



CITY OF MERCER ISLAND **REVISED**

CITY COUNCIL REGULAR VIDEO MEETING

Tuesday, March 16, 2021 at 5:00 PM

COUNCIL MEMBERS:

Mayor Benson Wong, Deputy Mayor Wendy Weiker,
Councilmembers: Lisa Anderl, Jake Jacobson,
Salim Nice, Craig Reynolds, David Rosenbaum

LOCATION & CONTACT:

Mercer Island City Hall - Zoom
9611 SE 36th Street | Mercer Island, WA 98040
Phone: 206.275.7793 | www.mercerisland.gov

In compliance with the Americans with Disabilities Act, those requiring accommodation for Council meetings should notify the City Clerk's Office at least 24 hours prior to the meeting at 206.275.7793.

Virtual Meeting Notice

The virtual meeting will be broadcast live on MITV Channel 21 and live streamed on the City Council's [YouTube Channel](#)

Registering to Speak: Individuals wishing to speak live during Appearances will need to register their request with the City Clerk at **206.275.7793** or email the [City Clerk](#) and leave a message before 4 PM on the day of the Council meeting. Please reference "Appearances" on your correspondence. Each speaker will be allowed three (3) minutes to speak. A timer will be visible online to speakers, City Council, and meeting participants. Please be advised that there is a time delay between the Zoom broadcast and the YouTube or Channel 21 broadcast.

Public Appearances: Notify the [City Clerk](#) in advance that you wish to speak on camera and staff will be prepared to permit temporary video access when you enter the live Council meeting. Please remember to activate the video option on your phone or computer, ensure your room is well lit, and kindly ensure that your background is appropriate for all audience ages. Screen sharing will not be permitted, but documents may be [Emailed to Council](#).

Join by Telephone at 5 PM for the Study Session and 6 PM for Appearances: To listen to the meeting via telephone, please call **253.215.8782** and enter Webinar ID **850 9783 9986** and Password **569502** if prompted.

Join by Internet at 5 PM for the Study Session and 6 PM for Appearances: To watch the meeting over the internet via your computer, follow these steps:

- 1) Click [this link](#)
- 2) If the Zoom app is not installed on your computer, you will be prompted to download it.
- 3) If prompted for Webinar ID, enter **850 9783 9986**; Enter Password **569502**
- 4) The City Clerk will call on you by name or refer to your email address when it is your turn to speak. Please confirm that your audio works prior to participating.

Submitting Written Comments: Written comments may be submitted at the Mercer Island [Let's Talk Council Connects](#) page. Written comments received by 3 PM on the day of the meeting will be forwarded to all Councilmembers and a brief summary of the comments will be included in the minutes of the meeting.

CALL TO ORDER & ROLL CALL, 5 PM

PLEDGE OF ALLEGIANCE

AGENDA APPROVAL

STUDY SESSION

1. AB 5830: Joint City Council & Utility Board Study Session to discuss upcoming Utility Capital Improvement Projects.
Recommended Action - Receive presentation, discuss, and provide input on the Utility projects and process.

CITY MANAGER REPORT, 6 PM

APPEARANCES

CONSENT CALENDAR

2. Approve **Accounts Payable Reports** for the periods ending:
 - A) February 26, 2021 in the amount of \$586,700.27
 - B) March 5, 2021 in the amount of \$286,020.18
3. Certification of **Payroll** dated March 12, 2021 in the amount of \$818,845.85
4. Approve the **Minutes** of the March 2, 2021 Regular Video Meeting.
5. AB 5823: Open Space Conservancy Trust 2020 Annual Report and 2021 Work Plan
Recommended Action - Motion to accept the 2020 Open Space Conservancy Annual Report and the 2021 work plan.
6. AB 5825: Correcting the schedule of Special Service Charges for the Water Utility (MICC 15.12.10)
Recommended Action - Approve Resolution No. 1595 correcting the service charge for a locked water meter due to theft, effective January 1, 2021.
7. AB 5828: Interlocal Agreement with Mercer Island School District for School Resource Officer Services
Recommended Action - Authorize the City Manager to sign the Interlocal Agreement with the Mercer Island School District for School Resource Officer Services.
8. AB 5831: Suspend Council Rules of Procedure 8.13B Regarding Filling Board and Commission Vacancies
Recommended Action:
 - 1) Suspend City Council Rules of Procedure 8.13B, pursuant to Section 10.1.
 - 2) Authorize staff to fill the Arts Council and Planning Commission vacancies concurrent with the 2021 Annual Board and Commission Recruitment Process.
9. AB 5832: Women's History Month Proclamation No. 263
Recommended Action: Mayor Wong proclaims March 2021 Women's History Month in Mercer Island

