

MSWMAC Advisory Committee Meeting

August 11, 2017 - 11:15 a.m. to 1:15 p.m.
King Street Center 8th Floor Conference Room

Final Meeting Minutes

MSWMAC Members	
Diana Quinn	Algona
Bill Pelosa	Auburn
Alison Bennett	Bellevue
Anita DeMahy	Bothell
Austin Bell	Burien
Brian Roberts	Burien
Barre Seibert	Clyde Hill
Chris Searcy – Vice Chair	Enumclaw
Rob Van Orsow	Federal Way
John MacGillivray	Kirkland
Penny Sweet – Chair	Kirkland
Phillippa Kassover	Lake Forest Park
Diana Pistoll	Maple Valley
Carol Simpson	Newcastle
Gary Schimek	Redmond
Eberley Barragan	Redmond
Linda Knight	Renton
Karen Porterfield	Sammamish
Kellye Mazzoli	Woodinville

King County Staff
Jenny Devlin, SWD staff
Jeff Gaisford, SWD staff
Beth Humphreys, SWD staff
Meg Moorehead, SWD staff
Yolanda Pon, Public Health - Seattle King County
Terra Rose, KC Council staff
Christie True, DNRP Director
Eben Sutton, SWD staff
Guests
Cynthia Foley, Sound Cities Association
Janet Prichard, Republic Services
Lucy Lui, City of Bellevue

Minutes

Minutes from June were approved as written. The July minutes were approved with an amendment proposed by Carol Simpson to clarify a comment about levels of service standards at the Houghton and Algona transfer stations.

Updates

SWAC

The July SWAC meeting had the same agenda as the MSWMAC July meeting, with the addition of a discussion on the Scope of Work for the Waste to Energy Study that is being completed by a consultant team. SWAC Chair Jean Garber has authorized MSWMAC Chair Penny Sweet to share with MSWMAC members a document Garber authored in response to SWD's hiring of Normandeau, Inc. to provide a third-party review of waste to energy options for SWD's long term disposal needs.

SWD

SWD detects elevated methane levels at Duvall Closed Landfill

During quarterly monitoring at the Duvall Closed Landfill, SWD detected elevated levels of methane at one of its gas probes that exceeded allowed regulatory limits. Out of an abundance of caution, SWD dispatched engineers, communications specialists, and its third-party consultant, AMEC Foster Wheeler, to test for methane in homes within 1,000 feet of

the probe. In all the homes that were tested, no methane was detected. SWD has added advanced monitoring equipment and installed a treatment system to filter the methane near the probe site.

SWD receives historic amount in rebates

In June, SWD saw a historic high (\$42,735) in the monthly amount paid by Republic Services as a rebate against hauling costs. SWD receives rebates from Republic Services because both the county and the contractor recognize the importance of using recycled materials rather than virgin materials. The county's practice is to negotiate contracts where both the county and the contractor share the risk and the reward of changing commodity markets. The hauler retains a percentage of the rebate amount to cover their operating costs with the balance being paid to the county. In this case, the rising commodity prices for cardboard are off-setting a larger portion of the hauling cost, which remains relatively fixed. If the prices fall too far, the hauler retains a base amount to cover the hauling cost, so higher commodity prices means lower hauling costs. The total amount deducted has risen because of a combination of increased amount of materials recycled, mainly cardboard, as well as an increase in commodity prices, mainly cardboard but also mixed paper in some cases. SWD has received a total of \$206,792 in off-setting rebates the first half of this year which is \$90K higher for the same period last year.

Water issues at Factoria

Last week, SWD employees at the new Factoria Recycling and Transfer Station noticed discolored water in the misting system at the station. As a precaution, the division provided bottled water for drinking and sanitation stations for hand washing. Water samples were sent to the lab for testing. Results of that testing are expected by Wednesday. (UPDATE: Lab tests confirmed water to be safe. Discoloration was caused by a bad filter. All systems are now back to normal)

Staff Update

Today is the last day Olivia Robinson will be in her position as the SWD Intergovernmental Liaison. Next week, she begins a new position in King County Wastewater Treatment Division.

Comp Plan Discussion: Transfer Policies

Today's presentation is the last in a series of discussions about policy proposals put forth by the division prior to drafting the Comp Plan; importantly, it is not the last opportunity for city representatives to provide input, since there will be further discussion on the Draft Comp Plan and there will also be a public comment period.

