

King County Solid Waste Advisory Committee
June 19, 2020 - 9:30 a.m. to 11:30 p.m.
Virtual Meeting (Zoom)

Meeting Minutes

<u>Members Present</u>
Kevin Kelly—Chair
Gib Dammann
Phillipa Kassover
James Borsum
Stephen Strader
April Atwood-Vice Chair
Ken Marshall
Heather Trim
Robin Freedman
Barbara Ristau
Penny Sweet
Lee Momon
Karen Dawson

<u>King County Staff</u>
Lindy Oliver Honaker
Hilary Leonard
Glynda Steiner
Jeff Gaisford
John Walsh
Dorian Waller
Brian Halverson
Kinyan Lui
Beth Humphreys

<u>Others</u>
Lane Covington
Wendy Weiker
Brian Parry
Yolanda Pon

Minutes

Minutes of the May SWAC meeting were approved as presented.

Public Comments

There was no public comment.

Updates

SWD Deputy Director Glynda Steiner 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 and started checking IDs at our five largest stations. Those who cannot verify their King County address are turned away. We purchased 50,000 windshield decals for customers to use on return trips to help expedite the process.

Tonnage and Transactions Covid-19 impacts

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

Houghton Landfill

During routine monitoring at the Houghton Landfill, one of the 33 gas probes on the property exhibited higher levels of methane than normal. On June 10, we began gas system improvement work. We’re installing another monitoring probe and two additional extraction wells. We’re still monitoring homes near the well and there continues to be no indication of the presence of landfill gas.

Solid Waste legislation

Over the next two weeks, the division will transmit 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 them on request.

Strader asked about the impetus for policing self-haul customers given the current decrease in tonnage. Steiner responded that our code dictates we only accept solid waste from eligible customers. We ultimately must restrict services to King County customers to preserve space in the landfill.

Atwood commented that the out of jurisdiction issue makes the case for creating regional solid waste policies. Steiner agreed that we do need to move towards a more regional approach, but at present we have to work according to jurisdiction.

Marshall asked if there's anything that stops customers from exchanging their stickers. Steiner responded that the process is not fool proof, but adhesive stickers would've been unappealing to customers. Gaisford added that we're already seeing a lot of repeat customers coming in with the stickers.

Marshall asked where SWD is in the process of siting the new Houghton transfer station. Steiner responded that SWD just signed a contract with a consultant who will be doing the siting. We've provided them with the siting criteria. Marshall commented that King County paid a consultant to find sites back in 2003 and some of the sites identified are still available. Steiner responded she would pass that intel on to the project manager.

MSWAC

Sweet reported that the MSWAC meeting followed the same agenda. The Sound Cities Association issued a letter to King County this morning urging King County to not raise rates given the COVID-19 situation. Waller added that he will send out a copy of the letter.

Cedar Hills Site Development and Facilities Relocation

Kinyan Lui presented an update on the Cedar Hills Site Development:

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 further capacity. Currently, the administrative buildings are within the space slated to become Area 9.

At present, SWD is developing a draft Environmental Impact Statement (EIS) that will evaluate the four options for site development. One of the options explores relocating support facilities to a County-owned property in Renton. Support facilities would include 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.

Marshall commented that moving the maintenance shop offsite could slow down repairs. Lui responded that some maintenance facilities will remain onsite even if the offsite relocation option is selected.

2021-22 Rate Development

Honaker presented the 2021-2022 Rate Development:

We've completed work on the rate study and transmitted it to the Executive this week. We're proposing a 6% increase in 2021 followed by an 8% increase in 2022. The Executive has a month to review it, then it'll be transmitted to Council. We'll be providing updates as it moves through the legislative process.

We wanted to recap why we're proposing a rate increase even when expenditures have been kept flat. The main reason is the decrease in the tonnage decreased our revenue. SWD did significant work to reduce our expenditures and increase our revenues to buffer the amount needed to be raised by the tipping fee. We identified \$26M in new revenue sources, including \$16M from the sale of our Eastgate property. We also plan to draw down reserves by \$4M. Even so, the decrease in disposal revenue attributable to the drop in tonnage puts upward pressure on the rate. It amounts to almost \$10 in 2021 and \$14 in 2022. The net change we're proposing is less than the amount attributable to the tonnage loss because we found other revenue sources.

Another question we've had is how to calculate the curbside impact of the rate increase. We've used an average cart weight to demonstrate impact. In practice, household payments are calculated according to cart size and city contract terms. You need to look at your city's contract to examine the service cost and the disposal cost. If customers elect to reduce the size of their cart, they will save money and help with 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.

Keep in mind that 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 moving away from over-reliance on tipping fees. The investment we've planned will create jobs for the region during the period of economic recovery. We've left no option unconsidered, including a no increase option.

Strader asked if King County receives compensation for using Eastgate as a COVID testing site and if the testing site will impact the property sale. Honaker responded that we're not receiving compensation, but it could extend the timeline of the sale. It's hard to predict how long we'll need the property for testing, but we expect that it will end sometime during the next biennium.

Strader asked if additional cleanup will be necessary to restore the property. Walsh responded that we'll need to check with our engineering section to answer the question. The current setup is mostly temporary tenting, but we'll need to confirm.