REGULAR BUSINESS

10. AB 5824: Ground Emergency Medical Transport Program
Recommended Action - Discussion only. Staff will return with the 2020 year-end budget amending ordinance in April 2021.
11. AB 5833: Emergency Medical Transport Revenues
Recommended Action - Discussion only. Staff seeks initial feedback from the City Council on potential policy amendments related to Emergency Medical Transport Fees to prepare a revised policy for City Council's review and adoption.
12. AB 5821: 2021 Chamber of Commerce Partnership Agreement
Recommended Action - Approve the 2021 Chamber of Commerce Partnership Agreement scope of work as presented.
13. AB 5829: Creation of City Council Committee to develop Financial Management Policies
Recommended Action - Create the City Council Finance Committee to develop Financial Management Policies by October 2021 and appoint three Councilmembers to serve on the Committee.

OTHER BUSINESS

14. Planning Schedule
15. Councilmember Absences & Reports

EXECUTIVE SESSION: To discuss with legal counsel litigation or potential litigation to which the City is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the City pursuant to RCW 42.30.110(1)(i) for approximately ~~30~~ 35 minutes.

Action may be taken.

ADJOURNMENT



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND**

**AB 5830
March 16, 2021
Study Session**

AGENDA BILL INFORMATION

| | | |
|----------------------------|---|---|
| TITLE: | AB 5830: Joint City Council & Utility Board Study Session to discuss upcoming Utility Capital Improvement Projects. | <input checked="" type="checkbox"/> Discussion Only |
| RECOMMENDED ACTION: | Discussion only. | <input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution |

| | | | |
|-------------------------------|---|---|---------------------------------|
| DEPARTMENT: | Public Works | | |
| STAFF: | Jason Kintner, Chief of Operations/Public Works Director Patrick Yamashita, Deputy Public Works Director Alaine Sommargren, Deputy Public Works Director | | |
| COUNCIL LIAISON: | Lisa Anderl | | |
| EXHIBITS: | n/a | | |
| CITY COUNCIL PRIORITY: | 2. Articulate, confirm, and communicate a vision for effective and efficient city services. Stabilize the organization, optimize resources, and develop a long-term plan for fiscal sustainability. | | |
| | Utility Board: Tim O’Connell, Chair Tom DeBoer, Vice Chair | Stephen Milton George Marshall Stephen Majewski | William Pokorny Brian Thomas |

SUMMARY

The City operates three separate utilities (Water, Sewer, and Storm Water), with customer charges funding all operating/maintenance costs and capital investments. Based on this “pay as you go” financing strategy, the City Council adopts incremental rate increases each year to ensure utility systems and infrastructure are well managed, maintained, and when appropriate, replaced.

The City Council adopted the 2021-2022 Biennial Budget on December 1, 2020, which included utility rates based on the operating budget, funding for the first two-years of the six-year Capital Improvement Program, as well as anticipated utility-related debt financing needs. The purpose of this joint meeting with the Utility Board and the City Council is to provide an update on several capital improvement projects and to answer questions about project scope, timelines, and different funding strategies. This discussion will inform next steps and equip staff to return to the Utility Board and City Council in Fall 2021 with specifics regarding future capital program funding and debt financing strategies.

METER REPLACEMENT PROJECT

The water distribution system currently has a wide array of water meter manufacturers, types, and reading technologies of varying age. More than 60% of the City's existing 7,866 water meters are 15 years or older. Water meter accuracy is the greatest at the beginning of the meter's life and degrades with age and use. This is important because any water that cannot be accounted for is considered distribution system leakage, equating to lost utility revenue. A standardized replacement program is needed given that most of the water meter infrastructure is at or past the end of its useful life.

In June 2019, the City issued a Request for Proposals to furnish/install meters and transmitter units, collect and manage data, and integrate with the City's utility billing system. Each proposal was to be designed to an expected useful life of at least 20 years.

The City received nine proposals. An Evaluation Committee, which included department representatives from Public Works, Finance, Community Planning & Development, and Information Services, reviewed each proposal, completed interviews, and performed reference checks with other jurisdictions. In November 2019, two vendors were selected to complete a small pilot installation to test their meter and data platforms.

