CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

April 4, 2016 Council Conference Room
6:00 p.m. Bellevue, Washington

PRESENT: Mayor Stokes, Deputy Mayor Chelminiak, and Councilmembers Lee, Robinson, Slatter, and Wallace

ABSENT: Councilmember Robertson

1. Executive Session

Deputy Mayor Chelminiak called the meeting to order at 6:02 p.m., and declared recess to Executive Session for approximately 30 minutes to discuss one personnel matter.

The meeting resumed at 6:38 p.m., with Mayor Stokes presiding.

2. Study Session

(a) Environmental Stewardship Initiative (ESI) Update

City Manager Brad Miyake introduced staff's update on the Environmental Stewardship Initiative (ESI) program.

Planning Director Dan Stroh introduced the new ESI Program Manager, Jennifer Ewing, and described her background in mechanical engineering and urban planning as well as her extensive experience working with cities.

Ms. Ewing summarized the history of the ESI program, which began in 2007/2008. The 2013-2018 ESI Strategic Plan was adopted in 2013, and the Comprehensive Plan Update adopted in 2015 expanded the Environmental Element. The City joined the King County-Cities Climate Collaboration (K4C) in 2014. In 2015, Bellevue participated in the Green Power Challenge, initiated the Solarize Bellevue program, and entered the Georgetown University Energy Prize competition.

Ms. Ewing said total community greenhouse gas emissions decreased 6.6 percent from 2006 to 2014. Per capita emissions decreased by 19.5 percent for the same time period.

Responding to Councilmember Lee, Resource Conservation Manager Emma Johnson said Bellevue is a leader in the region but other cities are beginning to collect similar data. King County has been collecting data as well. Mr. Lee expressed an interest in data from other communities.

Responding to Councilmember Slatter, Ms. Ewing said the primary sources of greenhouse gas emissions are buildings and cars.

Continuing, Ms. Ewing said greenhouse gas emissions for the City of Bellevue operations decreased 22 percent from 2006 to 2014.

Ms. Ewing provided an update on the Georgetown University Energy Prize competition. Bellevue is one of the 50 semi-finalists and is ranked in 5th place. The prize is $5 million. Ms. Ewing said the City received a $30,000 grant from the King Conservation District to assist in outreach efforts. She described upcoming Earth Week activities in the community and in local schools. She said staff is requesting Council direction about whether to initiate a challenge with the City of Bellingham.

Ms. Johnson provided an update on the launch of the Urban Smart Bellevue program. Staff will begin recruiting Downtown businesses and tenants in June to participate in adopting simple, tailored Energy Action Plans to reduce energy usage. The Solarize Bellevue 2.0 program was completed last fall, and 38 new systems were installed during the second campaign. Ms. Johnson said Bellevue participated in the Green Power Challenge last year. Bellevue gained 543 new Green Power customers, exceeding the goal of 250 new customers, by October 31, 2015.

Heather Mulligan, Green Power Program Manager for Puget Sound Energy (PSE), presented an award to the City for its success in the Green Power Challenge. During the 2015 challenge, Bellevue residents purchased 28.4 million kWh of renewable energy, which is enough to power 2,368 average homes. These customers make it possible for PSE to support local, independent renewable energy developers including Rainier Biogas in King County which converts dairy cow waste into kilowatts. Green Power participants enable PSE to commit more than $400,000 for solar demonstration projects in Challenge cities, including $50,000 committed to a solar energy project at Crossroads Community Center. Ms. Mulligan congratulated Bellevue residents for their successful campaign.

Ms. Ewing said additional key ESI projects include the Regional Green Business Program (EnviroStars), Green Fleet guidelines, and electric vehicle planning and management. She described the K4C subcommittees and noted that the K4C Elected Officials Summit is scheduled for April 7, 2:00-4:00 p.m.

Ms. Ewing described the K4C concept of building energy benchmarking, which is a process of tracking energy consumed, over time, of an existing building and comparing the results to similar buildings or applicable standards. Participants typically use a free Portfolio Manager tool provided by the U.S. Environmental Protection Agency. The benefits of tracking energy

consumption include energy and cost savings and the support of Smart City goals. Ms. Ewing said there are different approaches to benchmarking, which can be mandatory or voluntary. She said the City tracks its own buildings using the EPA software, and there are 69 energy star buildings in Bellevue using the EPA software as well.

Ms. Ewing highlighted a list of future ESI projects including comparing best practices, reviewing the progress in implementing the ESI Strategic Plan, enhancing sustainability criteria in existing initiatives (e.g., low impact development regulations), developing a tree canopy analysis and action plan, and continuing to analyze municipal building energy benchmarking.

