



Utility Board Agenda

For Meeting of August 14, 2018
7:00 PM to 9:00 PM
City Council Chambers, City Hall

Board Members:**Council Liaison:****Staff:**

Kwan Wong, Chairman, Tim O'Connell, Vice Chairman, Tom DeBoer, Mary Grady, Stephen Milton, William Pokorny and Brian Thomas

Mayor Debbie Bertlin

Jason Kintner, Public Works Director

Chip Corder, Finance Director

Francie Lake, Deputy Finance Director

Patrick Yamashita, City Engineer

Anne Tonella-Howe, Assistant City Engineer

Brian McDaniel, Utilities Operations Manager

Asea Sandine, Recording Secretary

Agenda topics

7:00 PM

Board Elections

All

Approve May 8, 2018 Minutes

All

Capital Improvement Program Preview

Francie Lake

Solid Waste RFP Discussion

Jason Kintner

Transmitted via Email:

Agenda

Meeting Minutes

Work Plan

Next Meeting:

September 11, 2018



UTILITY BOARD REGULAR MEETING MINUTES MAY 8, 2018

CALL TO ORDER:

Vice Chair O'Connell called the regular meeting of the Utility Board to order at 7:02 p.m. in the Council Chambers Room at City Hall, 9611 SE 36th Street, Mercer Island, WA.

ROLL CALL:

Present: Vice Chair Tim O'Connell, Board Members Tom DeBoer, Mary Grady, Will Pokorny, and Brian Thomas and Council Liaison Debbie Bertlin

Absent: Board Members Kwan Wong and Stephen Milton.

City Staff: Jason Kintner, Public Works Director, Rona Lin, Water Utility Engineer, Mike Helton, GIS Analyst, and Asea Sandine, Recording Secretary were also present.

MINUTES:

Board Member Thomas moved to approve the minutes from the February 13, 2018 meeting. Board Member DeBoer seconded the motion. The Board unanimously approved the minutes.

REGULAR BUSINESS:

WATER QUALITY METRICS & CIP CLASSIFICATION

Jason Kintner, Public Works Director, shared with the Board that the City received a notice of completion letter from the Department of Health (DOH) regarding the Water Advisory Event and Action Plan. Part of the Action Plan was to include water quality metrics as a component of the Water Utility Capital Improvement Program (CIP) classification.

Kintner introduced Mike Helten, GIS Analyst and Rona Lin, Water Utilities Engineer to present the Water Quality Metrics CIP Classification to the Board. The same presentation was also given at the 2018 PNWS-AWWA Annual Conference. Lin advised that following the Water Advisory Event in 2014, the City hired Confluence Engineering Group (Confluence) to review City operations and identify best practice improvements to implement within the water utility. Since the Water Advisory, the City has recognized a greater need to incorporate water quality data as an evaluation component of water main replacement criteria for the Capital Improvement Program. Previously, water main replacements were prioritized utilizing data that included type and age of pipe, fire flow capacity, service area considerations, and pipe condition rankings (frequency of pipe breaks, pipe material, age). Water quality data will now be considered as part of this project prioritization, beginning with the 2019-2024 CIP.

With assistance from Confluence, the City now has a water quality condition assessment tool utilizing data (chlorine residual, R2A, total iron, customer complaints, etc.) in conjunction with the GIS database to prioritize water main replacement projects. A GIS map overlay shows areas and levels of risk (good, moderate, poor) by highlighting where projects should be prioritized. Lin concluded the presentation by sharing projects that are currently underway to

improve water quality including implementation of a unidirectional flushing program and utilizing new watermain cleaning technology, such as ice pigging a large water main.

Lin concluded that much work has gone into improving water utility and staff continues to monitor the effectiveness of these efforts. Data sets continue to grow allowing larger sample collections and data norms to develop that will assist with future capital reinvestment needs.

2018 WORK PLAN

The Board reviewed the work plan and requested an update at a future meeting regarding the King County Sewer Interceptor Project. Kintner advised that the Solid Waste contract review was pushed out due to hiring of the consultant this month. He shared this will be underway in the next few months and that he may need to add in another date before November.

NEXT MEETING: June 12, 2018.

ADJOURNMENT: 8:09 PM

Asea Sandine
Recording Secretary

Memo

Finance Department



To: Utility Board Members

From: Francie Lake, Deputy Finance Director

Date: August 8, 2018

Re: Preview of 2019-2024 Utility Capital Projects

As one of the early steps in preparing the 2019-2020 Biennial Budget, staff has identified proposed capital projects for 2019-2024, focusing on the upcoming biennium (2019-2020). The meeting on August 14th is an opportunity for the Utility Board to preview and comment on the projects that staff has proposed. **City project managers will provide a visual presentation of the utility systems and the proposed projects at the board meeting.** The City Council is scheduled to review the proposed 2019-2024 Capital Project Budget at their November 5th meeting.

