

MSWAC Advisory Committee Meeting

June 12, 2020 - 11:15 a.m. to 1:15 p.m.
Virtual Meeting (Zoom)

Meeting Minutes

<u>MSWMAC Members</u>	
Emily Warnock	Bothell
Elizabeth Mountsier	Bellevue
Robin Tischnak	Burien
Chris Searcy	Enumclaw
Rob Van Orsow	Federal Way
Tony Donati	Kent
John MacGillivray	Kirkland
Penny Sweet – Chair	Kirkland
Phillippa Kassover	Lake Forest Park
Amy Shaw	Maple Valley
Earnest Thompson	Normandy Park
Stacy Auer	Redmond
Aaron Moldver	Redmond
Linda Knight—Vice Chair	Renton
Anthony Rychkov	Sammamish
Cameron Reed	Shoreline
Mason Giem	SeaTac
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
Bill Berni, SWD staff
Brian Halverson, SWD staff
Dorian Waller, SWD staff
John Walsh, SWD staff
Tyler Fogelberg, SWD staff
Kinyan Lui, SWD staff
Terra Rose, KCC
Rory O'Rourke, Public Health
Brian Parry
<u>Guests</u>
Carla Johnson, Republic Services
Natalie Caulkins, Republic Services
Russel Joe, Republic Services
Wendy Weiker, Republic Services
Quinn Apuzzo, Recology
Kevin Schilling
Kevin Kelly, Recology
Nathaniel Bennett

Call to Order and Introductions

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

Meeting Minutes

The May meeting minutes were approved as written.

Public Comment

There was no public comment.

Updates

SWD Director Pat McLaughlin provided the SWD update:

I.D. checks at SWD facilities

We continue to see high numbers of self-haul customers coming to our stations from out of area. To address the issue, we're doing ID checks. Those who cannot verify their King County address are turned away. The checks are currently being handled by a consultant team but will be moved in-house to our Scale House Operators beginning in July.

Tonnage and Transactions Covid-19 impacts

Our tonnage is down a little over 1% from last year while transactions continue to be slightly higher, up 2.9% from 2019. We anticipate there will be a drop in transactions as surrounding solid waste jurisdictions begin to reopen and increase their services.

Houghton Landfill

On June 10, gas system improvement work began at the closed Houghton Landfill. One of the 33 gas probes on the property was exhibiting higher than normal levels of methane. We're still monitoring homes near the well and there is still no indication of the presence of landfill gas. We'll continue monitoring until the new well is in place next week.

Solid Waste legislation

Over the last two weeks, the division transmitted five legislative packages to King County Council. Three packages address amendments passed with last year's Comp Plan update including the Annual Landfill report, Landfill Buffer report and the Top Cover Best Practices report. The final two are updates to the C&D ordinance and the '21-'22 rates package. We anticipate KCC will ultimately adopt each package by the end of this summer.

ZWORP and Rate Restructure Task Force

Humphreys reported that the first ZWORP and Rate Restructure Task Force meeting took place on June 3. Almost 40 participants attended. SWD provided a summary of the work done so far, including elements of the 2019 Comp Plan and the recommendations from the Responsible Recycling Task Force that this task force will be building on. There was also a brief breakout session where participants discussed why we are not on track to reach our Zero Waste of Resources goal by 2030. The top five reasons were lack of producer responsibility; inconsistent or uncoordinated political will; markets challenges; lack of proper infrastructure; and consumer habits don't support it. The next meeting will be on June 24. SWD is working on a webpage where anyone can access meeting notes and documents. In the meantime, the documents will be posted on a SharePoint site and we're happy to email out on request.

SWAC

Sweet reported the SWAC meeting covered the same content as MSWAC.

Cedar Hills Site Development and Facilities Relocation

Kinyan Lui presented:

SWD has been directed through the adoption of the 2019 Comp Plan to maximize capacity of the Cedar Hills Regional Landfill. The landfill is currently expected to reach capacity in 2028. SWD is planning a project to move support facilities at the landfill to develop more capacity. One of the options under review is relocating support facilities to a County-owned property in Renton.

