

MSWAC Advisory Committee Meeting

May 8, 2020 - 11:15 a.m. to 1:15 p.m.
Virtual Meeting (Zoom)

Meeting Minutes

<u>MSWMAC Members</u>	
Joan Nelson	Auburn
Emily Warnock	Bothell
Joyce Nichols	Bellevue
Elizabeth Mountsier	Bellevue
Robin Tischnak	Burien
Don Vondran	Covington
Jeff Lincoln	Enumclaw
Chris Searcy	Enumclaw
Rob Van Orsow	Federal Way
Tony Donati	Kent
Jenna McInnins	Kirkland
John MacGillivray	Kirkland
Penny Sweet – Chair	Kirkland
Toby Nixon	Kirkland
Phillippa Kassover	Lake Forest Park
Amy Shaw	Maple Valley
Jeff Brauns	Newcastle
Earnest Thompson	Normandy Park
Aaron Moldver	Redmond
Linda Knight—Vice Chair	Renton
Anthony Rychkov	Sammamish
Autumn Salamack	Shoreline
Diana Hart	Woodinville

<u>King County Staff</u>
Pat McLaughlin, SWD Director
Lindy Honaker, SWD staff
Jeff Gaisford, SWD staff
Beth Humphreys, SWD staff
Hilary Leonard, SWD staff
Josh Marx, SWD staff
Brian Halverson, SWD staff
Dorian Waller, SWD staff
John Walsh, SWD staff
Joy Carpine-Cazzanti, SWD staff
Terra Rose, KCC
Eyasu Ayalew, Public Health
Tristen Gardner, SWD staff
Andy Smith, SWD staff
Emily Coleman, SWD staff
<u>Guests</u>
Carla Johnson, Republic Services
Natalie Caulkins, Republic Services
Joe Russel, Republic Services
Wendy Weiker, Republic Services
Sarah Ogier, Parametrix
Kevin Schilling

Call to Order and Introductions

The virtual meeting commenced with the Call to Order and Introductions.

Meeting Minutes

The April meeting minutes were approved with an amendment to reflect the meeting was held virtually.

Public Comment

There was no public comment.

Updates

SWD Director Pat McLaughlin provided the SWD update:

I.D. checks at SWD facilities

Our transfer facilities have been nearly overwhelmed by the number of self-haul customers, many from outside our jurisdiction, seeking to use our services. The issue seems to be amplified by other solid waste jurisdictions closing or restricting their self-haul services. Last week we began implementing I.D. checks to address the issue and maintain service for our service area customers. Beginning today we will be turning away out-of-system customers.

Tonnage and Transactions Covid-19 impacts

We continue to see a modest drop in tonnage compared to the actual tons and transactions that occurred during this month last year. Year-to-date we are down 1.3% in tonnage from 2019. Transactions are up 2.4% from 2019. While more residential tonnage is being generated, it's not enough to offset the substantial drop in commercial tonnage.

Knight asked if there's been an uptick in illegal dumping. McLaughlin responded that SWD has not found any attributable increase in illegal dumping. We're hopeful that the surrounding jurisdictions restoring their services will reduce self-haul customers showing up to our stations.

Van Orsow asked if King County is in touch with the surrounding jurisdictions. McLaughlin answered that we're in dialog with them and we have encouraged them to restore levels. They give us advance notice of their intentions for service levels.

SWAC

Sweet reported that SWAC was given the same presentation on rates and voted differently than MSWAC. SWAC favored Option A for a rates plan, while MSWAC favored Option C.

Organics Market Development Update

Emily Coleman, Sustainable Purchasing Specialist for King County presented.

In 2019 the Organics Market Development team did lots of stakeholder engagement around compost. Our big takeaway is we need to increase the use of compost and offer resources to local jurisdictions on how to do that. To unlock local potential, the King County Regional Organics Plan includes a Technical Assistance Program. The program will be aimed at public agencies initially, but may expand to residents in the future.

Our technical program will help us align with the new state legislation around compost procurement (HB 2713) and will be a critical part of meeting our Zero Waste of Resources goals. The program includes a suite of resources to help project/program managers calculate compost needs and costs, help with procurement, and advise on application types. We're beginning to develop tools now with the help of our contracted compost and soil experts at Stenn Design. Compost trainings will occur this Fall and are open to regional jurisdictions.