Strader asked if the city contracts would immediately pass the increased costs to customers. Honaker responded that most contracts include a provision that passes tipping fee increases to the customer. These contracts typically span about 10 years. Each year the contract includes an increase in the price based on tipping fee increases and the service fees CPIU. Kelly added that it can vary between cities, but generally the contracts are built on a similar template that accounts for increases in the cost of disposal and service costs.

Marshall asked if population growth is taken into consideration. Honaker responded that new residents moving into the area could change a city's distribution of cart sizes, but the numbers reflect current customer counts. If we're successful in reaching our zero waste goals, customers across King County could lower their cart size and save money.

Trim asked what portion of the total curbside cost is attributable to recycling. Honaker responded that the amount varies between cities, but it would be interesting to see. Walsh added that King County is not involved in the curbside recycling and compost business. Gaisford added that the UTC treats an increase in King County tipping fees as a pass through on rates paid by UTC customers. For example, the monthly garbage and recycling fees for one UTC unincorporated area work out as follows: 20 g cart = \$10.72 (garbage). 35 g cart = \$17.58 (garbage). 64 g cart \$28.32 (garbage). 96 g cart \$40.71 (garbage). Recycle charge is \$8.47 for all customers.

2021/22 Rate Alternatives Analysis Briefing

Walsh presented the 2021-22 Rate Alternative Analysis:

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

For review, SWD already identified \$37M in savings to keep expenditures flat. In the Fall of 2019, SWD proactively assembled a Rates Taskforce. Cost savings were found at all levels of the division. For example, the Strategy, Communications and Performance section found \$800,000 in savings by reducing budget for travel, supplies, training, and waste characterization studies. Other notable reductions the Task Force identified include the closure of Cedar Hills on Sundays and changing how we do capital financing. Choices were made based on their impact on the rate, feasibility of implementation, and likely cascading impacts to the region. Many of our fixed costs included staff salaries and central rates we pay King County for services such as tech support.

In addition to expenditure reductions, we came up with \$26M in new revenue. \$16M is estimated from the sale of our Eastgate property, however, there is a lot of uncertainty on whether the sale will go through and for how much money. 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 increase option.

We would need to find an additional \$20M in reductions to keep the rate at the current level. 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.

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. There are a lot of unknowns. For example, closing Cedar Hills operations on Saturday and Sunday may require SWD to purchase additional trailers. 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 create traffic implications for the other stations.

The final table shows deeper cuts that SWD does not recommend because of the impacts to the region. We want to be transparent and show the work we've put into this. There is a path to no rate increase, but you can see the significant consequences and unknowns from cascading impacts and bargaining. There would be reduced service hours, added traffic management, and reduced revenue. Haulers would be impacted and may need to purchase new trucks, which is an expense that could be passed to customers.

Weiker commented that haulers and cities may not be able or willing to pass cost increases to financially struggling customers. Haulers are tightening their belts given tonnage reductions, emergency operations and service delivery adjustments.

Trim asked if layoffs occurred, when SWD would return to current levels of staffing and programming. Walsh noted that the timeline is for the biennium, but if the rate isn't increased now, that puts more pressure on the rate in 2023. Reduced service may need to be sustained to make the 2023 rate reasonable.

Dawson asked if the Sound Cities Association (SCA) had the opportunity to review the briefing before they sent their letter to King County. Walsh responded that they did. Sweet added that the SCA was aware but the region is facing tough choices and many uncertainties. Kassover added that cities are going through their own budget process and are facing similarly dire choices on staffing, service levels and future costs.

Strader commented that staffing cuts are taking place at Microsoft too, it's not just an issue for government. Some of the choices illustrated that don't impact service levels seem reasonable. Walsh added that it's important to keep in mind the division is already making \$37M in cuts.

Atwood commented that the tonnage decrease is our aim in the long term, even with the budget issues in the short term. We should continue to work towards our long term goals to the extent that it's possible. Walsh added that as we act on our Zero Waste of Resources goals, we can't continue to use our current business model. That's why the rate restructure is so important.

Strader commented that there's an opportunity to rethink the services SWD provides to move away from being just a landfill company. This could be the time to pivot in order to create a more sustainable business. Walsh added that ZWORP is working on how SWD can pivot to more fixed revenues than collecting money from disposal. ZWORP is figuring out who's taking what piece of the future pie and the hope is ZWORP will lead to new revenue streams for all involved, King County included.

Ristau asked what would be needed for King County to accept waste from other jurisdictions. Walsh responded that likely County and State code would need to change. Gaisford added interlocal agreements would need to be renegotiated as well. Walsh added that closing Cedar Hills on Sunday during this coming rate

period will be an initial step to assess what happens when we close the landfill on low tonnage days. It's a step in the direction of ZWORP goals.

Dammann asked what SWD needs from the advisory committees at this point in the rates process. Walsh responded that we'd like feedback and wanted to create understanding.

Marshall commented that a lot of the decisions necessary will depend on what disposal options will exist after Cedar Hills is closed. Walsh responded that whatever happens with ZWORP will impact what is done for disposal. It's a chicken and the egg situation.

Ristau commented that this presents an opportunity to work together as a region. Kelly added that the situation will accelerate some difficult conversations and hard choices, but it has been good to see greater collaboration between King County and Seattle since the Responsible Recycling Task Force.

Member Comment

Kassover commented that she appreciates the conversation around more regional collaboration. It's increasingly clear that our old way of doing things as individual jurisdictions isn't serving our regional goals.

Adjourn

Meeting adjourned at 11:15am.