While many proposals demonstrated an ability to provide a standardized meter replacement program for Mercer Island, Ferguson/Sensus was identified as the preferred vendor. Specifically, the Ferguson/Sensus platform integrated with the City's Utility billing system and they have successfully completed numerous meter replacement projects within the region. Contract negotiations are currently underway.

The estimated construction cost for the Meter Replacement Program is \$4.85 million and was preliminarily identified as a candidate for debt financing. Staff anticipates program implementation will take two years, with construction beginning in Q3 2021 and concluding in FY 2022.

SUPERVISORY CONTROL AND DATA ACQUISITION (SCADA) PROJECT UPDATE

City water distribution and sewer collection are monitored and controlled remotely by two separate systems collectively referred to as Supervisory Control and Data Acquisition ("SCADA"). Due to the varied age and condition of both systems, the technology is obsolete, causing the systems to be unreliable and unable to meet the City's needs.

At its February 2, 2021 meeting, the City Council awarded the SCADA Water Equipment Replacement Project to Bainbridge Island Electric (see [AB 5805](#)). The City will issue the Notice to Proceed at the end of March and the contractor is scheduled to start work in April. The project is expected to be completed by August 2021.

As a component of the SCADA-Sewer Equipment Replacement Project, the City recently completed a ventilation study for the sewer pump stations. Brown and Caldwell (Engineer of record) is working on the sewer system design. The City is expected to bid this project in Q4 2021 with construction anticipated to begin in 2022 and conclude in 2023. An updated engineer's cost estimate has not yet been completed but was budgeted between \$1.65 and \$3.3 million. This project is preliminarily identified as a candidate for debt financing.

RESERVOIR IMPROVEMENT PROJECT

The City's water distribution system includes two, 4-million-gallon reservoir tanks. The interior and exterior coatings have an expected lifespan of 20 years and these tanks were last recoated in 1999. Ideally, the tank

recoating work will occur in separate calendar years, to take one reservoir off-line during the non-peak water season. Design of the tank relining was scheduled to begin in 2021, with construction anticipated in 2022 and 2023, respectively.

However, as design began this year, staff learned that beginning in January 2023, new federal coating and lining standards will be implemented. The new standards will likely increase construction costs significantly. As such, staff is working to expedite the project to include the recoating of both reservoir tanks by the end of 2022, prior to the new federal standards. The estimated construction cost for this project is \$4.0 million. This project was not originally identified as a candidate for debt financing but could be included as it aligns with the necessary debt financing construction completion requirements.

RISK & RESILIENCY ASSESSMENT & EMERGENCY RESPONSE PLAN PROJECT UPDATE

The 2018 America’s Water Infrastructure Act (AWIA) requires all utilities in the United States serving over 3,300 customers to complete a comprehensive evaluation of their water systems to better manage risks and increase resilience. The assessment requires evaluation of “all hazards” including malevolent acts, natural hazards, cyber security, and more.

The City hired Carollo Engineers in November 2020 to perform this evaluation. The City must complete the Risk & Resiliency Assessment by June 30, 2021 and the Emergency Response Update by December 31, 2021. Staff and the project consultant will brief the Utility Board and City Council in the coming months, and it is anticipated that the FY 2023-2024 preliminary Capital Improvement Program will include future capital projects resulting from this assessment.

FUNDING & NEXT STEPS

When the FY 2021 utility rates were reviewed and approved by the Utility Board and City Council in the fall of 2020, utility rates models assumed \$3.5 million debt issuance in 2022 to support capital projects tied to the Water Fund, and \$2.5 million debt issuance in 2022 to support capital projects tied to the Sewer Fund. The FY2021 approved rate increase was 5.25% for Water and 4.00% for Sewer.

The City has deliberately issued a very modest amount of debt over the years, maintaining a sizable debt service capacity, and consistently following a conservative fiscal management policy as reflected in the City’s budget policies. Given the size, expected useful life, and importance of these upcoming Utility Capital Improvement projects, staff determined debt financing would smooth year-to-year utility rate increases and spread the costs for services to current and future rate payers for these capital infrastructure investments.

Staff is seeking early input from the Utility Board and City Council on the potential debt issuance for the capital projects previously described. A discussion on debt financing specifics for these projects is tentatively scheduled for Fall 2021, to coincide with the Utility Board rate discussions.

RECOMMENDATION

Receive presentation, discuss, and provide input on the Utility projects and process.



