

## **MSWMAC Advisory Committee Meeting**

January 8, 2021 - 11:15 a.m. to 1:15 p.m.

Virtual Meeting (Zoom)

<b>MSWMAC Members</b>	
Emily Warnock	Bothell
Robin Tischmak	Burien
Steve Friedman	Clyde Hill
Chris Searcy	Enumclaw
Rob Van Orsow	Federal Way
Jenna McInnis	Kirkland
Penny Sweet—Chair	Kirkland
Phillippa Kassover	Lake Forest Park
Amy Shaw	Maple Valley
Stacy Auer	Redmond
Aaron Moldver	Redmond
Linda Knight—Vice Chair	Renton
Anthony Rychkov	Sammamish
Cameron Reed	Shoreline
Diana Hart	Woodinville

<b>King County Staff</b>
Jamey Barker, SWD staff
Joy Carpine-Cazzanti, Hazardous Waste
Lauren Cole, SWD staff
Jenny Devlin, SWD staff
Tom Goff, KCC staff
Brian Halverson, SWD staff
Annie Kolb-Nelson, SWD staff
Jacqueline La Tour, SWD staff
Kinyan Lui, SWD staff
Pat McLaughlin, SWD Director
Rory O'Rourke, Seattle-King County Public Health
Terra Rose, KCC staff
Lisa Sepanski, SWD staff
Adrian Tan, SWD staff
John Walsh, SWD staff
<b>Guests</b>
Quinn Apuzzo, Recology
Natalie Caulkins, Republic Services
Laura Moser, Waste Management
Joe Russell
Diana Wadley, WA State Ecology
Wendy Weiker, Republic Services
Jackie Wheeler, SCA

### **Call to Order and Introductions**

Chair Penny Sweet called the meeting to order at 11:15 a.m.

### **Meeting Minutes**

Chris Searcy moved three separate motions to approve the October, November, and December meeting minutes as written. Jenna McInnis seconded each motion. All the minutes were approved unanimously without further discussion.

### **Public Comment**

No public comments were shared with the committee.

### **SWD Update**

Division Director Pat McLaughlin provided the SWD update:

### **Tonnage and Transactions Covid-19 impacts**

2020 tonnage: Pandemic and lockdowns coupled with financial support packages for the US economy of up to \$7 trillion were upending business as usual. But total garbage generation (disposed) in King County went down only for the initial months of the lockdown and recovered afterwards: We ended 2020 with 871,600 tons, about 3,000 tons more than 2019.

If we take a look “under the hood” we see that we lost about 31,000 tons (-5%) from commercially collected tons (mainly non-residential tons) and increased self-haul tonnage by about 9,000 tons (+5%) deliveries. Regional Direct tonnage at the landfill increased by almost 25,000 tons (+329%) as a result of flow control enforcement.

Kassover asked for a reminder about how flow control contributed the additional tons to the landfill. McLaughlin said hauler compliance with King County flow control requirements in 2020 is largely reflected in the referenced Regional Direct tonnage with increased by 25,000 tons.

### **Northeast Recycling and Transfer Station (NERTS)**

SWD will announce the top NERTS candidate sites this month. Fifteen candidate sites were originally selected by the application of Pass/Fail criteria and various geographic or GIS criteria. The 15 sites were visited by the consultant team and reviewed by SWD staff as well as representatives from the project’s Core Cities/DLS and presented to the project Siting Advisory Group. Each of the top sites were evaluated by the project consultant team in the areas of appropriate site characteristics, negative environmental characteristics, nearby sensitive receptors, ESJ concerns, geotechnical concerns, and notable traffic impacts.

### **Plastic and Paper E-Tour**

The e-tour took place on January 5th. We want to thank representatives from AMP Robotics, Georgia Pacific Juno Technology, rPlanet, and Terracycle Loop for participating in the tour. We anticipate this tour will further inform the committee about plastic and paper industry practices nationwide.

### **State Legislative Update**

SWD’s Recycling and Environmental Services Supervisor Lauren Cole presented the [legislative update](#) for the upcoming session beginning January 11th through April 15th. Following her presentation, she asked committee members would they like to receive legislative updates between meetings. Sweet said committee members responded in the Zoom Chat feature they prefer email updates.