Ms. Ewing requested Council direction about whether to initiate a friendly competition with the City of Bellingham to see which community can reduce energy use the most by the end of 2016. Bellevue is ranked at number 5 and Bellingham is ranked at number 6 in the Georgetown University Energy Prize competition.

Responding to Councilmember Slatter, Ms. Johnson said the GUEP project publishes a dashboard that tracks electricity and natural gas usage by residents, municipal buildings, and schools.

Responding to Mayor Stokes, Ms. Ewing said challenging the City of Bellingham would elevate the importance of energy conservation and involve the community, including students, in pursuing a goal.

Councilmember Robinson expressed an interest in including multifamily buildings in the benchmarking project. She thanked staff for their work. Ms. Robinson said she spoke with PSE about how she could support green power without increasing her own utility bill. Following four tips provided by PSE's green energy office, she lowered her electric bill by one-third.

Councilmember Lee expressed support for the Bellevue-Bellingham challenge. Responding to Mr. Lee, Ms. Ewing said that participation in the project would use a relatively small amount of staff time for coordinating the campaign and publicizing the effort.

Councilmember Wallace expressed support for the two-city competition. Mayor Stokes noted general Council support as well.

Mr. Wallace said there was a point at which Bellevue had experienced an increase in its tree canopy. However, current data indicates that it is decreasing. He requested historical information on the community's tree canopy trends.

Councilmember Wallace said voluntary compliance would be a good place to start with the benchmarking project. He questioned the potential for obtaining PSE's energy usage data for residences and other buildings instead of requiring customers to go through the burdensome process of generating their own data for their home or building.

(b) Feasibility Study of Advanced Metering Infrastructure (AMI)

Mayor Stokes introduced discussion regarding the consideration of Advanced Metering Infrastructure (AMI) for the water utility.

Utilities Director Nav Otal said staff is seeking Council guidance about whether to prepare a 2017-2018 budget proposal for the implementation of AMI. She highlighted sections of the Council Vision statement regarding Smart City objectives and priorities, noting that AMI is consistent with this approach. A Smart City uses technology, sensors, and communication networks to collect, analyze, and share real-time data across systems in order to reduce costs and resource consumption and to provide a higher quality of services for the public. Smart City elements improve health and safety, increase efficiencies, strengthen economic competitiveness, protect the environment, increase reliability, and prepare for emergencies. Ms. Otal said the six areas that would benefit the most from Smart City technology are transportation, water, buildings, connectivity, public safety, and energy.

Ms. Otal said Bellevue's water metering infrastructure serves a population of 146,000 in Bellevue, Clyde Hill, Hunts Point, Medina, Yarrow Point, and sections of Kirkland and Issaquah. There were 40,804 meters in 2014. Ms. Otal said meter readers spend approximately 55 percent of their time reading meters, and the City reads approximately 5,000 meters weekly.

Ms. Otal said the challenges with the current meter reading program are significant water loss and high bills due to undetected leaks, the lack of real-time data, and inequitable water charges. She said the current meters do not capture low flows and aging meters tend to under-register water usage.

Ms. Otal described the AMI technology, noting that City staff have studied the technology periodically since 1996. She said the technology has changed significantly, and the time is right to seriously consider investing in AMI. The primary benefit for customers is access to real-time data on their water usage and the ability to proactively manage higher bills. For the utility, AMI interval data and fixed network sensors provide detailed consumption data and critical information in support of an effective leak detection and avoidance program.

Ms. Otal said AMI reduces meter reading labor and vehicles from six to two individuals and vehicles. Additional economic benefits include more accurate metering of water consumption and receiving $250,000 in salvage value for the old meters. Ms. Otal said there are a number of environmental benefits including water conservation, the prevention of water contamination, improved system planning, and the reduction of greenhouse gases.

Ms. Otal said that, following previous Council direction, the City hired CH2M Hill to conduct a comprehensive feasibility study and economic evaluation of current AMI technologies. The study provided a detailed analysis of the current meter reading program and compared it to three AMI alternatives: Standard, High-Powered, and Cellular solutions. Ms. Otal said all three options provide the same meter reading functionality. However, they have different communication network capabilities.

Ms. Otal said the 20-year cost of the Standard AMI solution is approximately $1.6 million less than the City's current meter reading program. The High-Powered AMI solution requires fewer routers but has slightly higher initial and long-term costs. With this option, batteries would need to be replaced every 10 years versus 20 years for the Standard AMI technology. The Cellular AMI solution has the lowest initial capital costs. However, it is the most expensive over time due to the cost of licensing for communication through cellular networks.