SWD is developing a draft Environmental Impact Statement (EIS) that will evaluate four options for site development. One of the options is relocating support facilities including the vehicle maintenance shop, administrative office space, lab space, and parking. The draft EIS is due out at the end of August and will be followed by a 30-day public comment period. The final EIS is due out by the end of 2020.

Searcy asked if the biogas collection, scrubbing and compression facilities be affected. Lui responded that the biogas system will not be impacted. New piping will be added as Area 9 is developed, but the existing infrastructure will remain largely the same.

Kassover asked how many years of additional capacity Area 9 will provide. Lui answered that it depends on which of the 3 alternatives is chosen, but it will extend the landfill life to at least 2037 and as far out as 2045.

Thompson asked if SWD foresees any challenges from environmentalists when the EIS is presented. Lui responded that SWD does anticipate many comments from the surrounding neighborhoods and personnel interested in the infrastructure of the project. Those comments will be heard during the public comment period this Fall.

2021-2022 Rate Development

Honaker presented the 2021-2022 Rate Development:

We've completed work on the rate study, and it will be transmitted to the Executive this week. We're proposing a 6% increase in 2021 followed by an 8% increase in 2022. We'll provide updates as the rate proposal moves through the approval process.

While the effort SWD has put into reducing expenditures and increasing our revenues is significant, the tonnage loss since COVID-19 puts upward pressure on the rate because tonnage is our single biggest revenue source. The decrease in tonnage is the primary driver of our rate increase.

We used an average cart weight to estimate the impact of the rate increase to curbside customers, however, in practice customers are charged by cart size. To examine your city's specific curbside impact, you'll need to look at your city's contract. We've broken it down according a typical contract to demonstrate the costs to customers based on cart size. If customers elect to reduce the size of their cart, they will save money and help zero waste goals. People with smaller carts would pay as low as \$0.20 extra a month. At the higher end, customers with the largest carts will pay about \$0.96 more per month in 2021.

Some things to keep in mind is COVID-19 has created a lot of economic uncertainty. SWD has been able to keep our budget level because we worked to identify \$37M in reductions. That's true even as we invest in capital projects identified in the Comp Plan and begin to move away from over-reliance on tipping fees. We've left no option unconsidered, including a no increase option.

Moldver commented that Redmond's average customer would pay \$0.38 more after a 6% rate increase in 2021 and would pay \$0.92 more after an 8% increase in 2022. The max increase would be \$2.31. Every contract is different, and Redmond's example provides an alternate perspective of the impact on customers. Honaker added that the impact to curbside customers does depend on the contract terms. Cities should look at their contracts to account for contract nuances. We chose to use an average weight because it is difficult to account for those nuances as a demonstration.

Searcy asked about the relationship between the disposal cost and the size of the cart. Walsh responded that our tipping fee only impacts the cost of disposal. Check with your hauler on the other costs.

Caulkins asked if the total monthly cost shown includes the disposal cost. Honaker responded it shows both disposal and service costs.

Knight commented that typically, when haulers provide a cost proposal, they use the industry standard for average weight for the cart size. Cart costs include both a service component and a disposal fee. This demonstration of average costs is a good way to see how the SWD disposal fee increase will impact the cost of an average cart. Honaker added that each contract includes a section that shows how our tipping fee will impact disposal cost. The slide is an illustration of how you can look at your contract and see how the rate increase will impact your city.

Mountsier asked if the curbside impact shown factored in the new \$5 transaction fee at the transfer stations, which will impact haulers. Honaker responded that it is not factored into the curbside impact. However, analysis of the fee showed that it is likely to be less than a nickel per month if commercial haulers apply the fee evenly across curbside customers. That'll also vary by city but should be a minimal impact to curbside customers. It'll be more noticeable to self-haul customers at the transfer stations. One way to think about it is the transaction fee reduces the tipping fee, which would be more of a burden on curbside customers.

Weiker asked if it's possible to flatten rate increases over time. Honaker answered that one of the reasons SWD went with Option C is because it's a smoother increase over time than the other rate options. Cities would see a bigger jump in future years if we had a smaller increase now. We tried to keep it as smooth as possible, but we had pressure from the COVID-19 related tonnage drop. Walsh added that typically we do a two-year rate, but SWD broke from tradition to do a one-year rate to keep the rate lower in 2021. We are trying to take a stair step approach in recognition of the economic situation.