Joint City Council & Utility Board Study Session AB5830

March 16, 2021

Presentation Overview

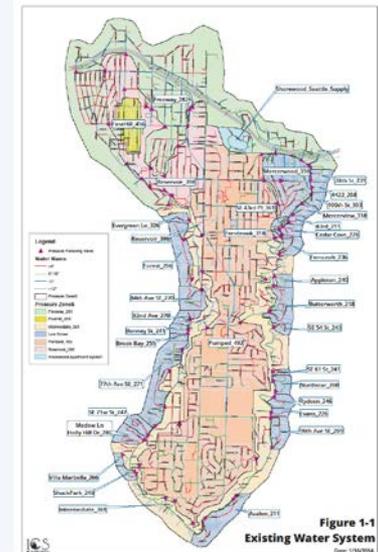
- Utility 101
- Project Updates
 - Water Meter Replacement Project
 - SCADA
 - Reservoir Improvement Project
 - Risk, Resiliency & Emergency Plan Update
- Upcoming UB Workplan
- Discussion with City Council & Utility Board



Water & Sewer Utility 101

• Water Infrastructure

- 115 miles of mains
- Two 4-million-gallon reservoirs
- Two booster pump stations
- One emergency water supply well
- 85 pressure reducing valve (PRV) stations
- 1,235 Fire hydrants (<20% undersized or 2 port hydrants)
- 7,866 Water Meters
- Water supplied by SPU via Cedar and Tolt Rivers



• Sewer Infrastructure

- 110 miles of sewer mains
- 2,777 manholes
- 17 pump stations & sewer lake line
- Treatment by KC Metro Sewer (billed as “pass thru cost”)





Water Meters Replacement Project

Drivers for Replacing Meters

- Aging Infrastructure
 - 64% > 15 years old
 - 1,196 meters: <5 years old
 - 794 meters: 5-9 years old
 - 914 meters: 10-14 years old
 - 5,052 meters: ≥15 years old
- Improve accuracy
 - 82% of meters read manually
- Better manage water loss
- Create Standard for Meter Replacement



Meter Options

1) Manual / Touch Read

- Requires physical visit to each meter location
- Reading once per billing cycle

2) Automated Meter Reading (AMR)

- Radio transmitters connected to each meter
- Information obtained by driving/walking route (no need to stop at each meter location)
- Reading once per billing cycle

3) Advanced Metering Infrastructure (AMI)

- Radio transmitters connected to each meter (fixed network)
- Information sent to data collection network
- Information sent multiple times per day



Meter Replacement

- RFP in June 2019
- Scope of Work
 - Furnish/install meters & transmitter units
 - Furnish/install AMI data collection system
 - Furnish Meter Data Management System
 - Integrate AMI system w/ City's billing system
- Received 9 proposals
- Pilot Study
- Selected Ferguson/Sensus (AMI Platform)
 - Monitoring and managing water demand
 - Supporting leak detection and other conservation goals
 - Providing real-time information to support customer service
 - Customer portals to support customer water use tracking



Meter Replacement Next Steps

- Draft Contract
 - Contract Finalization anticipated to be complete in June 2021
- Propagation Study
 - Evaluate placement for transmitter units
- Construction beginning in Q3 2021
 - Expected to span across 2 years
 - Construction scheduling & customer impact considerations





