

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

Thursday
Hybrid: In Person and Via Zoom
July 7, 2022
6:30 p.m.

1. CALL TO ORDER:

The meeting was called to order by Chair Knezevic at 6:32 p.m.

ROLL CALL

COMMISSIONERS PRESENT: Vanja Knezevic (Chair), Neal Hines (Vice Chair), Andy Dupertuis, Anne Howe, Diann Strom,

COMMISSIONERS ATTENDING REMOTELY: Ken Wan

COUNCIL LIAISON: Conrad Lee

COMMISSIONERS ABSENT: Negin Khanloo

OTHERS PRESENT: Nav Otal, Director, Utilities; Linda De Boldt, Utility Engineering Assistant Director; Andy Baker, Fiscal Manager, Leslie Kodish, Administrative Assistant; Brian Wendt, Asst. City Attorney, Uma Singh, Acting Assistant Director – Resource Management and Customer Service; Cheryl Paston, Policy Advisor; Laurie Hugdahl, Minutes Taker

Director Otal made procedural comments regarding the hybrid meeting.

2. APPROVAL OF THE AGENDA

Motion made by Vice Chair Hines, seconded by Commissioner Howe, to approve the agenda. The agenda was approved unanimously (6-0).

3. ORAL AND WRITTEN COMMUNICATION

None.

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

Councilmember Lee stated he was happy to be present.

5. STAFF REPORTS

None

6. APPROVAL OF MINUTES

A) June 2, 2022 MINUTES

Motion made by Vice Chair Hines, seconded by Commissioner Strom, to approve the 6/2/22 minutes as presented. Upon a roll call vote, the motion passed unanimously (6-0).

7. UNFINISHED BUSINESS

None

8. NEW BUSINESS

a) Adoption of Updated ESC Bylaws

Director Otal requested adoption of the bylaws in accordance with Ordinance 6662 regarding remote participation in public meetings. Assistant City Attorney Wendt reviewed the proposed amendments.

Commissioner Wan asked about the requirements for remote participation to be approved at the prior meeting. What about illnesses that cannot be approved beforehand? Asst. City Attorney Wendt agreed that approval of remote participation must be done at the previous meeting. He suggested delivering those comments to staff for review by the City Council when they take this up again. Councilmember Lee stated he would bring this issue to the Council for consideration. Asst. City Attorney Wendt noted he would also bring it up with the City Attorney.

Motion made by Vice Chair Hines, seconded by Commissioner Howe, to approve the updated ESC bylaws. Motion passed unanimously (6-0).

b) Utilities 2023-2024 Budget & Rates Recommendation Monthly Billing Recommendation

Budget and Rates Recommendation:

Director Otal explained staff would be presenting an update on Cascade Water Alliance wholesale water supply rates, an Operating Budget recap, a CIP Budget recap, and Bellevue utility rates.

Cascade Water Alliance has updated their rates since the previous presentation. They are slightly higher in the first year and a little lower in the second year. She reviewed the impacts of those changes. The cost increase in 2023 and reduction in 2024 will be passed through directly to water ratepayers per Utilities fiscal policies.

She gave a recap of the 2023-2024 Operation Budget and the 2023-2029 CIP Budget. She summarized the rate scenarios and the impact of deferring R&R. She provided a summary of the typical residential combined bill impact with the proposed rate increases. In a comparison of utility rates with neighbors Bellevue is still in the middle of the pack. Staff is seeking the Commission's recommendation to the city manager regarding the 2023-2024 operating budget, 2023-2029 CIP budget and 2023-2024 rates.

Commissioner Dupertuis thanked staff for all of the analysis and their response to his questions and concerns.

Motion made by Vice Chair Hines, seconded by Commissioner Strom, to recommend the proposed budget as outlined by Nav Otal. Motion passed unanimously (6-0).

Monthly Billing:

Director Otal explained staff is recommending moving to monthly billing for utility customers. She stated that customers and staff prefer monthly billing because it is easier for customers to budget and manage their use; it promotes conservation; and it simplifies customer understanding about billing. With the current billing system, monthly billing was not possible, but the City is implementing a system that will allow it. AMI also makes collecting the data feasible. She reviewed the fiscal impact. There would be a customer impact of \$0.77 per month because of printing costs, postage, check/ACH/bill pay fees, and credit card fees. Credit card fees are the largest expense. Staff will be encouraging payment by other means to lower these fees. It may be worth considering whether or not customers who use credit cards should be charged for this service.

Chair Knezevic asked about the operational impact of monthly billing. Director Otal did not think there would be an impact. Mr. Baker explained that so many pieces of this will be made more efficient because of the new billing portal. Staff is not including an increase in staffing for this. This will be evaluated in the future.