Thompson asked what percentage of the tipping fee goes towards new recycling technology and work on zero waste of resources. Walsh responded that \$7M is being set aside for implementation of the Zero Waste of Resources Plan. The plan is being drafted by the task force currently and will create a number of actions including recycling technology, new market development, legislation, etc. We expect the plan to be ready by the end of the year.

Donati asked if the increase will impact customers who only have curbside pickup for recycling and yard waste. Honaker answered that customers who bring their trash to the transfer stations will see an increase in the minimal fee and the addition of the \$5 transaction fee.

2021/22 Rate Alternatives Analysis Briefing

Walsh presented the 2021-22 Rate Alternative Analysis:

SWD heard from some cities about presenting a no rate increase option. We did a deep dive into the impact to service levels and expenditures and developed the overview you were provided earlier in the week.

For review, SWD already identified \$37M in savings to keep expenditures flat. In preparation for the current rate proposal, SWD proactively assembled a Rates Taskforce in the Fall of 2019 to come up with cost saving. Choices were made based on their impact on the rate, feasibility of implementation, and likely cascading impacts to the region. Most division-wide savings were found in operational efficiencies. Other notable reductions include the closure of Cedar Hills on Sundays and changing how we do capital financing.

In addition to expenditure reductions, we came up with \$26M in non-tipping fee revenues. \$16M is estimated for the sale of our Eastgate property, however, there is a lot of uncertainty on whether the sale will go through and for how much. If we sell the property for less, then we'll need to make more cuts next year to make up the difference. This is something to keep in mind as we discuss a no rate increase.

The decrease in tonnage from COVID-19 puts upward pressure on the rate because our revenue decreased. We would need to find an additional \$20M in reductions to keep the rate at the current amount. The first table shows all the additions we have in our rate including commitments made through the Comp Plan. The primary consequences of each action are listed in the table. For example, if we elect to not invest in much needed safety and assets management improvements now, we're likely to pay more in the future when assets breakdown. Meeting our goal of Zero Waste of Resources by 2030 requires groundwork now and would also create green jobs during an economic downturn. If we elect not to invest, we jeopardize reaching our regional environmental goals including greenhouse gas impacts.

The second table shows actions considered, but not included in the rate proposal because they would disproportionately impact residents, exacerbate local economic distress, and provide little impact on reducing the rate. The actions and estimated savings reflect the maximum amount but there would likely be concessions from bargaining. Its likely additional actions will be necessary to reach the \$20M. There are a lot of unknowns. For example, closing Cedar Hills operations on Saturday may require SWD to purchase additional trailers because trailers would need to be left overnight at the stations. We could close our Renton transfer station, one of our lower tonnage stations. The tonnage would be diverted to Bow Lake or Factoria, but the closure would disproportionately impact Renton residents as well as traffic implications for the other stations.

The final table shows other more drastic actions. We don't recommend these actions because they have untenable impacts. They would reduce service hours, add traffic management, and reduce revenue for a net savings of \$12.5M, not including concessions from bargaining. Haulers would be impacted and may need to purchase new trucks, which is an expense that could be passed to customers.

Thompson asked which staff qualify as non-operations and why not eliminate night dumping at Bow Lake with the decrease in business at SeaTac Airport. Walsh responded that the non-operations staff include our administrative support staff, HR department, accounting, project managers, etc. As for eliminating overnight service at Bow Lake, business could pickup at SeaTac again next year and the action won't have a big impact to the rate on its own.

Mounsier asked if the reduction amounts reflect a two-year period. Walsh answered, that all figures are over two years.

McLaughlin commented that the economic impacts around this may indeed be temporary, but the decisions made on the rate are for the duration of the 2 years because we're unable to backtrack midstream. There's a whole legislative process involved. The decisions we're making are important because we must live with them until at least the next rate period.

Mounsier asked if the rate is adopted annually for solid waste as it is for waste water. Walsh responded that no, in this case, the division is asking for both one year increases now.