SCADA Project Update

Existing SCADA System

1968 – Main Control Panel in
PW Building

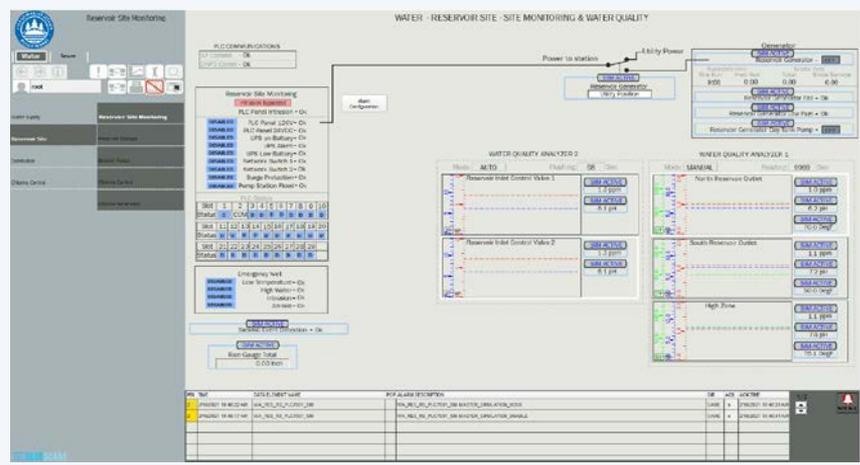
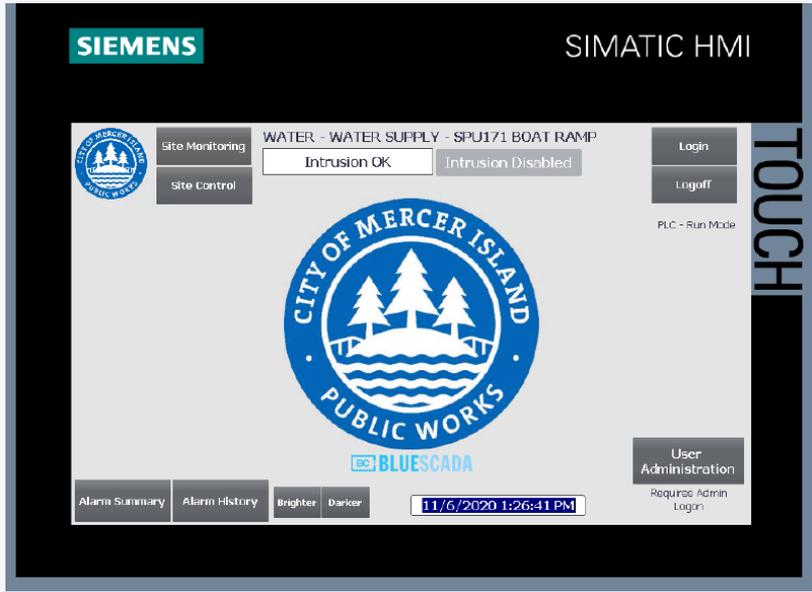


Early 1990's –
Texas Instruments
controller



SCADA Schedule

- SCADA-Water Equipment Replacement Project
 - Approved by Council in February
 - Anticipated completion August 2021
- Sewer Pump Station Ventilation study recently completed
 - Final system design underway
 - Anticipate advertisement for construction in 2022
 - Project completion expected in 2023.





Reservoir Improvement Project

Reservoir Update

- Last relined in 1999 – expected useful life of 20 years.
- Design scheduled for 2021; construction in 2022 & 2023.



- Solvent Federal standards:
 - Effective Jan. 1, 2023
 - Impact material type, availability, and present some unknowns about life expectancy





Risk & Resiliency Assessment & Emergency Response Plan

Background

- On October 23, 2018, Congress signed the America's Water Infrastructure Act (AWIA)
 - Builds on 2002 Safe Drinking Water Act
- Requires City to conduct a Risk and Resilience Assessment (RRA) of community's water system and prepare a corresponding Emergency Response Plan (ERP)
 - Upon completing each task, City needs to self-certify with the EPA informing that it complies with AWIA
- City will need to update the RRA every 5 years



Project Requirements

City solicited RFQ Summer 2020

1. Risk & Resiliency Assessment

Assess City's water system infrastructure and overall system operations, focusing on risks and hazards

Deadline for RRA: June 30, 2021

2. Emergency Response Plan

Develop strategies, recommendations, and other actions the City can implement to improve water system resiliency, reduce risks, and mitigate impacts from hazards

Deadline for ERP: December 31, 2021



2021 Utility Board Work Plan

- Notable Work Plan Dates:
 - May – Risk & Resiliency Update
 - July – CIP Project Updates
 - September- Stormwater/EMS Rates
 - October - Water/Sewer Rates
- Other Notable Work Plan Items TBD:
 - SPU Wholesale Contract Amendment
 - KC Metro Rate

Utility Board Work Plan can be found: <https://www.mercerisland.gov/bc-utilityboard>