Attached you will find a six year capital plan for each of the utilities – Water, Sewer, and Storm Water. The City's Water System Plan, General Sewer Plan, and Comprehensive Basin Plan are guiding documents used by staff in developing the six year plans. In addition, staff relies on information from the water hydraulic model, videotaping of sewer and drainage pipe, periodic assessment of changing conditions in storm basins/ravines, and the maintenance history (ex: main and pipe breaks) of all three utilities.

Water Utility:

The six-year capital plan for the Water Utility continues reinvestment in the City's long list of sub-standard water mains (primarily 6 inches or smaller in diameter with deteriorating conditions) at a range of \$1.2 million to \$2.7 million per year. System investments related to the water quality event and prioritization of projects intended to reduce the risk of future contamination continue in 2019, with anticipated construction of the Booster Chlorination Station for \$1.1 million. There are two projects of significant magnitude proposed to start in 2020: (1) SCADA System Replacement (Water component) (\$1.8 million in each 2020 and 2021) and (2) Meter Replacement program (\$2.0 million in each 2020 and 2021). The proposed Capital Reinvestment Plan for 2019-2024 averages \$5.0 million per year. Exhibit 1 lists the water capital projects proposed for 2019-2024.

Sewer Utility:

The six-year plan for Sewer (see Exhibit 2) reflects many of the capital reinvestment needs identified in the recently completed update to the General Sewer Plan, including pipe collection system improvements and pump station improvements. As with the Water Utility, there is also a Sewer component to the SCADA System Replacement (\$1.8 million in each 2020 and 2021). A small segment within Reach 4 of the Sewer Lake Line (for \$230,000

at Lincoln Landing) is planned for replacement in 2019 in conjunction with Park improvements planned the same year. The proposed Capital Reinvestment Plan for 2019-2024 averages \$2.5 million per year.

Storm Water Utility:

The six-year plan for Storm Water (see Exhibit 3) continues to focus on the basin improvements and conveyance system replacement projects identified in the Comprehensive Basin Plan. The last large watercourse stabilization project (Basin 6.3) was completed in 2011. Like the current 2017-2018 biennium, the 2019-2024 plan focuses on reinvestment in medium to small sized basins and continues a greater emphasis on rehabilitation of aging piped conveyance systems, similar to the water and sewer utilities. The program includes installation of new storm systems to a few areas currently unserved. The program for storm water treatment, which was started in the 2013-2014 biennium, is continued into 2019-2024. The proposed Capital Reinvestment Plan for 2019-2024 averages \$1.1 million per year.

Staff Recommendation & Next Steps:

Both the SCADA System Replacement (\$7.2 million total in 2020-2021) and Meter Replacement (\$4.0 million total in 2020-2021) projects are in the early planning stages and their cost estimates will be refined in the coming year. The early projected costs of these projects make them ideal candidates for debt financing. As such, **staff plans to build the capital budget and utility rates assuming debt financing for the SCADA System Replacement and Meter Replacement projects. Staff seeks feedback from the Utility Board regarding this approach on Tuesday night.**

Following the preview of proposed capital projects to the Utility Board, staff will proceed with development of a proposed operating budget for each of the Utilities during the month of August and return to the Utility Board in September and October to present the full budget (operating and capital) and rate analyses for the Board's review.

The City Council will review the proposed 2019 utility rates on November 5th, will adopt the 2019 utility rates on November 20th, and will adopt the 2019-2020 Budget on December 4th.

