

Solid Waste Interjurisdictional Technical Staff Work Group
Meeting Summary
March 8, 2006
King Street Center

Meeting Attendees:

City Staff:

Sharon Hlavka – City of Auburn
Alison Bennett – City of Bellevue
Rob Van Orsow – City of Federal Way
Elaine Borjeson – City of Kirkland
Nina Rivkin – City of Redmond
Linda Knight – City of Renton
Desmond Machuca – City of SeaTac
Valarie Jarvi – City of Woodinville

County Staff:

Mike Huddleston – Council Staff
Mike Reed – Council Staff
Grover Cleveland – DNRP Director's Office
Tom Karston - SWD
Kevin Kiernan - SWD
Theresa Koppang - SWD
Gemma Alexander - SWD
Diane Yates - SWD

I. Review January Minutes

Everyone present introduced themselves.

The January 11 minutes were approved without changes.

II. Cost of Delay Presentation

Division economist Tom Karston presented the costs of delaying transfer system improvements, available online at:

http://www.metrokc.gov/extranet/dnrp/swd/Costs_of_Delay.ppt

The primary factors influencing the cost are higher construction prices and the loss of operational savings from compactors. Assuming a 3% inflation rate, completing Package 1 (the most capital intensive package) in 2017 would cost \$20 million more than completion in 2014. Other scenarios generated even higher costs for delay, estimated to approach \$100 million. In addition, there are other costs of delay that are harder to quantify, for example, reduced site availability and the impacts on customer service levels at antiquated stations. Transfer station improvements could be expedited if consensus could be achieved, with simultaneous development of new facilities and with use of alternative procurement methods, which could involve some additional risk and would require special permission to implement.

Engineering Services Manager Kevin Kiernan commented that lack of consensus has stopped projects in the past, and the division hopes that achieving consensus on the Waste Export System Plan will allow implementation to proceed quickly. The division has been working towards reconstruction of First NE Transfer Station since at least 2000. However, Enumclaw Transfer Station was designed, permitted, and constructed in only three years because there was consensus in the process.

ITSG discussed the use of 3% as the value for inflation in the analysis. While use of a 3% rate has been challenged as being too high, inflation impacts on the Brightwater project were recently quantified at 4.1%. The construction industry is currently experiencing hyperinflation as a result of Katrina reconstruction and growth in China. The division's analysis so far has included a range of inflation rates, bracketed by 3% and

6%. It was suggested this should be a policy issue for discussion. King County Council staff Mike Huddleston commented that the First NE transfer station is an example of the cost of delay. Last year's bids on First NE were rejected as too high, yet in the intervening year these earlier proposals have become acceptable, due to sharply rising costs. Huddleston suggested that it might be wiser in the future to act quickly on capital projects, even though the upfront price tag may seem high at the time. Harborview and Sound Transit used an estimate of a 3% inflation rate, but inflation was over 4%.

Huddleston commented that if King County issues 20-year bonds in 2007/2008, the bonds will expire in 2028, the same year the ILA's end; longer bond periods could help mitigate the cost of delay, but are only possible under extended interlocal agreements (ILAs). Kiernan agreed, saying the county cannot accumulate debt that would outlive the committed cash flow.

III. Discussion of Waste Export System Plan

Huddleston commented that this process has exceeded the expectations of the council. The reports so far have been more than dry technical documents, and have pulled in many of the systemic issues that council expected to have to address. Continuing the trend of exceeding the requirements of Ordinance 14971, the division has been advised that a State Environmental Protection Act (SEPA) analysis should be performed on the alternatives presented in Report 4 before a recommendation is made in the Waste Export System Plan. This would require that the deadline for the plan be moved to September.

Kiernan said that while this course of action will delay completion of the Waste Export System Plan, it could save time for the process overall. SEPA requires environmental review before an action is taken that eliminates options. Under SEPA, "action" is a specifically defined term. When the division submits the Waste Export System Plan to council, it is asking council to make a decision that could arguably be considered an action under SEPA. He added that it is possible to continue development of the Waste Export System Plan and the third party review simultaneously with environmental review.