We have created a universal compost contract that other jurisdictions can piggyback off. The contract makes it easy and cost-effective for agencies to procure compost and get a quality and consistent product. Cedar Grove won the 3-year contract through a competitive bid. Jurisdictions need an interlocal procurement agreement to use it, which we can help you get. Details of the contract are online through the King County awarded contract site.

We're currently doing research around our users' needs and want cities to provide input. If you are interested, or have compost questions, please contact us: compost@kingcounty.gov.

There are several pilot programs we are pursuing including an audit of our post-construction soil amendment standard and projects to use compost on King County owned farmland and as cover on closed landfills. COVID-19 has impacted project timelines, but we hope they'll be successful and show that there are many types of projects that can benefit from compost use.

Caulkins asked how many acres of farmland King County owns. Smith responded it's about 12,000 acres and the amount of land is likely to increase over the decade under King County's commitment to bring more land into productive use or restore it to its natural state.

Knight asked if King County had considered how to connect with cities with reduced staff for market development due to COVID-19. Coleman responded that the aim of the resources is to make compost incorporation as easy for project managers as possible. It's appreciated when cities inform us of relevant staff turnover so we can stay connected.

Kassover asked if the information had been shared with Sound Cities and if SWD is in touch with public works directors. Coleman responded that they're started outreach to cities and do want public works directors to take part.

Donati asked if parks directors are being involved. Coleman responded that they have been a part of the outreach.

Mountsier commented that she would get in touch with contract information for Bellevue.

Commercial Food Rescue

Jeanette Brizendine from the City of Federal Way presented:

40% of food produced in the US is wasted. King County funded the Food Rescue pilot program to collect unwanted, edible food from restaurants and redistribute it to people in need. In Federal Way there program has 270 participating restaurants and 14 feeding programs.

Food Rescue conducted outreach to business owners though media and presenting at the Chamber of Commerce. We found the common concerns from business owners included health department regulations and liability, which are more an issue of perception than reality. Additionally, there are challenges around storage capacity, collection, and language barriers.

Feeding programs had their own set of barriers including collection schedules aligning with program schedules, limited storage, menu planning, and food types. For example, some programs with federal funding need to have their menu approved by a nutritionist ahead of time.

COVID-19 has impacted the number of programs and food providers in the program. Our recommendations are to support your local food bank by funding a local coordinator. Food banks need equipment and storage capacity.

Business Food Waste Reduction Program

Joan Nelson from the City of Auburn presented:

The Business Food Waste Reduction Program ran from 2016 to 2018 and received \$59,000 in funding from two King County grants. Our focus was on businesses that produce food waste and we tracked costs and tons of waste.

For outreach we hired a consultant to oversee the program. The consultant sent letters, made calls, and did site visits to businesses that met our criteria. We tried to remove barriers for restaurants to start food waste collection. Overall, we had 9,155 tons of food waste diverted from the landfill.

Program challenges included the time commitment for onboarding businesses. Restaurant staffing turnover made it challenging to do training. Further, non-mandatory compost, contamination, and illegal dumping were all challenges. Many businesses did not feel they could participate in the program until composting was made mandatory and consistent across the region.

Recommendations for future programs include having compost embedded in the rates; offering cart services to businesses that meet criteria at no extra cost; hiring outreach interpreters; and focusing on small, privately owned businesses where the owner is more likely to be onsite. The data we collected and compiled was complicated given the discrepancy between carts and dumpsters.

Salamack asked if participants needed to pay for their own food waste collection during the pilot. Nelson responded the pilot did not cover the cost, but it is something to consider in the future because it was a program barrier.

Knight asked the consultant was for the program. Nelson answered Resource Stewards.

Marx commented that SWD would like cities to consider these projects as they develop their 2021/22 Waste Reduction and Recycling (WRR) grant applications.

