

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

Thursday
February 1, 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), Andy Dupertuis¹, Ann Hajnosz, Gabby Lacson, Kurt Lutterman, Michael Margolis

COUNCIL LIAISON: Conrad Lee

COMMISSIONERS ABSENT: None

OTHERS PRESENT: Lucy Liu, Director; Joe Harbour, Deputy Director; Andy Baker, Fiscal Manager; Cheri Brignon, Senior Administrative Assistant; Kate Nesse, Senior Planner; Gwen Rousseau, Senior Planner; and Laurie Hugdahl, Minutes Taker (remote)

2. APPROVAL OF THE AGENDA

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

3. ORAL AND WRITTEN COMMUNICATION

Senior Administrative Assistant Cheri Brignon read a written communication from David Plummer, 14414 NE 14th Place, Bellevue, WA 98007, recommending the following proposed addition to the Utilities Department's General Utility System Policy UT-10:

Use life cycle cost estimating analysis and planning procedures to develop acquisition, ownership, and retirement cost estimates for new and revised utility system facilities and operating procedures.

¹ Commissioner Dupertuis arrived at 6:43 p.m.

Alex Tsimerman, 14150 NE 20th Street, Bellevue, WA, spoke regarding the Comprehensive Plan Update and concerns he has about city leadership.

Betsy Hummer, Bellevue resident, thanked the ESC for their service. She spoke to Bellevue residents' concerns. She encouraged the ESC to pay close attention to the replacement of aging sewer and drainpipes so incidents like the one in Somerset do not occur. She also encouraged them to pay attention to residents who struggle to keep up with home improvements due to fixed or low incomes. She wished them luck with the Comprehensive Plan Update.

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

Councilmember Lee expressed appreciation to the ESC for their service and commended their important work. He thanked Andy Baker for his great work for the City of Bellevue and wished him well in his new role with Cascade Water Alliance (CWA). He spoke to the importance of teamwork.

5. STAFF REPORTS

Director Liu expressed appreciation to Councilmember Lee for his 30 years of service to the City and to Bellevue Utilities.

6. APPROVAL OF MINUTES

A) January 4, 2024 Minutes

Motion made by Commissioner Lutterman, seconded by Commissioner Margolis to approve the 1/4/24 minutes as presented. Upon a roll call vote, the motion passed unanimously (7-0).

7. UNFINISHED BUSINESS

None

8. NEW BUSINESS

a) Updates to the Environmental Services Commission Bylaws

Motion made by Commissioner Lutterman, seconded by Commissioner Hajnosz, to approve the revised ESC bylaws.

Commissioner Lutterman pointed out a typo. In Article V, D, the third paragraph, there is a reference to an RCW which should have a parenthesis rather than a curly bracket. There was consensus to approve the amendment.

Upon a roll call vote, the motion to approve the amended bylaws passed unanimously (7-0).

b) City Comprehensive Plan Update

Kate Nesse, Senior Planner, made a presentation regarding the updates to the policies in the Utilities Element in the Comprehensive Plan. Eric LaFrance, Utilities Planning Manager, joined her. Senior Planner Nesse reviewed background and the process for developing the policies including all input and ongoing public engagement efforts. Related to utilities, the public is generally supportive of the changes that have been made to the policies in the Utilities Element. There is strong support for the moves that have incorporated sustainability into the policies especially related to low impact development and sustainable approaches to stormwater management. There has been a request for policies around stronger or different fiscal management for lowering the cost of utilities, particularly for water.

There is a proposed change to UT-26 to include the consideration of the equitable distribution of the benefits and burdens when locating disposal sites. Staff will be requesting approval in March.

Commissioner Hajnosz asked for examples of city solid waste disposal facilities. Senior Planner Nesse explained it would relate to however the city is involved in siting. Director Liu noted it is outsourced to King County but staff would work with them in implementing the goals.

Councilmember Lee asked for an example of policies being equitable and consistent with housing policies. Senior Planner Nesse explained there have been a number of updates to the Growth Management Act. One of the changes is that cities need to analyze how its policies have had a racially disparate impact on people throughout history and then take steps to rectify that. Examples would be the internment of Japanese Americans and racial covenants on deeds.

Councilmember Lee asked how the siting of transfer stations relates to this. Senior Planner Nesse explained that where the trash goes can have a local impact to the community. Making sure that the benefits are shared across the region, but the burdens are not overly borne by one particular race or one particular economic class is one way to look at this through the lens of equitable distribution. She explained how some communities have addressed that.

c) BelRed Look Forward Comprehensive Plan Amendment

Gwen Rousseau, Senior Planner, introduced the BelRed Look Forward Comprehensive Plan Amendment and reviewed background information related

to the BelRed area and the BelRed Subarea Plan. After more than a decade of experience implementing BelRed policies and regulations, the City Council has directed that the BelRed policies be refreshed to reflect new information, increase capacity to meet new citywide housing and job targets, and to strengthen and clarify direction for implementation. This planning initiative, known as the BelRed Look Forward, is being done in concert with the Comprehensive Plan Periodic Update. She discussed the review, recommendation, and adoption timeline. Redevelopment of the corridor will provide opportunities for major environmental enhancements including improving riparian corridors, adding trees and green spaces, and providing a more environmentally sensitive approach to managing stormwater and other natural resources.