Huddleston discussed the idea of moving forward on the Comprehensive Plan Update and developing recommendations along with the Waste Export Plan recommendations, environmental review and third party review. Kiernan added that there may be some issues of the Comprehensive Plan Update that will take longer to address and work would continue on those issues in early 2007. Huddleston added that the solid waste division will be developing a rate proposal that will also come before the council, and governance and ILA issues need to be addressed. From a programmatic and legal perspective, it makes sense to conduct this work so that a comprehensive package of recommendations could be considered by policymakers. Huddleston explained that the Council has been briefed on this proposal and is supportive of this comprehensive approach. Legislation will need to be developed to move the due date for the Waste Export Plan from April to September, as well as add the other components/work products that will also be due at the same time. The County would like ITSG to review draft legislation and continue to participate in the other elements of work that will need to be completed by the fall.

IV. Pre-planning for ITSG Report per Ordinance 14971

Rob Van Orsow of Federal Way said that ITSG must report to MSWMAC and the King County Council regarding ILAs discussions, the Solid Waste Interlocal Forum (SWIF), dispute resolution and host city mitigation. The deadline for this report was April 30, but the timing is not as critical if the deadline will be moved to September 30. Grover Cleveland of the DNRP Director's Office and Intergovernmental Relations Liaison Diane Yates will provide staff support to this work effort..

Nina Rivkin of Redmond said the new deadline allows more time to work out governance issues and, if desired, extended interlocal agreement (ILA) terms, so that all of the pieces can be completed together. She added it is best to address ILA issues now, so policy makers can make capital investment decisions in a more informed context. Kiernan said where there is consensus on an action that is consistent with the current Comp Plan, for example on First NE and Bow Lake transfer stations, it may be possible to move ahead.

Kiernan commented that cities can demand mitigation allowed under state law, but the county and cities can agree to additional mitigation, which is consistent with the county's interest in expediting the siting process, as well as rate and ILA issues. Linda Knight of Renton commented that some very basic issues need to be clarified, such as how "host city" is defined, particularly in regard to privately owned and operated facilities.

ITSG discussed governance issues related to the SWIF and whether RPC should continue as the forum. Huddleston asked what people thought about how the current forums, ITSG and MSWMAC, were working, and commented that while RPC makes the SWIF stronger, it does not perfectly represent the stakeholders in the solid waste system. The role of MSWMAC was also considered.

Rivkin commented that she favors the current approach of using ITSG and MSWMAC. . ITSG agreed that there has not historically been a satisfactory system of dispute resolution, and that MSWMAC has improved the situation. Members questioned whether MSWMAC would be effective in dealing with very contentious issues.

ITSG considered what would happen if consensus is not reached to extend ILA terms. Kiernan commented that unless all cities agree to extended terms, the county will be limited to 20 year bonds. Rivkin added, in that case it wouldn't make sense for a city to leave the system at the end of the current ILA terms because it would not be able to utilize the system upgrades it had already paid for. Huddleston commented that risk analysis and stranded costs would need to be analyzed.

Rivkin asked that Bellevue update ITSG on the discussions between the division and the City of Bellevue since the outcome of those discussions could affect the rest of the system. Alison Bennett of Bellevue replied that discussions are ongoing, but have not progressed to a point where there is anything to report. She clarified that the purpose of the discussions is to determine how, if possible, to make the existing Factoria site work, and if it is not possible, then the question becomes how to make Eastgate work in a way satisfactory to all parties. Bennett said the discussions are not about eliminating a transfer station in Bellevue.

Van Orsow suggested that rather than identify ILA discussion topics and issues at ITSG, the cities may want to caucus among themselves first. ITSG members agreed to consider a cities-only meeting after the next ITSG meeting.

V. Next Steps

MSWMAC will meet on Friday, March 8, with an agenda similar to today's ITSG agenda. Next Tuesday, March 14, the division will brief the Growth Management Committee in a presentation similar to the one given to RPC last week, updated to reflect the decision to conduct environmental review of the 4th report. RPC will be informed of the updates presented to the Growth Management Committee.

Huddleston will prepare the first draft of the legislation changing the Waste Export System Plan due date. ITSG members will review the draft via email. It is possible the legislation will be ready to present at the April RPC meeting for action in May.

ITSG will meet again on March 29. At that meeting, ITSG will begin to discuss the content of the Waste Export System Plan, and the division will present a work schedule. Governance issues will not be on the agenda.