2021-2022 Rate Development

McLaughlin introduced the rates presentation by saying we recognize the economic circumstances our cities are facing is not insignificant. We are not taking lightly the ask to increase our rate. He reminded the committee that SWD's business model is dependent on garbage disposal. When garbage decreases, it puts more strain on our rates. As we determine the rate for the next biennium, we are also beginning the process of decoupling our dependence on garbage to create a more sustainable system. This is a revenue problem first and foremost because our infrastructure is substantial. Even when a facility is closed it consumes resources. We have limited ability in our system to turn off expenses without dramatic impacts to customer service levels. As we explore the regional desire for deferring rate increases, we need to consider the cascading effects such decisions will have on services. Under a no rate increase approach, we may need to cut our transfer station staffing budget in half, which would mean a reduction of service to 3-4 days weekly. That's dramatic. This is an opportunity for a deeper dialog about your concerns and examine impacts to cities and rate payers.

Honaker presented the Solid Waste 2021-2022 Rate Development:

As a recap from last month, you can see from our tonnage history how the forecasted tonnage compares with the actuals. We've had to reevaluate all the work we did prior to COVID on the rate. Tonnage drives 90% of our revenue, and COVID-19 has created a tonnage loss.

Before COVID, we formed a Rates Task Force to brainstorm ideas to reduce expenditures. In total, we were able to reduce expenses by \$20M. At that point, our rate proposal was a 15% increase for the biennium. In the early stages of COVID-19 we saw a tonnage loss that put our rate closer to a 25% increase for the biennium. We're now looking at annual rate increases instead of biennium to better adjust to the economic situation. We showed you three options last month. The most popular, Option C, would increase the rate by 8% in 2021 and 8% in 2022.

We broke out for you a comparison of our expenditures between this current biennium, our Pre-COVID proposal, and current proposal. We've managed to keep our expenditures level with 2019-2020. The blue bar captures our ongoing disposal expenses. We have done a lot of work around debt service, dropping capital transfers to \$73M in 2021-22, even while we do intense capital development. We found additional budget to implement our ZWOP and recycling programs in order to may headway on our carbon neutrality goals. We've eaten the cost of inflation in our budget through keeping expenses level.

Last month, we showed you the 3 updated rates options we've created for 2021-2022. The table shows how increases diverge between the plans. Options A and B have no tipping fee increase in 2021, followed by a substantial increase in 2022. Option C has a smoother path for rate payers—an 8% increase in 2021 followed by another 8% increase in 2022. We're looking for feedback from stakeholders as we move through this process and we did look at a no increase option for both years.

To reach our Zero Waste of Resources goals by 2030, we would need to divert resources away from disposal. There are several actions that need to happen and without additional funds, we won't be able to implement our plan. A no rate increase would mean that the ZWOP investments would be delayed for ratepayers to deal with in the future. Two years lost would be significant. ZWOP also presents a valuable opportunity to generate green jobs during a time of economic downturn.

Searcy asked if there's engagement with the SWD unions to seek concessions to reduce salary and benefit costs. McLaughlin answered that the general wage increase is set at the county-wide level. It has already been bargained for this year, but we've gotten word that any subsequent increases will be under great scrutiny given the economic outlook.

Mountsier asked if the transaction fee is jumping ahead of the rate restructure process and if elected officials have been briefed. McLaughlin answered that it's a deliberate part of the rate restructure process because we know that recycling isn't free and we think it would be inappropriate to wait longer to reflect the true cost of recycling, especially as we increase diversion. Our rate proposal starts with stakeholder input, which we incorporate and bring to the County Executive before it passed along to Council.

Mountsier asked for clarification on whether the transaction fee would apply to self-haulers and commercial haulers. If so, would that not obscure the cost of recycling for the customer? McLaughlin responded that commercial haulers make up only 20% of our transactions. Customers driving across the scales will know that they're paying for recycling.

Salamack asked if there was no rate increase would that mean \$20M in additional budget cuts? McLaughlin answered that it would.

Moldver commented that when he ran the additional tipping fee increase through Redmond's contract with Waste Management, the impact to residential customers is significantly higher. He encouraged cities to look at their contracts. Redmond would like to see a 0% increase in 2021. Honaker added that she looked at Redmond's analysis and agreed it is interesting to look at the rate on a contract-by-contract basis. She clarified that with the \$0.64 and \$0.62 curbside increase SWD is estimating for 2021/2022, the \$0.62 increase in 2022 would be atop the \$0.64. The increase will vary depending on the size of the resident's can. SWD is looking at the average. Walsh added that when talking about monthly bills, there is a big disparity between cities, and he encouraged everyone to look at their own contracts.