Next Steps & Discussion

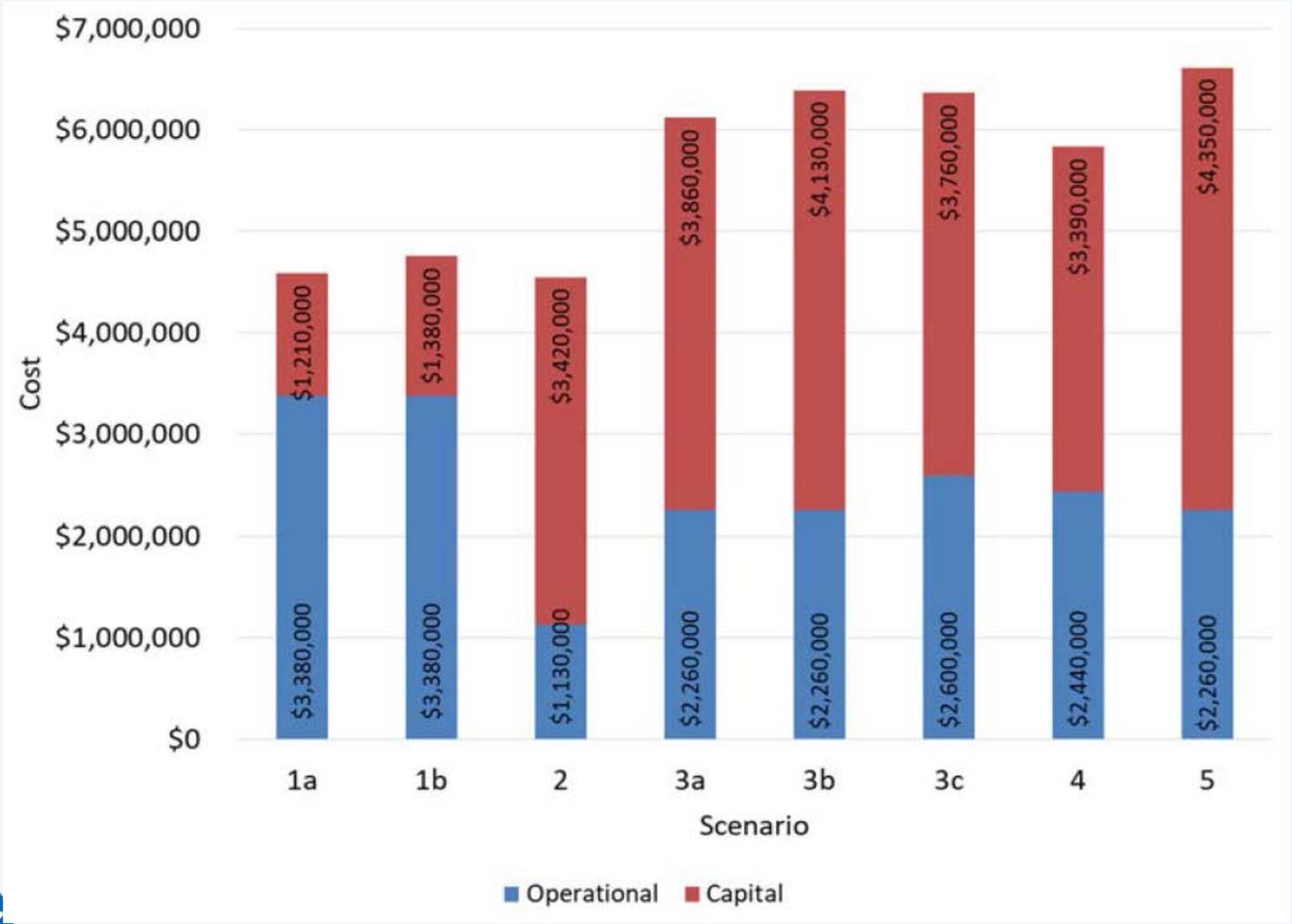
- Rate models assumed \$3.5 million debt issuance in 2022 to support capital projects tied to the Water Fund, and \$2.5 million debt issuance in 2022 to support capital projects tied to the Sewer Fund.
- The FY2021 approved rate increase was 5.25% for Water and 4.00% for Sewer
- Staff is seeking early input from the Utility Board and City Council on the potential debt issuance for the capital projects
- A discussion on debt financing specifics for these projects is tentatively scheduled for Fall 2021, to coincide with the Utility Board rate discussions



Backup Slides



Cost Model



Comparison of Models

| Parameter | Manual Read | AMR Mobile System | AMI Fixed Network |
|--|-------------|----------------------|----------------------|
| “Freeing up” of Staff Resources | -- | + | ++ |
| Resolution of Available Data | -- | + | ++ |
| Support of Conservation Activities | 0 | + | ++ |
| Support to Leak Adjustment Processes | - | + | ++ |
| Utility “Visibility” to Customers | + | 0 | -- |
| Meter Access/Reader Safety | -- | + | ++ |
| Public Perception (Technology vs. Manpower) | -- | ++ | ++ |
| Environmental Impact (Carbon Footprint) | -- | - | ++ |

Notes:

--: Strongly negative impact

-: Negative impact

0: No impact

+: Positive impact

++: Strongly positive impact