Beth Humphreys, SWD, delivered a [review](#) of an earlier presentation on the proposed policies outlined in the Transfer chapter of the Comp Plan. The first policy of the chapter is: *Provide solid waste services to commercial collection companies and self-haul customers at transfer stations, and to self-haul customers at drop boxes.* Information about the waste disposal services at drop boxes is available on the division's website (<http://your.kingcounty.gov/solidwaste/facilities/transfer.asp>)

The second policy: *Provide solid waste transfer services in the urban and rural areas of the county based on local and facility conditions and interlocal agreements with King County*

cities. There was concern that basing services on local and facility conditions creates unequal levels of services across the system.

The third policy: *Work with cities and communities to develop mitigation measures for impacts related to the construction, operation, and maintenance of transfer facilities, as allowed by applicable local, state, and federal laws*. There were no questions, comments, or concerns with this policy as proposed.

The fourth policy: *Build, maintain and operate Solid Waste Division facilities with the highest green building and sustainable development practices*. There were no questions, comments, or concerns with this policy as proposed.

The fifth policy: *Provide for collection of recyclable materials at all transfer facilities – recognizing resource limitations, availability of markets, and service area needs – focusing on maximum diversion of recyclables from the waste stream and on materials that are not easily recycled at the curb or through a readily available producer or retailer-provided program*. There were no questions, comments, or concerns with this policy as proposed.

The sixth and final proposed transfer station policy is new to the updated Comp Plan: *Maintain a public and private mix of solid waste transfer and processing facilities*. There were no questions, comments, or concerns with this policy as proposed.

There was general agreement these proposed policies are sufficient for inclusion in the draft Comp Plan.

Comp Plan Discussion: Finance Policies

Meg Moorehead, SWD, presented an [overview](#) of the division's proposed Finance Policies. The updated finance policies and actions support the division's Finance Goal: *Keep tipping fees as low as reasonable, while covering the cost of effectively managing the system, protecting the environment, encouraging recycling, and providing service to customers*.

The proposed finance policies and actions are divided into four categories:

- Setting Customer Fees
- Use of Solid Waste Funds
- Solid Waste Fund Structure and Management
- Operations and Capital Project Financing

The first policy proposed: *Assess fees for use of the solid waste transfer and disposal system at the point of service*. There were no questions, comments, or concerns with this policy as proposed.

The second policy: *The fee charged to customer classes will be the same at all facilities, unless the Metropolitan King County Council determines a change in the rate structure is appropriate*. There were no questions, comments, or concerns with this policy as proposed.

The third policy: *Utilize the assets of the Solid Waste Division exclusively for the benefit of the solid waste system. If the division's assets are used by others, require full reimbursement for*

the value associated with the use, transfer, or sale. There were no questions, comments, or concerns with this policy as proposed.

The fourth policy: *The County General Fund will not charge use fees or receive other consideration from the Solid Waste Division for use of any transfer facility property in use as of November 5, 2013. The division's use of assets acquired by other separate County funds is subject to use fees. If the division ceases to use a property, all proceeds from the sale or other use of such property are due to the owner of record.*

There was a discussion about the context of this policy. The cities requested this policy be included during the ILA negotiations. The division began paying rent on the Cedar Hills Landfill in 2004 since the land is owned by the County's General Fund. The landfill was reappraised during the ILA negotiations and the terms of the rental payments were adjusted based on the appraisal. The cities wanted to ensure that the County wouldn't start collecting rent on the transfer station properties that may also be on property purchased with General Fund money. Currently, the division pays the County General Fund annual rent of about \$3 million only for use of the property used as the Cedar Hills Regional Landfill. The rent is added to an unrestricted fund contributing to many county services; the division has no claim to funds contributed to the General Fund. The division does not pay rent on other General Fund properties. New and future division facilities are/will be built on property owned by the division.

There was a question about the cost-effectiveness of this arrangement as it may make sense the division buy the property from the county. DNRP Director Christie True noted the rent used to be much higher when the value of the land was higher, but now the rent is going down as the value decreases.

There was concern that this rental agreement is essentially a transfer of ratepayer funds to the General Fund; True stated the rental arrangements could be discussed in more depth at an upcoming meeting.