Knight said she was glad Cole mentioned the WSRA policy forum and asked if it were recorded, would SWD send the link to the committee. (Post meeting update: Cole said WSRA did not record their forum but will make the presentations available once they are compiled. Cole said SWD will share those presentations to committee members in a future email.)

### **SWAC Update**

There is no SWAC update since the December meeting was a combined meeting.

### **2021 Rates**

SWD’s Strategy, Communications, and Performance manager, John Walsh opened his presentation on SWD rates with a reminder that SWD did not implement a rate increase this year. Then Walsh introduced

SWD's Strategic Planning Manager Brian Halverson who had updates to share since the last time he presented this information before the budget was transmitted and approved by council.

Regarding tonnage, Halverson described a graph on slide 10 showing the different Basic Fee tonnage forecasts made at different times of 2020, particularly before and after the impacts of the pandemic and federal stimulus were known. He noted the increase of actual tons gives the division confidence that revenue recovery is likely to occur sooner than anticipated.

Slide 11 included a graph showing the revenue impacts of an expected decrease in tons arriving directly to the landfill, such as the potential loss of MRF residuals and biosolids from the City of Snoqualmie which is no longer anticipated to be disposed of at CHRL, except in the case of emergencies. These net losses could result in \$18M shortfall over a three-year period, ending in 2022.

Searcy asked for clarification about the tonnage forecast graph, the spike in tonnage appears to have occurred in 2017. Halverson realized his x-axis was mis-labeled and promised a new graph for the presentation when it is made available online.

Walsh presented on SWD's expected expenditures, particularly those regarding three major capital projects occurring over the next five years, when SWD plans to spend about half a billion dollars between 2021 – 2026. Walsh said these capital projects are necessary as two of them replace transfer stations what were built in the 1960s which do not provide current levels of service such as recycling. He notes that when capital spending goes up, so does debt service.

Walsh shows a graph on Slide 14 with a line depicting debt service in 2021 at \$13.5M and reaching upward to \$45.8M in 2026. Walsh says that debt service is an annual cost, and this projection does not include any additional debt service that the division may assume for the next 20 years. Walsh said every new million-dollar increase in spending adds another dollar to the per ton rate, therefore the forecast says the rate will increase to \$32 per ton by 2026, based only on capital expenditures. SWD anticipates very large expenditures in the upcoming years, but this is not all bad news since capital projects increase jobs. Models show these projects are expected to add 1,400 jobs to the economy.

Moldver asked if the costs in 2026 was for NERT construction. Walsh answered yes, costs increase during construction. NERTS costs before the construction are for acquiring the site it will be built on.

Walsh continued his presentation on the financial expenditures of pursuing our goals of environmental excellence. Since 70% of what goes to the landfill is material that could be diverted to better use, there are costs associated with diverting that material before it goes to the landfill and we are committed to doing that. The current budget includes \$7M per biennium, that will go toward a plan that is currently with a task force, who are focusing on food waste, paper, plastics. Walsh notes the cost could possibly go up if for example, SWD builds a facility to sort plastics or operate a co-digester.

Walsh also cited the county's goal to achieve carbon neutrality by 2025. In the past, SWD would absorb revenues made from the sale of landfill gas to BioEnergy of Washington and buy down the rate, but new policy asks SWD to invest the money in environmental improvements. SWD receives \$2M a biennium for landfill gas. This biennium, SWD is looking at piloting electric trucks and green diesel. Walsh also cited the costs of being compliant with environmental regulations such as upcoming improvements to the leachate lagoon and new Area 9 at the landfill.

Walsh continued with a presentation on SWD's efforts toward finding savings, which ended up being \$40M over this biennium. In the past, capital projects at the landfill were paid for with cash financing. There has been a decision to move away from cash financing toward debt service so as to smooth rate impacts and reduce annual expenditures.

Walsh said other identified sources of savings include the lower costs of central services provided to SWD by other King County departments such as IT and Facilities Management Division, the lack of wage increases this year, less reliance on consultant services, and dozens of employee-identified efficiencies like the reduction of porta potties at some of our facilities. Walsh also noted that if SWD shifted to a five-day workweek at CHRL, there is a potential to save up to \$3M a year, depending on labor negotiations.