Exhibit I
WATER FUND
Six Year Capital Plan 2019-2024

Description	2018	2019	2020	2021	2022	2023	2024
Sub-Standard Water Main Replacements							
82nd Ave and Forest Ave, W of WMW Improvement	0		122,000	802,000			
SE 22nd St - 22nd Pl Water System Improv.	111,000	1,118,000					
87th Ave & 88th Ave SE Water System Improvements	0	154,000	1,017,000				
82nd Ave SE, N or SE 24th Improvements			110,000	725,000			
96th Ave SE, SE 34th Improvements		392,000					
Madrona Crest East Addition Water Sys Improvement				357,000	2,348,000		
74TH Ave, SE 27th, 76th Ave & SE 29th Improvements					254,000	1,672,000	
77th Ave SE, SE 27th to SE 29th Improvements					77,000	506,000	
Avalon Dr and Benotho Pl Neighborhood Improvements						382,000	2,512,000
80th Ave SE, SE 27th - SE 32nd Improvements							180,000
Water Quality Event Follow-up Action Plan Projects							
Booster Chlorination Station	90,000	1,160,000					
Reservoir Generator Replacement	100,000	200,000					
Abandonment of 12" Water Line EMW		75,000					
Phase III Air Vacuum Release Valve Assemblies Upgrades							
Fluoride Station Removal	100,000						
SCADA System							
SCADA System Replacement		235,000	1,800,000	1,800,000	225,000	250,000	250,000
Water System Improvements							
EMW 5400 to 6000 block Watermain & PRV Stations	1,696,467						
Hydrant Replacement (contract work)	275,410	25,000	300,000	25,000	300,000	25,000	300,000
Water System Components (air vac, blow off, and etc.)	45,253	35,000	35,000	35,000	35,000	35,000	35,000
Street Related Water CIP Projects	291,924	200,000	200,000	200,000	200,000	200,000	200,000
Abandonment of 12" Water Line Reservoir to First Hill		50,000	200,000				
Other Water System Projects							
Water Model Updates/Fire Flow Analysis	38,550	8,000	25,000	8,000	25,000	8,000	25,000
Water System Plan Update	73,754	75,000		70,000	70,000		
Meter Replacement Program and Master Plan	199,453	500,000	2,000,000	2,000,000			
Water Reservoir Coatings- Interior and Exterior				50,000	1,700,000	1,700,000	300,000
Emergency Well Phase II - Feasibility & Assessment (CFP)				75,000			
Subtotal Water CIP	\$ 3,021,811	\$ 4,227,000	\$ 5,809,000	\$ 6,147,000	\$ 5,234,000	\$ 4,778,000	\$ 3,802,000
Interfund Transfers and other Capital Projects							
Capital Project Management	95,513	98,467	101,260	106,829	112,705	118,904	125,443
IFT - Maintenance Building Reinvestment	50,224	20,615	18,662	49,910	21,700	21,917	53,599
IFT - Technology Projects (EAM / SCADA Implementation)	50,000	50,000	0	0	0	0	0
Total	\$ 3,217,548	\$ 4,396,082	\$ 5,928,922	\$ 6,303,739	\$ 5,368,405	\$ 4,918,821	\$ 3,981,042

Exhibit 2
SEWER FUND

Six Year Capital Plan 2019-2024

Description	2018	2019	2020	2021	2022	2023	2024
General							
Pipe Flow Monitoring		105,000	0	105,000	0	105,000	0
Comprehensive Hydraulic Model Development		180,000	0	0	0	0	0
Comprehensive I/I Evaluation		0	140,000	0	0	0	0
Pipe Collection System Improvements							
Special Catch Basins	270,884						
Comprehensive Pipeline Repair & Replacement	412,794	300,000	350,000	400,000	400,000	400,000	400,000
Street Related Sewer System Improvements	51,119	30,000	30,000	30,000	30,000	30,000	30,000
Backyard Sewer System Improvements	156,380	37,000	232,000	37,000	232,000	37,000	232,000
W. Mercer Way Pipe Upsize	0	0	0	50,000	146,000	0	0
Pump Station Improvements							
Pump Station Access Improvements	63,858	37,000	74,000	37,000	74,000	37,000	74,000
Generator Replacement	436,686	100,000	100,000	100,000	100,000		0
Pump Station Flow Monitoring	0	0	130,000	195,000	195,000	195,000	260,000
PS 23, 24, 25 Capacity Improvements	50,000	370,000	111,000	740,000	740,000	0	0
Pump Station R&R		0	0	0	0	555,000	0
SCADA System							
SCADA System Replacement	75,759	235,000	1,800,000	1,800,000	168,000	0	0
Sewer Lake Line Improvements							
Lake Line Access Points	300,000	185,000	185,000	0	0	495,000	495,000
Lincoln Landing Pipe Improvements	50,000	230,000	0	0	0	0	0
Reach 4 Lake Line Replacement		0	185,000	185,000	185,000	0	0
Emergency Repairs							
Sewer System Emergency Repairs		50,000	50,000	50,000	50,000	50,000	50,000
Subtotal Sewer CIP	\$ 1,867,480	\$ 1,859,000	\$ 3,387,000	\$ 3,729,000	\$ 2,320,000	\$ 1,904,000	\$ 1,541,000
Interfund Transfers and other Capital Projects							
Capital Project Management	38,773	39,972	41,005	48,244	50,897	53,696	56,650
IFT - Maintenance Building Reinvestment	55,779	22,895	20,726	55,430	24,100	24,341	59,527
IFT - Technology Projects (EAM / SCADA Implementation)	50,000	50,000	0	0	0	0	0
Total	\$ 2,012,032	\$ 1,971,867	\$ 3,448,731	\$ 3,832,674	\$ 2,394,997	\$ 1,982,037	\$ 1,657,177