Chair Knezevic asked if the City does any education about Cascade summer peak water costs. Director Otal replied they do not, but there are tier rates for the summer. These are meant to recover the additional costs of the summer water rates.

Chair Knezevic asked about current delinquency rates. Director Otal explained that there is \$1.6 million in bills that are 90 days or more past due. The recovery rate is very high. Chair Knezevic asked if there are payment plans available. Director Otal replied that there are, but they have been most effective for water leaks. Chair Knezevic asked who the customers are who are most likely to be delinquent. Director Otal replied it is almost all residential customers. Chair Knezevic asked what the driver is for this change. Director Otal replied that there has been a demand from the customers. The functionality of the new system and AMI has now caught up with the need.

Commissioner Strom asked about a budget smoothing option. Mr. Baker replied that it isn't possible with the current system, but it is something that could be an option with the new system. Commissioner Strom asked about a bill estimate available on the AMI portal. Director Otal replied they could look into that, but she expects it could actually increase customer calls. Commissioner Strom asked if other utilities are charging the credit card fees. Director Otal replied that most utilities are not charging credit card fees, based on preliminary research, but some utilities may not be offering the option to pay with credit cards to the multifamily or commercial accounts at all. At the very least staff would recommend charging the commercial and multifamily accounts. Mr. Baker clarified that the credit card fees are not just a flat fee, but a percentage of the bill. The high cost is really driven by the larger bills.

Commissioner Dupertuis thanked staff for responding to his questions. He thinks they are looking at this out of sequence and does not support the recommendation. He thinks they need to resolve the credit card processing fee before looking at the monthly billing issue. The program as outlined disproportionately benefits the wealthier customers. He discussed his calculations and concerns. If the software is sufficiently flexible, they should be able to switch to monthly billing at a later date. He recommended advancing the credit card fee question expeditiously and rapidly cycling back to resolve the monthly billing question. He expressed appreciation to staff for providing the information and spending time with him to discuss this matter.

Vice Chair Hines thought that was a very good comment. He stated that King County passes that charge directly on to the customers. He thinks the software company would have a tool to have the consumer realize this cost.

Director Otal clarified that the people benefitting from credit card payments are different from the people benefitting from monthly payments. Commissioner Dupertuis still recommended resolving the credit card fee issue first.

Commissioner Howe asked why they can't do both in tandem. Director Otal thought that was a great solution. Vice Chair Hines also spoke in support of moving forward with both issues.

Director Otal summarized that the commission supports monthly billing but wants transaction fees to be charged for credit cards, at least for commercial customers.

Commissioner Howe recommended staff look into this further and inform the commission by email what they learn.

Commissioner Wan asked if Director Otal still wanted a vote tonight.

Motion made by Vice Chair Hines, seconded by Commissioner Howe, to approve monthly billing and remove the additional \$288,000 for credit card fees and move forward with the cost recovery of credit card payments issue. Motion passed unanimously (6-0).

Councilmember Lee commended the commission for the invigorating discussion.

c) Republic Services Action Plan Update

Cheryl Paston, Policy Advisor, presented the Republic Services Action Plan. She reviewed the solid waste contract provisions. The City's 2021 Annual Customer Satisfaction Survey results show that Republic achieved standards in 5 of 6 areas surveyed. Republic did not meet standard for missed collections, so they are required to implement an Action Plan to improve in this area. The Action Plan strives to reduced missed collections with their "route ready" implementation. It also includes a focus on staff training and customer engagement so customers are aware of the related billing credit when a missed collection is not picked up in 24 hours. The Action Plan metrics include Republic's ongoing performance data, Republic's bimonthly surveys, and the City's analysis of trends over the year. Response to missed collections to date are below the target of zero and are subject to a performance fee. Republic's survey results showing customer satisfaction with Republic's response to missed collections did not meet the contract goal of 80%.

The City will continue to work with Republic to meet performance targets for responding to missed collections. The next annual customer survey is expected to be conducted this summer. There will be an update at the September ESC meeting.

Commissioner Dupertuis asked how Bellevue ranks in customer satisfaction compared to other municipalities Republic serves. Ms. Paston was not sure. Commissioner Dupertuis asked about the risk of a strike. Ms. Paston said that the Mechanics union had reached a contract agreement with Republic.

d) Remote Participation Approval for September 1, 2022

None.

9. ORAL AND WRITTEN COMMUNICATIONS

10. REVIEW OF COMMISSION & COUNCIL CALENDARS

Director Otal reviewed the calendars.

11. ADJOURNMENT

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

The meeting was adjourned at 8:32 p.m.