Walsh said that while these savings were significant, they will not keep up with the capital expenditures, the debt service, nor the eventual wage increases and costs of central services. SWD has a lot of fixed cost expenditures that will eventually require a rate increase.

Halverson presented three proposals for managing the eventual rate increase:

- A. No rate increase in 2022, which would result in a rate increase of 22.5% in 2023 in order to maintain operations.
- B. A moderate rate increase of just over 5% in 2022 would blunt the necessary increase in 2023 to just 15%.
- C. The Adopted Budget: this proposal is what ended up in the adopted budget, which asks for no rate increase in 2021, a 14% increase in 2022, and a 17.5% increase in 2023.

Halverson showed Slide 19 with a graph presenting the impacts these different rate proposals have on the monthly cost to curbside customers.

Knight asked a question she said she is often asked by elected officials: how do SWD's rates compare to other systems. Knight said she realizes SWD's system is unlike other systems and the comparison would not be "apples to apples." Halverson said he has not looked at that information yet, but he will find it. Walsh said he was hoping to move away from those kinds of comparisons since SWD is so different from other systems, such as SWD having eight transfer stations and Seattle only two; Seattle also makes money on recyclables, and SWD does not. Knight asked for talking points from SWD that committee members could use to explain those distinctions between the jurisdictions. Sweet said the rate comparisons across jurisdictions are important information for elected officials.

Moldver asked if there were any jurisdictions who might be similar to SWD. Walsh said he will look; the last time he checked SWD compared rate structures along the west coast and noted there are different costs of living to consider. Walsh said he would put together a table to compare rates with an explanation as to the differences.

Walsh said this was the preliminary rate presentation made in an effort to gather initial feedback about these proposals. Searcy made a Zoom Chat comment saying he preferred smoother, more frequent increases over any major double-digit increases. McLaughlin asked Searcy what the City of Enumclaw did with their rates since the county declined to pursue an increase this year. Searcy said Enumclaw implemented a 5% increase in order to create a reserve to buffer the costs of adding the new transfer stations to the system.

Kassover said she agrees with Searcy, that a smoother increase curve is more palatable to public, even though the rate goes to haulers who the make agreements with the cities, the cities pass the rate onto public. Kassover said this is a time for everyone to remain flexible since no one knows know the lasting impacts of pandemic.

Knight said she agrees with what has been said so far, especially about remaining flexible since we don't know the impact of the pandemic on the overall system. She said these are difficult times for the cities who are unable to collect revenues from people who are unable to pay because they don't have jobs; there are a lot of uncollected bills leaving cities unsure how to recover unless they apply stiffer rate increases themselves; same goes for the haulers who bill on behalf of cities. Knight said everyone needs to be mindful that the county's share of the rate is only one part. Knight closed her remarks by saying she is for smoother rate increases.

Reed asked how the upcoming rate restructure might affect the expected rate increase in 2023 -2024. Walsh said the initial analysis of the rate restructure indicates that it would probably drive the rates higher in the first year as SWD tries to shift away from having a variable revenue source based on tonnage toward a more fixed account fee or volume fee, which will fund operations while SWD strives for zero waste of resources. Halverson said the goal of the restructure is to be revenue neutral and more stable and predictable.

Walsh asked committee members if they have had internal discussions in their cities about the 2023 outlook. Sweet said they were in all deep in discussion. She said most are probably looking at a three-year trajectory, and in the City of Kirkland, 2022 is regarded as the down year where they will be forced to use reserves. She said they don't anticipate any recovery until 2023, but they would love to be wrong.

Kassover said Lake Forest Park is of the same mindset at Kirkland and they don't expect recovery until the very end of 2021. She said 2022 won't be robust, but hopefully it will be a rebuilding year. They will be cautious for the next two to three years.

Walsh said SWD is very interested in the perspectives of the cities regarding the approach of the rate increase. Sweet said SWD should keep in mind that we don't know what will happen with the new federal administration and pointed out there could be federal stimulus money for projects the cities could apply for and get people back to work. Sweet said we have to be nimble and flexible.