Searcy asked whether facility closures during the week would apply to all customers or just self-haul. Walsh responded that it would apply to all customers. There would be no staff onsite Friday-Sunday each week.

O'Rourke commented that he hopes MSWAC members and other decision makers consider the equity impacts if Cedar Falls Drop Box is closed. Cedar Falls Drop Box is 26 miles from the Factoria transfer station one way, a considerable distance for many customers. Also, closure would likely increase illegal dumping around the Cedar Falls Drop Box service area.

Mountsier asked for clarification on how haulers would operate differently if transfer stations reduce their days of operation. McLaughlin answered that haulers must operate within our system and would need to adjust. Conversely, self-haulers, may elect to go to another jurisdiction on the weekends. During COVID-19 we've seen how customers from surrounding areas have sought services at our transfer stations when other jurisdictions closed or reduced their service. If haulers have to pickup the same amount of waste in 4 days instead of 5, it'll take them more time to collect. For example, at Houghton there is currently little competition between self-haulers and commercial haulers because self-haulers get to use all the stalls on the weekend. If we had to close on weekends, then there would be more competition for stalls during the week. With Factoria, there's only one lane in so commercial haulers would need to wait in line for entry with self-haulers. We don't believe these actions are a good idea because of the cascading impacts. Our service reductions may ultimately result in cost increases to customers.

Knight agreed that the closure of the Cedar Falls Drop Box would be bad, and Renton is not in favor of closing the Renton Transfer Station at this time. The traffic impacts alone to Renton, Bellevue and Tukwila would be significant. Sweet agreed and stated that there are tough choices ahead.

Searcy stated that since Enumclaw sets their own rate, they have more flexibility and appreciate having steady, incremental rate increases. Enumclaw will be increasing their rates even if King County Council doesn't elect to increase. In Enumclaw, they are also seeing that residential tonnage is making up for the lack of tonnage from commercial.

Moldver urged SWD to ensure Council understands the curbside impact when the rate is presented. The averages don't reflect the actual impact cities will experience.

Thompson commented that it doesn't pay to make cuts because it will cost us more in the long term. Cutting is bad for the economy and the working class. The only cut that makes sense is the nightshift at Bow Lake, which would be mostly symbolic because business at SeaTac has drastically diminished. People want to see we're investing in innovation and zero waste of resources. We should consider increasing the amount of money going towards recycling research since that's what the public wants to see.

Moldver commented that all financial options should be explored, including staff furloughs and salary reductions. Walsh responded that while the work looks at actions such as cutting 10% of non-operations staff, SWD is putting in a lot of effort to not get to that point where large staffing cuts would be necessary.

Knight commented that she believes SWD is going in the right direction with work on ZWORP and the rate restructure. We have an obligation to reduce our waste and move away from overreliance on tonnage so we don't have to continue having this same conversation every few years.

Mountsier agreed that the goal of zero waste by 2030 is aggressive, but is something the public supports. She expressed concern that implementing a transaction fee before a discussion of the rate restructure may be jumping ahead. Elected officials will need more information to understand the big picture goals and customer impact. Waller responded that SWD is happy to provide a briefing on the rate proposal to city councils on request.

Kassover commented that as an elected official she knows her constituents care about receiving the best possible waste disposal services and likely would pay a bit more to ensure recycling goals are met. The messaging around the rate restructure will need to be done well to show the public recycling is critical for our future environmental health. Elected officials should understand this work is important and worth the investment.

Member Comment

Moldver commented that Redmond canceled all their summer recycling events due to COVID-19. The next scheduled event is in October.

Donati commented that Kent just held their summer recycling event last week and saw a record amount of intake. They worked with Public Health to ensure social distancing measures were in place. There's more info on the event on their website.

Kassover commented that under the Zoom webinar format members are invisible to each other, which makes it difficult to engage in discussion. Mountsier and Knight agreed and advocated for using the large meeting format so all members can use their video. Thompson added that he would also like to see video for all meeting participants and appreciates that hosting the MSWAC meetings virtually saves him commuting time.

Adjourn

Meeting adjourned at 1:15pm