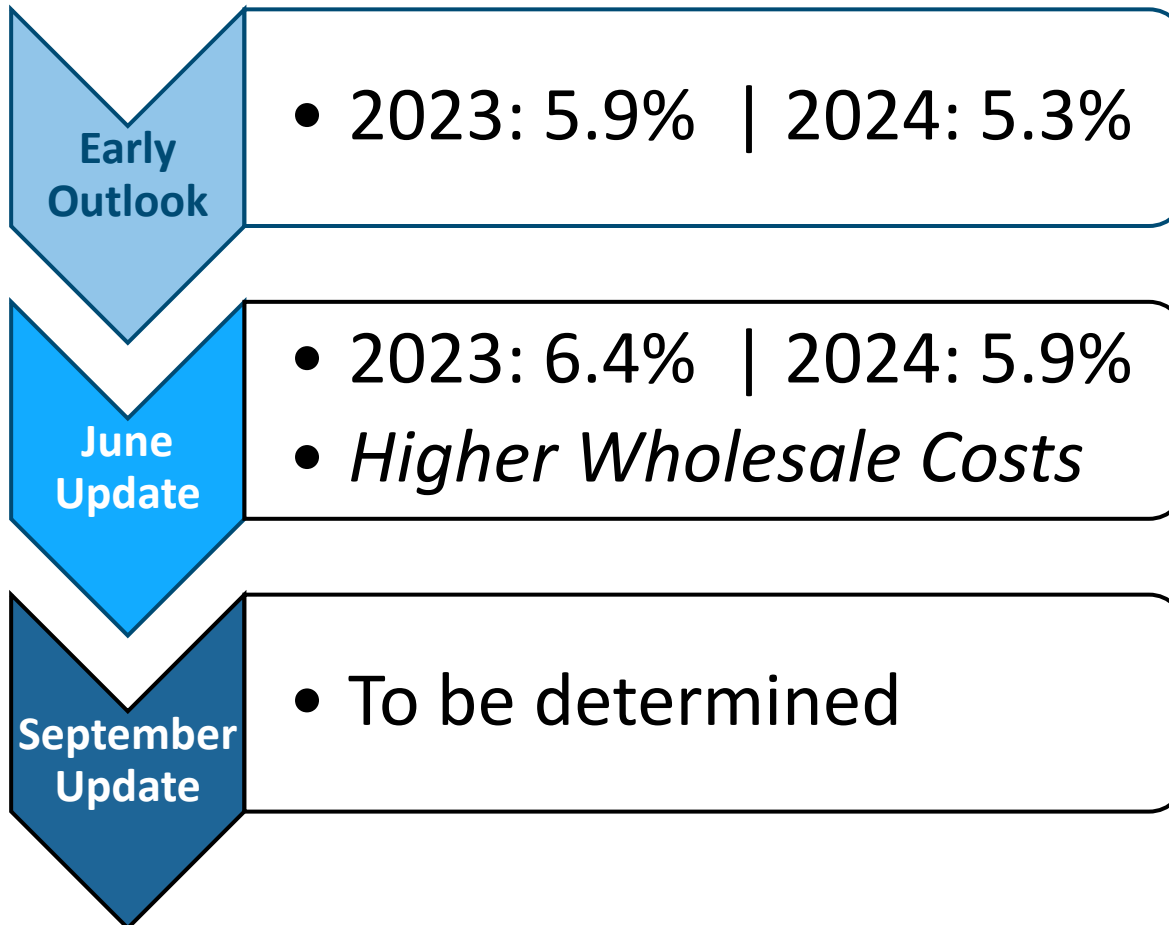
- Monthly Billing
- Increased transaction costs with new customer portal
- Personnel adds for O&M and planning

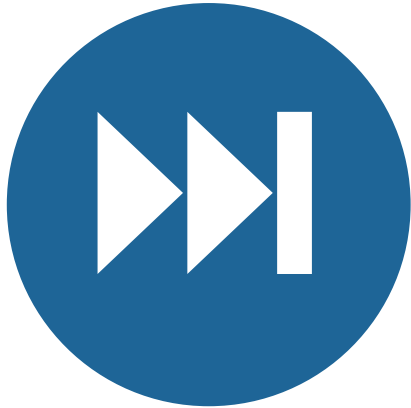
One-Time Costs: 2.8%

- One-time costs funded from reserves, not rates



2023-2024 Draft Rates Preview





Next Steps



ESC 2023-24 Budget Review Calendar

Date	Topic
April 7	<ul style="list-style-type: none"> • 2021 Financial Performance • Early Outlook Rates Forecast • CIP Open House results
May 5 - Cancelled	
June 2	<ul style="list-style-type: none"> • CIP Budget Proposals • Operating Budget Proposals
June 16	<ul style="list-style-type: none"> • Rates Review
July 7	<ul style="list-style-type: none"> • Budget Proposals Recommendation to Leadership Team & City Manager
August 4	<ul style="list-style-type: none"> • CIP / O&M Tour
September 1	<ul style="list-style-type: none"> • Preliminary Budget & Rates Forecast • Budget & Rates Public Hearing
September 15	<ul style="list-style-type: none"> • Budget Follow-up
October 6	<ul style="list-style-type: none"> • Budget & Rates Recommendation to Council
October 24 (tentative)	<ul style="list-style-type: none"> • ESC Chair delivers Budget & Rates Recommendation to Council
November 21	<ul style="list-style-type: none"> • Council Adopts Budget and Rates