The fifth policy: *Maintain a Solid Waste Division financial forecast and cash-flow projection of four years or more.* There were no questions, comments, or concerns with this policy as proposed.

The sixth policy: *Maintain reserve funds and routinely evaluate the funds for long-term adequacy and set contributions to maintain reasonable rate stability.* It was noted that it is generally preferable to have smaller rate increases more often than to have infrequent, yet large rate increases. Moorehead suggested this preference would make a worthwhile action to include in the Comp Plan.

The seventh and final policy: *Finance capital projects using various options including an appropriate combination of cash and debt.* There was concern the word 'appropriate' was too vague and perhaps 'sustainable' was a better word choice. There was also a suggestion to include phrasing to this policy to introduce the concept of intergenerational equity; that the current generation of ratepayers share capital costs with future generations of ratepayers. It

was also suggested the policy might include the phrase ‘as approved by King County Council’ since they determine the financing combination.

There was general agreement these proposed policies with the suggested amendments were sufficient to include in the draft Comp Plan.

Comp Plan: Schedule and Next Steps

Moorehead presented a proposed schedule change to the next 4-6 months of the Comp Plan planning process. The division requests that the two advisory committees hold joint meetings to discuss text and policies in September and October. This change will give the division more time to incorporate input, format the draft Comp Plan so it can be ready for the 60-day public comment period from mid-December – early February.

There was interest in having more time to discuss the Waste Prevention and Recycling action items, particularly since several cities have already submitted detailed comments. Moorehead agreed there needs to be more discussion about those actions and their associated comments, but it is hoped those discussions can wait until next year when public comment has been received and the actions refined.

Rate Restructure Discussion

The fact that the division is funded by revenues assessed on a per ton disposal charge is at odds with the fact that the division has policies aimed at reducing the number of tons disposed. Since 2000, recycling and waste prevention efforts have diverted almost 2 million tons from the landfill, thus the challenge to bring in enough revenue to fund facility maintenance, and ongoing waste prevention and resource recovery programs.

The division hired a consultant, FCS Group, to study the best rate structure for the division while meeting these goals:

- Restructure collects same dollar amount as current structure
- Improves rate stability to smooth future rate increases
- Better matches revenue to division’s fixed and variable costs
- Allows for low-income discount option for self-haul customers

Although the study is not yet complete, a preliminary draft proposes a mixed revenue stream consisting of a curbside account fee, and a container volume fee. It also includes a transfer station access fee for self-haulers (the division’s only retail customers) and continued per ton fees. The division, as a wholesale provider, needs to know how a new rate structure would affect communities, businesses, and cities and what other factors ought to be considered on the retail end before deciding whether to implement study recommendations.

The division estimates about 30 – 40 percent of its expenses are fixed costs, although depending on the shifting definition of fixed costs, it could be up to 60 percent. When the decision process is underway, there will be a refinement to the definition to moderate the effect on customers.

There was a concern a new rate structure would be difficult for city accounting offices, as it resembles the fee structure assessed by the Local Hazardous Waste Program (LHWP) which was not easily implemented.

Cities that currently offer a low-income rate discounts include: Bellevue, Auburn, Enumclaw, Algona, Renton, Kirkland, and Bothell. The division is considering how it might provide low income discounts for transfer station self-haul customers perhaps by allowing reduced fare Orca transit card holders show their cards when they self-haul to transfer stations.

Currently, the division would define a successful rate restructure as one in which fixed costs are covered regardless of fluctuation in revenue and citizens can save money if they choose to waste less. The division seeks to avoid layoffs and deferred maintained as was the case during the last recession when tonnage, and thus revenues, were reduced while services still needed to be provided.

The consultant recommends an agency implement a rate restructure at least one year from proposing it, so this conversation between the cities, the division, and the haulers is only in the earliest stages. It is also recommended that when cities negotiate new contracts with haulers, they think about including language that would accommodate a rate restructure.

Although the public has become familiar with facility fees, like the proposed self-haul access fee, such as at medical clinics, another option to a rate restructure might be a Conservation fee on top of the per ton fee. As it stands now, the proposed self-haul rate looks like a great deal to dis-incentivize curbside collection.

Member and Public Comment

There were no additional comments.