Proposed policy amendments include the following:

- Updates to streamline policies and clarify objectives to improve ecological function and resilience.
- Updates to explore and remove regulatory barriers to natural drainage practices.
- Updates to look for regional surface and stormwater facility opportunities that provide for a more coordinated and effective approach to flow control and water treatment.
- A new policy directing the city to develop rehabilitation plans for stream corridors.
- Updates to remove redundant policies covered in Volume 1 of the Comprehensive Plan.

Senior Planner Rousseau reviewed proposed policy repeals and modifications with strikeout and underlines as contained in Appendix A.

Commissioner Margolis asked about the unnamed Creek in S-BR-98. Some possibilities were discussed including, “and other riparian corridors.”

Commissioner Margolis asked about the \$8.6 million collected fee-in-lieu of affordable housing. He asked if this conflicts with policies to increase affordable housing. Senior Planner Rousseau explained that the fees would be used towards building affordable housing in BelRed.

Next steps will be to ask the ESC at the March 7 meeting to approve a recommendation on environmental policy amendments to the BelRed Subarea Plan for transmittal to the Planning Commission.

Councilmember Lee commented that as they build more it deteriorates the condition of the natural environment. Additionally, they normally do that by asking developers to pay for their actions that impact the natural environment. He thought there were contradictory goals. Senior Planner Rousseau agreed it is

complicated. There are a lot of requirements to regulate the environment. Developers are also required to mitigate their development.

Motion made by Commissioner Lutterman that staff come back at the next meeting with the final recommendations to be forwarded to the Planning Commission. Motion seconded by Commissioner Lacson. Motion passed unanimously.

d) Utilities Financial Policies Review

Fiscal Manager Andy Baker was recognized for his work with the City. Deputy Director Harbour congratulated him on his new role with Cascade Water Alliance. Mr. Baker reviewed Utilities financial policies and gave a recap of the budget process.

He reviewed the waterworks financial policies which guide the development of the budget, rate setting, and reserve management. He also reviewed policies as contained in Appendix A related to:

- System Expansion and Connection Policies: Those connecting are responsible for extending the system so they can connect. The Utility will establish fees for cost recovery for system expansion and connection. Capital recovery charges are deposited in the R&R account. Affordable Housing Consideration, which allows Bellevue to waive connection charges for affordable housing projects provided an external funding source is available, so that ratepayers are made whole. To date, Bellevue has been awarded almost \$5 million in state-funded grants pursuant to this policy.
- Rate Policies: Sufficient to cover current and future expenses based on long-term forecasts. Gradual and uniform rate changes. Pass through wholesale service changes directly. Evaluate rates annually. Transfer savings to R&R to reduce future needs. Rate structure based on cost-of-service and other policy objectives. Rate equity between classes and between generations. Rate uniformity for class and level of service. Rate assistance for low-income households.
- Operating Reserve Policies: working capital, operating contingency, plant failure contingency, and allowance for offsetting reserves. Reserve levels vary based on observed and potential for variability between funds.

Commissioner Dupertuis asked how they could creatively use debt to overcome the problem of instability and volatility? Fiscal Manager Baker explained that there are policies related to the use of debt. They call for the Utility to fund capital investments from rates and other revenue sources, and to plan to use debt only to provide rate stability in the event of significantly changed circumstances, such as disasters or external mandates. When Utilities uses debt, it is to issue bonds or

receive state loans for capital projects and is typically tied to an asset. Commissioner Dupertuis commented that it would be interesting to look at using debt to procure a long-term supply and overcome short-term volatility and uncertainty. Mr. Baker said that isn't something that is currently in practice and would require more thought to evaluate. There was discussion about the need to have sufficient rates to have rate smoothing and generational equity and how the time period used makes a difference.

Commissioner Hajnosz asked about rate stabilization. Fiscal Manager Baker explained the R&R Fund is a tool that helps to smooth the rates but is not intended for rate relief. The City has rate relief programs as well.

The solid waste fund reserve includes solid waste working capital, grant programs working capital, emergencies, and allowance for offsetting reserves.

Next steps include evaluation of Utilities Financial Policies, Operating Reserve Updates for Early Outlook Rates Forecast, and discussion of recommended policy changes (if any) with the ESC.

9. ORAL AND WRITTEN COMMUNICATIONS

Betsy Hummer praised Andy Baker's work and said it reaffirms her belief that Bellevue has the best and the brightest. She is sorry she didn't study the agenda closer because the BelRed Look Forward is huge. She encouraged the Commission to reach out to the Bridal Trails Community Club because they are very active, and they drain into the riparian corridors. She also recommended talking to developers about how the previous BelRed Comprehensive Plan impacted them and what would benefit them.

10. REVIEW OF COMMISSION & COUNCIL CALENDARS

Deputy Director Harbour reviewed the calendars.

11. ADJOURNMENT

Motion made by Chair Knezevic, seconded by Commissioner Lutterman, to adjourn the meeting. Upon a roll call vote, the motion passed unanimously (7-0).

The meeting was adjourned at 8:30 p.m.