Knight asked if there has been any modeling done to show how the transaction fee may alter the behavior of self-haulers. Honaker responded that there isn't modeling around transfer station behavior yet, but it could be interesting to explore.

Knight commented that the recycling fee term may create confusion for the public. Walsh clarified that it would be called the regional system fee publicly.

Moldver asked if SWD could explore a rate option that doesn't increase in 2021, similar to Option A, but with an increase amount closer to 8% in 2022. Honaker noted that they could look at it, but the three options were created to make the process more manageable. Reducing the second year increase of Option A would likely result in a larger rate increase in the future. McLaughlin added that SWD can model closure of our transfer stations to show the impact to stakeholders. We would need to hear from our regional partners what type of scenarios or level of service reduction they are interested in exploring.

Salamack commented that the City of Shoreline reviewed the rate options and still favor Option C because they prefer a smoother rate path and are interested in maintaining service levels and progress towards ZWOP goals.

Mountsier commented that she expects elected officials will want to know the ripple effects and their relative impact to the region. We've seen that other jurisdictions have reduced service and we need a better understanding of why \$11M in new initiatives is needed at this time. Jurisdictions are under immense stress all around from reduced revenue. Proposing new initiatives to rate payers at this time will be a challenge.

Moldver commented that he would like to see the operational impact modeled including limited closures.

Thompson commented that it's a difficult time to make any financial plans for the next few years. An approach that is slower to roll out, even if it costs more later, is the best option for the moment. There's concern the state may require job cuts from civil government employees and that would reduce the staff available to implement these plans. Walsh added that SWD is an enterprise fund which means we're impacted differently than a general fund.

Moldver asked if work had been done to estimate the impact the rate increase would have the low-income population. Walsh answered that from an equity perspective the impact of a rate increase dramatically differs between household income brackets. Even keeping the rate flat doesn't help people who aren't able to pay currently. Walsh had an initial idea about providing relief to low-income customers by creating a rebate discount. Counterintuitively, we would need to charge a higher rate overall but would then be able to provide a discount to those who need it most. Walsh is interested in your feedback on this. McLaughlin added that a rebate could address the main concerns we're hearing from our partners on overburdening ratepayers.

Caulkins asked how eligibility would be determined for the rebate. Walsh responded that the idea is in the early stages and those details have not been worked out yet but for Cleanup LIFT, we use people at or below 200% of the Federal Poverty Level. If we decide to go this route, it may provide us an opportunity to measure how many self-haul customers are in the low-income bracket.

Searcy noted that Enumclaw would not support a discount proposal because they already apply a discount in their own rate structure.

Walsh asked members interested in discussing the rebate option should contact him directly.

Thompson commented that he worries how a rebate would be implemented. Walsh added that SWD acts as the wholesaler and a rebate is a way of passing on relief to the customer as a wholesaler.

Knight noted that Renton produces their own rates and they have a low-income qualifying rate for seniors. It isn't set up to provide temporary relief. There are a lot of factors that would need to be worked out around implementation.

Kassover noted that Metro uses a variety of identifiers to provide discounted bus fares and endorse the idea of providing discounted service to those in need with a modest increase in everyone's rates. SWD may be able to use their models to create a rebate program and perhaps the model could apply to transfer station fees. Walsh responded that we do have Cleanup LIFT discounts at the transfer stations. Metro's ORCA LIFT program only serves 50,000 people in the King County Solid Waste service area.

Waller commented that he would send the slide deck out to members and encouraged them to continue to engage with SWD around the rates. Please reach out if you would like SWD to do a briefing.

Member Comment

Searcy noted that Enumclaw's tonnage didn't change much during March and April, but there was a bump likely from spring cleaning in May. He remains supportive of Option C for the rate.

Waller recognized the passing of longtime MSWAC member and Auburn City Councilmember, Bill Peloza with a moment of silence in honor of his service.

Adjourn

Meeting adjourned at 1:31pm.