Exhibit 3
STORM WATER FUND
Six Year Capital Plan 2019-2024

Description	2018	2019	2020	2021	2022	2023	2024
Storm Water Basin Improvements / Water Quality	516,411						
Watercourse Condition Assessments	39,828	15,000	25,000	15,000	25,000	15,000	25,000
Sub-Basin 6 Madrona Crest W	0	220,000					
Sub-Basin 3b.4	15,000	111,000					
Sub-Basin 29.2	25,000	139,000					
Sub-Basin 42.1 & 42.1a		35,000	444,000				
Sub-Basin 23.2			35,000	227,000			
Sub-Basin 10.4				28,000			
Sub-Basin 45b.1				35,000	217,000		
Sub-Basin 27a.10				20,000	78,000		
Sub-Basin 22.1					30,000	167,000	
Sub-Basin 50b.4E					10,000	53,000	
Sub-Basin 25b.2					45,000	165,000	
Sub-Basin 24a.1						20,000	57,000
Sub-Basin 39a.2						20,000	39,000
Sub-Basin 46a.3						40,000	464,000
Sub-Basin 34.1							15,000
Sub-Basin 45b.4							15,000
Watercourse Minor Repairs/Maintenance	39,720	20,000	20,000	25,000	25,000	25,000	25,000
Other Water Quality Treatment							
Sub-Basin 10 & 32b Dissolved Metals Source ID	79,920	50,000	25,000	15,000	15,000	25,000	25,000
Water Quality Treatment Improvements	75,000	75,000		75,000		75,000	
Conveyance System Improvements							
Neighborhood Spot Drainage Improvements	120,785	95,000	95,000	100,000	100,000	105,000	105,000
Street Related Drainage Improvements	100,000	105,000	105,000	110,000	110,000	115,000	115,000
Drainage System Extensions		130,000	130,000	135,000	135,000	140,000	140,000
Drainage System Replacements		130,000	130,000	135,000	135,000	140,000	140,000
Emergency Repairs							
Drainage System Emergency Repairs	38,877	20,000	20,000	20,000	20,000	25,000	25,000
Subtotal Storm Water CIP	1,050,541	1,145,000	1,029,000	940,000	945,000	1,130,000	1,190,000
Capital Project Management	89,543	92,312	94,935	100,672	106,209	112,050	118,213
IFT - Maintenance Building Reinvestment	29,625	12,160	11,008	29,440	12,800	12,928	31,616
IFT - Tech Projects (EAM-\$25K/Watercourse Layer-\$62K)	87,000	0	0	0	0	0	0
Total	\$ 1,256,709	\$ 1,249,472	\$ 1,134,943	\$ 1,070,112	\$ 1,064,009	\$ 1,254,978	\$ 1,339,829



Memorandum

CITY OF MERCER ISLAND, PUBLIC WORKS DEPARTMENT

9611 S.E. 36th St. • Mercer Island, WA 98040-3732

(206) 275-7608 • FAX: (206) 275-7814

www.mercergov.org

To: Utility Board

Date: August 14, 2018

From: Jason Kintner, Public Works Director

Re: Solid Waste RFP Update

At the June 5, 2018 City Council Meeting, City staff and Jeff Brown with Epicenter Services presented an update to the Solid Waste Request for Proposal (RFP) procurement process. Agenda Bill 5438 is attached to provide additional context regarding the RFP.

At the August 14, 2018 Utility Board meeting, staff will provide an update the RFP and discuss next steps regarding the new solid waste services contract.



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND, WA

AB 5438
June 5, 2018
Study Session

SOLID WASTE CONTRACT RFP

Action:
No action necessary. Receive report.