Kassover agreed and reminded Walsh that the cities are talking about their revenue projections, which are different than what we see economically with their populations since city revenues are based on things like gas tax and sales tax which are doing better than expected but real estate and other revenue streams remain unknown. She said recovery depends a lot on demographics of a city, for example, in Lake Forest Park, a lot of people are able to work from home and are not doing too badly, but there are other parts of the county where that is very different and she hopes some of those cities will speak up.

Searcy said to forgo rate increases in this system defers capital improvements. He said we should look at this as a regional system, and such as water reservoirs or treatment plants, if it's old, or aging, and needs to be replaced, there's a real risk to pushing things off into the future. He said Enumclaw is supportive of making investments in system, even if Enumclaw doesn't directly benefit right now, the system needs to continue forward. If we say we need to keep rates down, then Kirkland and Algona have to deal with their aging stations even longer which is not reasonable given their age.

Walsh said the proposed rate depends on several unknown variables such as the tonnage forecast which typically comes out in February, which allows our economist to look at all 2020 numbers, and sales and population projections. SWD also does not know how much the Eastgate property will sell for. SWD still does not know the costs of relocating support facilities to make room for Area 9 at the landfill. He said the full savings associated with having a five-day work week will be unknown until SWD has finished negotiating with the unions.

Walsh said next month there will be a longer discussion about recycling fees, in particular raising the yard waste fee up from \$75 per ton. Last year there was some discussion about aiming for cost recovery, which we estimate to be \$112 per ton. So, the proposal last year was to increase it to \$100/ton. He said another recycling fee to consider is for mattresses, which is being piloted at the Bow Lake station with no fee, just the regular garbage fee, so we are not doing full cost-recovery there either. SWD is considering a mattress/bed frame fee of \$25 – 30.00.

Walsh showed Slide 22 with a timeline showing the rate proposal, rate restructure, and next rate increase. After discussion in the advisory committees, the 2022 rate proposal will be transmitted to the Executive in May, then they'll transmit it to council by summer, for them to adopt by early September, so the increase will occur on January 1<sup>st</sup>. In May, the advisory committees will shift their attention to the rate restructure. A consultant who helped with previous reports will be brought back to update their models. SWD aims to send a proposal to council by the fourth quarter. Walsh recognized cities and haulers need a sense of what the structure will look like so they have time to adjust their systems, so the goal is to get council to provide an idea of what it would look like so there is at least a year to prepare. Then in 2023, the committees will be discussing another rate increase, but this time under a new rate structure.

### **Interim Facilities Update**

SWD Capital Project Manager, Kinyan Lui presented an update on the CHRL Site Development and Relocation Project. Lui said her team is in the middle of revising the draft plan. They had a public comment period that ended in November with over 70 comments. SWD staff are responding to the comments and have met with the Prosecuting Attorney's Office about conducting additional studies on air, odor, noise, traffic, etc. She said they will also be conducting a new toxicology study in relation to human health.

As for the facility relocation part of the project, the EIS described three options for relocating landfill support facilities, two on-site and one off-site. Based on the comments, the off-site location received the least amount of support. A final EIS is expected in June 2021.

Lui presented a project timeline showing the preferred location and final EIS will be issued in Q2 2021, Area 9 will be under the design and permitting stage from 2021 – 2023, under construction from 2023 – 2026 during the dry construction season, and open in spring 2026.

Searcy asked if construction activities will be shut down during winter wet season construction at Area 9. Kinyan said most of the work is excavation which is better to do during the dry season, some demolition and relocation work early in the project can occur during the wet months, but a majority of construction will have to be done in dry season.

### **Member Comment**

Moldver said Redmond is hiring for Solid Waste and Sustainability Program Administrator who will set up a C&D program for the city and working on other sustainability issues such as contract management. He

encourages members to share the news. Sweet asked if this position was part of the city's new sustainability master plan. Moldver said yes, it's from the Environmental Sustainability Action Plan, this is the first position aside from the Sustainability Manager. Sweet congratulated Moldver.

Knight wanted to thank membership because she appreciates these conversations and people weighing in. She said it helps her in her job conveying info to up to their Administrator and council members. She said it gives a broader perspective of what other cities are experiencing in their own solid waste systems. She said at future meetings she'd love to hear more from other folks because she appreciates them all.

### **Adjourn**

Meeting adjourned at 12:37 p.m.