Ms. Otal summarized the cost comparison of the current manual program and the three AMI options. She highlighted the Standard AMI capital costs as well as new operating costs including software licenses and one full-time equivalent (FTE) data analyst/business intelligence staff. Ms. Otal said staff analyzed the potential cost savings of partnering with PSE for smart meters communications. The savings would only be roughly $222,000 of the total program cost of $23 million. However, Ms. Otal said staff continues to explore all options, including opportunities to partner with PSE.

Responding to Mayor Stokes, Ms. Otal said she currently recommends that the City not partner to implement AMI technology. She said that AMI infrastructure could be the catalyst and platform for the City's Smart City program.

Ms. Otal said the impact for customers is a rate increase of $1.80 per month. However, the benefit of being able to monitor water usage more carefully could result in higher cost savings for customers.

Ms. Otal said staff is seeking direction about whether to prepare a Capital Investment Program (CIP) budget proposal for AMI implementation. If approved in the Budget in December 2016, staff anticipates full implementation of the network by December 2019.

Councilmember Wallace observed that a portion of customer rates is needed to pay capital costs for the water utility, even if there is reduced water usage through conservation efforts. Ms. Otal said the implementation of AMI technology would result in operational efficiencies. Noting the time, Mr. Wallace requested follow-up information on that issue. He said he was not confident that the investment would generate a significant payback.

Councilmember Lee said he would like to be able to consider the full range of potential Smart City options and initiatives before making a decision on the AMI component. He is willing to consider a budget proposal. However, he would like to consider other Smart City projects as well.

Councilmember Robinson expressed support for the consideration of AMI technology, which is consistent with the City's Environmental Stewardship Initiative goals. Responding to Ms. Robinson, Ms. Otal said that most jurisdictions converting to AMI technology are adopting the Standard AMI system.

Councilmember Slatter expressed support for AMI technology. She requested additional details on capital versus ongoing costs. She said she would like to reach out to the community and ratepayers for feedback on the proposed implementation of this technology.

Deputy Mayor Chelminiak said the current decision point is whether to direct staff to include a proposal for consideration in the CIP Budget. He would prefer to have a proposal come forward, with the understanding that it could be removed later. He likes the advantages of more accurate meter readings and the ability for the early identification of leaks with AMI. However, he understands Councilmember Wallace's point that, if customers use less water, it will be necessary to increase rates to cover capital investments.

Responding to Mr. Stokes, Ms. Otal said the City has been replacing meters only when they actually stop working over the past couple of years, in anticipation that all meters could be replaced to accommodate new technology in the next few years.

Mr. Stokes noted a Council consensus to direct staff to prepare a budget proposal for consideration. He thanked staff for the presentation.

Ms. Otal introduced Aleksandra Gancheva, the management consultant who conducted the feasibility study, and thanked her and Andrew Lee, Utilities Deputy Director, for their work on this project.

(c) Update on Downtown Livability Initiative

City Manager Miyake introduced staff's update on the Downtown Livability Initiative.

Planning Director Dan Stroh acknowledged the Council's interest in completing this work by the end of the year. He recalled that this is the City's first major update of the Downtown Land Use Code in 30 years. The Code update is one component of the broader Downtown Livability Initiative.

Emil King, Comprehensive Planning Manager, provided an update on the process to ultimately adopt the Code update. The Council adopted the Early Wins package in March, and staff continues to work with the Planning Commission to complete its work on the remaining items. The Citizen Advisory Committee report was completed in late 2014. In May 2015, the Council charged the Planning Commission with reviewing those recommendations. In January 2016, the Council provided principles and guidelines for the Commission's review of incentive zoning.

Mr. King said stakeholder involvement and public engagement continue to be important through this process. An open house held on March 9 was well attended by approximately 100 participants. The City will continue to solicit public involvement and to explore alternative approaches for effective public input.

Mr. King highlighted key milestones since January 2015 and the topics that have been addressed including incentive zoning, Downtown district identity, street character, building height, urban

form, and the public view corridor of Mount Rainier. Throughout the remainder of 2016, the Council and Planning Commission will continue to focus on the Mount Rainier view corridor, incentive zoning amenities and economic modeling, building height, and urban form. Staff anticipates presenting the full package of the Commission's recommendations in December. Updates will be provided to the Council throughout the year, including one in August regarding incentive zoning and economic modeling.

At 7:53 p.m., Mayor Stokes declared recess to the Regular Session.

Kyle Stannert
City Clerk

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