- ☒ Discussion Only
☐ Action Needed:
☐ Motion
☐ Ordinance
☐ Resolution

DEPARTMENT OF

Public Works (Jason Kintner)

COUNCIL LIAISON

Debbie Bertlin

EXHIBITS

1. Draft RFP Timeline

2018-2019 CITY COUNCIL GOAL

6. Update Outdated Codes, Policies and Practices

APPROVED BY CITY MANAGER

AMOUNT OF EXPENDITURE	\$	n/a
AMOUNT BUDGETED	\$	n/a
APPROPRIATION REQUIRED	\$	n/a

SUMMARY

BACKGROUND

The City's contract for solid waste collection services with Rabanco Ltd., d/b/a Allied Waste Services of Bellevue (known to Island residents as Republic), is set to expire September 30, 2019. Services include residential (solid waste, recycling, yard, and organic waste curbside pickup, bulk waste, and appliance recycling), commercial detachable containers, and drop-box lines of business. Republic provides all collection, customer service, and customer billing functions.

Republic has provided collection service to Mercer Island since 1981. During the last two contract cycles, the City negotiated directly with Republic for solid waste services. Recent data from the 2018 Citizen Survey results indicates that the community is generally satisfied (77% average residential satisfaction rate) with the current levels of service.

To assist with the procurement of a new solid waste contract, the City hired Jeff Brown, Epicenter Services LLC, to review and provide recommendations on effective strategies for the development of a new contract. Epicenter Services has recently completed competitive procurements for the City of Mukilteo, City of Sammamish, and is assisting with contract negotiations for the City of Newcastle and the City of Snoqualmie.

Prior to beginning the competitive Request for Proposal (RFP) procurement process, the City explored a nine-month extension with Republic which would have allowed the City to negotiate directly with Republic while providing the necessary time to competitively procure a new contract if the negotiations failed.

Due to the current volatility in the West Coast recycling market and impacts from China's "National Sword" and "Blue Sky" initiatives imposing stricter contamination standards, Republic declined the nine-month extension. Instead, Republic requested the City pursue a RFP process, or consider a longer extension (minimum of three years) that would include negotiations over rate increases. In response, due to the timing of the existing contract's expiration, the City has begun to develop the RFP for solid waste/recycling/yard waste collection services.

RECYCLING MARKET CHALLENGES

American recycling companies, including Republic (which is a hauler and a recycler), have relied extensively upon buyers in the Chinese market. Until recently, China processed over 50% of the planet's raw recyclables. Earlier this year, the Chinese government implemented new contamination rules severely limiting the amounts and types of recyclables that it will accept for processing, including mixed paper and some mixed plastics. It is unknown if the Chinese markets will rebound and provide relief in the future. Currently, domestic solutions for these specific products remain limited. As such, industry experts have noted that the current business model for recyclables is not viable. In addition, due to the recent changes implemented by haulers to more effectively sort and clean products, fully loaded costs have been difficult to predict and are anticipated to increase.

NEXT STEPS

As currently drafted, the base residential and commercial services would remain largely comparable to current service levels. To allow sufficient time for mobilization and implementation of a new service contract, competitive procurement needs to be completed no later than 10-12 months prior to the conclusion of the existing contract. At the June 6 Council Study Session, Epicenter Services will outline the RFP process and timeline (Exhibit 1) and staff will seek Council direction for development of alternatives to be included in the procurement for services.

RECOMMENDATION

Public Works Director

No action necessary; receive report and provide staff direction.

**DRAFT
MERCER ISLAND SOLID WASTE CONTRACT
RFP SCHEDULE**

<u>Event</u>	<u>Time Frame</u>
Scope contract, internal review of drafts and RFP	May-June 2018
Release Industry Review draft of document set	June 13, 2018
Industry Review comments due	June 29, 2018
Release Final RFP to Known Interested Parties	July 16, 2018
Deadline for Proposer Questions	August 10, 2018
Proposals Due	4:00 PM PST September 18, 2018
Proposal Evaluation, Interviews, Clarifications	September/October 2018
Selection, Finalization of Contract	October 2018
Recommendation to City Council	November 2018
City Executes Contract	November-December 2018
Contractor Delivers Transition/Implementation Plan	January 2019
Container Delivery or Relabeling	September 2019
Start of Collection Services	October 1, 2019

Utility Board 2018 Work Plan

Meeting Date	Agenda Item
January 16	General Sewer Plan - CIP Focus
February 13	Scada Master Plan
March 13	Recess
April 10	Solid Waste Contract Review and Schedule- Meeting Canceled
May 8	Water Quality Metrics & CIP Classification
June 12	Meeting Canceled
July 24	Meeting Canceled
August	Board Elections CIP Preview Solid Waste RFP
September 11	Sewer Budget & Rates Stormwater Budget & Rates
Special Meeting- TBD	Solid Waste RFP Discussion
October 9	Water Budget & Rates EMS Rates
November 13	Solid Waste Contract
December 11	Meter Replacement Program Implementation

